The prospectus is being displayed in the website to make the prospectus accessible to more investors. The Philippine Stock Exchange (PSE) assumes no responsibility for the correctness of any of the statements made or opinions or reports expressed in the prospectus. Furthermore, the PSE 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.

FINAL PROSPECTUS STRICTLY CONFIDENTIAL

Cirtek Holdings Philippines Corporation

(incorporated in the Republic of the Philippines)

Primary Offer of 60,000,000 Preferred B-2 Shares,
with an oversubscription option of up to 80,000,000 Preferred B-2 Shares
with Initial Dividend Rate of 6.1250% per annum
at an Offer Price of US$1.00 per Share
to be listed and traded on the Main Board of The Philippine Stock Exchange, Inc.

Sole Issue Manager and Bookrunner

BPI Capital Corporation

Joint Lead Underwriters

BPI Capital Corporation

RCBC Capital Corporation

Selling Agents

Trading Participants of The Philippine Stock Exchange, Inc. that are Eligible Brokers

The date of this Prospectus is November 10, 2017

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

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[1] **BPI Capital is a wholly-owned subsidiary of the Bank of the Philippine Islands, one of the lenders that will be partially paid from the proceeds of the Offer.**

Cirtek Holdings Philippines Corporation
116 East Main Avenue, Phase V-SEZ
Laguna Technopark
Biñan, Laguna
Tel.nos. +632 729 6206 and +6349 541 2317
Corporate Website: www.cirtekholdings.com

This Prospectus relates to the offer and sale, of up to 140,000,000 cumulative, non-voting, non-participating, non-convertible, redeemable preferred shares (the "**Preferred B-2 Shares**"), with a par value of PHP1.00 per preferred share (the "**Offer**"), of Cirtek Holdings Philippines Corporation, a corporation organized and existing under the laws of the Philippines (the "**Company**" or the "**Issuer**"), to be listed and traded on the Main Board of the Philippine Stock Exchange (the "**PSE**").

The Preferred B-2 Shares are being offered for subscription solely in the Philippines through BPI Capital Corporation ("**BPI Capital**" or the "**Sole Issue Manager**") and RCBC Capital Corporation ("**RCBC Capital**" and together with BPI Capital, the ("**Joint Lead Underwriters**") and the Selling agents named herein at an offer price of US$1.00 per Offer Share (the "Offer Price"). The determination of the Offer Price is further discussed on page 78 of this Prospectus.

The Offer is for a total of up to 140,000,000 Preferred B-2 Shares (the "**Offer Shares**") with a base offer of 60,000,000 Preferred B-2 Shares or up to 43% of the Offer Shares (the "**Firm Shares**"). In the event of oversubscription, the Joint Lead Underwriters, in consultation with the Company, reserve the right, but not the obligation, to increase the Offer size by up to an additional 80,000,000 primary Preferred B-2 Shares or 57% of the Offer Shares (the "**Oversubscription Option**", and the Preferred B-2 Shares pertaining to such option, the "**Oversubscription Option Shares**"), subject to the registration requirements of the Securities and Exchange Commission ("**SEC**"). Assuming the Over Subscription Option is exercised, a total of 140,000,000 Preferred B-2 Shares will be issued and outstanding after the Offer (including 60,000,000 Firm Shares which represents approximately 43% of the outstanding and issued Preferred B-2 Shares after completion of the Offer). However, in case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the remaining Oversubscription Option Shares will be returned back to the unissued Preferred B-2 Shares. The specific terms and conditions of the Offer are set out in the relevant sections of this Prospectus. Upon listing with the PSE, the Preferred B-2 Shares (or the Offer Shares which are subject of the Offer) will be traded under the symbol "TECB2".

On October 24, 2016, the Company's Board of Directors approved the increase in the authorized capital stock of the Company from ₱560,000,000 to ₱2,000,000,000 divided into the following shares: (i) from ₱520,000,000, consisting of 520,000,000 shares, to ₱1,400,000,000, consisting of 1,400,000,000 shares, worth of common shares with a par value of ₱1.00 per share ("**Common Shares**"); (ii) from ₱40,000,000 to ₱140,000,000 worth of preferred shares with a par value of ₱0.10 per share (the "**Preferred A Shares**"); and (iii) the creation of new preferred shares amounting to ₱460,000,000 with a par value of ₱1.00 per share (the "**Preferred B Shares**", and together with the Preferred A Shares, the "**Preferred Shares**"). The foregoing resolution was approved and ratified by the stockholders at the Annual Stockholders Meeting held on May 26, 2017, whereby the stockholders likewise delegated to the board of directors (the "**Board**") the power and authority to: (i) implement the proposed increase in the Company's authorized capital stock, and (ii) fix the terms and conditions of the Preferred B Shares as they may be issued in tranches and series. Pursuant to such delegated authority to the Board, on September 8, 2017, the Board partially implemented the increase in authorized capital stock to ₱860,000,000 and fixed the general terms and conditions of the Preferred B Shares as discussed on page 27 of this Prospectus.

On September 29, 2017, the SEC approved the Company's application for the increase in authorized capital stock. As of the date of this Prospectus, the Company has an authorized capital stock of ₱860,000,000 divided into: (i) 520,000,000 Common Shares with a par value of ₱1.00 per share and ₱340,000,000 worth of Preferred Shares classified into: (i) ₱70,000,000 worth of Preferred A Shares divided into 700,000,000 Preferred A Shares with a par value of ₱0.10 per share, and (ii) ₱270,000,000 worth of Preferred B Shares with a par value of ₱1.00 per share. The Preferred B Shares are further classified into the following series: (i) ₱70,000,000 worth of Preferred B-1 Shares, and (ii) ₱200,000,000 worth of Preferred B-2 Shares, both having a par value of ₱1.00 per share. Following the Offer and with the full exercise of the Oversubscription Option, the Company will have an outstanding capital stock of (i) 419,063,353 Common Shares, (ii) 300,000,000 Preferred A Shares, (iii) 70,000,000 Preferred B-1 Shares, and (iv) up to 140,000,000 Preferred B-2 Shares.

The total gross proceeds to be raised by the Company from the sale of the Firm Shares will be US$60.0 million. The estimated net proceeds to be raised by the Company from the sale of the Firm Shares after deducting fees and expenses payable by the Company of approximately US$584,000 will be approximately US$ 59.42 million. In the event the Oversubscription Option is exercised in full, the total gross proceeds to be raised by the Company from the sale of the Offer Shares will be US$140 million and the estimated net proceeds to be raised by the Company from the sale of Option Shares (after deducting fees and expenses payable of approximately US$1.1 million) will be approximately US$139.9 million. The Company intends to use the net proceeds it receives from the Offer for (1) payment of financial obligations, (2) to fund strategic acquisitions, (3) for working capital requirements, (4) for capital expenditures, and (5) for research and development. For a more detailed discussion on the Company's proposed use of proceeds, please see "Use of Proceeds" beginning on page 70 of this Prospectus.

The underwriting and selling fees to be paid by the Company in relation to the Offer shall be equivalent to 0.50% of the gross proceeds of the Offer. This shall be inclusive of fees paid to BPI Capital and RCBC Capital, in their capacities as the Joint Lead Underwriters, and inclusive of commissions to be paid to the Trading Participants of the PSE (i.e. The Selling Agents). The commission payable to a Selling Agent shall be equivalent to 0.15% of the total proceeds of the sale of the Offer Shares by such Trading Participant. Please see "Plan of Distribution" on page 75 of this Prospectus.

As and if cash dividends are declared by the Board of Directors of the Company, US dollar cash dividends on the Preferred B-2 Shares shall be at a fixed rate per annum calculated in respect of each Preferred B-2 Share by reference to the Offer Price thereof in respect of each Dividend Period. See "Description of the Preferred B-2 Shares" on page 45 of this Prospectus and the "Terms and Conditions of the Offer" on page 27 of this Prospectus.

The Preferred B-2 Shares shall bear cumulative, non-participating cash dividends with an Initial Dividend Rate of 6.1250% per annum, payable on March 8, 2018 as the first dividend payment date, and thereafter every March 8, June 8, September 8 and December 8 of each year (each, a "**Dividend Payment Date**"), being the last day of each 3-month period (each, a "**Dividend Period**") following the date of issue of such Preferred B-2 Shares (the "**Issue Date**"). If the Dividend Payment Date is not a Business Day, dividends will be paid on the next succeeding Business Day, without adjustments as to the amount of dividends to be paid. See "Description of the Preferred B-2 Shares" on page 45 of this Prospectus and the "Terms and Conditions of the Offer" on page 27 of this Prospectus.

The dividends on the Preferred B-2 Shares will be calculated on a 30/360-day basis for each Dividend Period.

As and if declared by its Board and subject to the requirements of applicable laws and regulations, the Issuer may redeem the Preferred B-2 Shares in whole and not in part without the consent of the holder(s) of such Preferred B-2 Shares, after giving not less than 30 nor more than 60 days written notice prior to the intended date of redemption:

a) on the fifth anniversary from the Issue Date or on any Dividend Payment Date thereafter (each, an "**Optional Redemption Date**"); or
b) at any time, if an Accounting Event, Tax Event or a Change of Control Event (each as defined under the "Terms and Conditions of the Offer" on page 27 of this Prospectus) has occurred and is continuing (the "**Early Redemption Date**").

See "Description of the Preferred B-2 Shares" on page 45 of this Prospectus and the "Terms and Conditions of the Offer" on page 27 of this Prospectus for a more detailed discussion on redemption of the Preferred B-2 Shares.

The Issuer plans to issue the Preferred B-2 Shares to institutional and retail investors in the Philippines through a public offering to be conducted by the Joint Lead Underwriters. The detailed plan of distribution and underwriting arrangements shall be as set out under "Plan of Distribution" on page 75 of this Prospectus.

After Listing Date, the Issuer may purchase the Preferred B-2 Shares at any time in the open market or by public tender or by private contract at any price through the PSE. The Preferred B-2 Shares so purchased may either be redeemed (pursuant to the terms and conditions of redemption as set out in this Prospectus) and cancelled or kept as treasury shares.

All of the Preferred B-2 Shares to be sold pursuant to the Offer have identical rights and privileges. Any person or entity, regardless of citizenship or nationality, may own the Preferred B-2 Shares. The Philippine Constitution and related statutes set forth restrictions on foreign ownership for companies engaged in certain activities. The Issuer reserves the right to issue additional preferred shares which shall rank at least *pari passu* in all respects with the Preferred B-2 Shares.

No dealer, salesman, or any other person has been authorized to give any information or to make any representation not contained in this Prospectus. If given or made, any such information or representation must not be relied upon as having been authorized by the Company or the Joint Lead Underwriters. The distribution of this Prospectus and the offer and sale of the Shares may, in certain jurisdictions, be restricted by law. The Company and the Joint Lead Underwriters require persons into whose possession this Prospectus comes, to inform themselves of and observe all such restrictions. This Prospectus does not constitute an offer of any securities, or any offer to sell, or a solicitation of any offer to buy any securities of the Company in any jurisdiction, to or from any person to whom it is unlawful to make such offer in such jurisdiction.

The information contained in this Prospectus relating to the Company and its operations has been supplied by the Company, unless otherwise stated herein. To the best of its knowledge and belief, the Company, which has taken reasonable care to ensure that such is the case, confirms that the information contained in this Prospectus relating to it and its operations is correct, and that there is no material misstatement or omission of fact which would make any statement in this Prospectus misleading in any material respect and that the Company hereby accepts full and sole responsibility for the accuracy of the information contained in this Prospectus with respect to the same.

Unless otherwise indicated, all information in this Prospectus is as of the date of this Prospectus. Neither the delivery of this Prospectus nor any sale made pursuant to this Prospectus shall, under any circumstance, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company since such date.

Each person contemplating an investment in the Shares should make his own investigation and analysis of the creditworthiness of the Company and his own determination of the suitability of any such investment. Before making an investment decision, investors should carefully consider the risks associated with an investment in the Preferred B-2 Shares. These risks include:

- risks relating to the Company’s business,
- risks relating to countries where the Company operates (including the Philippines),
- risks relating to the Offer and the Offer Shares, and
- risks relating to certain statistical information in this Prospectus.

Please refer to the section entitled “Risk Factors” beginning on page 54 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.

The Company filed an application with the SEC to register the Preferred B-2 Shares under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799 or the “**SRC**”) and its implementing regulations (the “SRC Rules”). The SEC issued an order rendering the Registration Statement filed by the Company effective and a corresponding permit to offer securities for sale covering the Offer.

An application filed by the Company with the PSE for the listing of the Preferred B-2 Shares on the Main Board of the PSE last September 29, 2017 was approved on November 8, 2017. An approval for listing is permissive only and does not constitute a recommendation or endorsement by the PSE or the SEC of the Preferred B-2 Shares. The PSE assumes no responsibility for the correctness of any of the statements made or opinions expressed on this Prospectus. Furthermore, 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 the Prospectus.

On November 10, 2016, the SEC approved the PSE Rules on Dollar Denominated Securities (the “**PSE DDS Rules**”). The PSE officially released the final PSE DDS Rules on December 2, 2016. The PSE DDS Rules shall govern the listing, trading and settlement of Dollar Denominated Securities (“**DDS**”), such as the Preferred B-2 Shares. DDS are securities denominated in U.S. dollars which are listed and traded on the PSE. The PSE DDS Rules shall be read in conjunction with the SRC and the SRC Rules, Bangko Sentral ng Pilipinas (“**BSP**”) regulations, and other relevant laws, rules and regulations and shall form part of all rules of the PSE. All rules of the PSE, the Securities Clearing Corporation of the Philippines (“**SCCP**”) and the Capital Markets Integrity Corporation (“**CMIC**”) not inconsistent with the PSE DDS Rules shall apply to the DDS.

The Offer Shares are offered subject to receipt and acceptance of any order by the Company and subject to its right to reject any order in whole or in part. It is expected that the Offer Shares will be delivered in book-entry form against payment to the Philippine Depository and Trust Corporation (the “**PDTC**”).

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN ARE TRUE AND CURRENT.

By:

(originally signed)

Anthony S. Buyawe
Director, Treasurer, Chief Financial Officer and Compliance Officer

Republic of the Philippines)
City of Makati) s.s.

Before me, a notary public in and for the city named above, personally appeared with Passport No. EC8472013 issued at DFA Manila on August 02, 2016, who was identified by me through competent evidence of identity to be the same person who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this ___day of _______ 2017 at Makati City.

Doc No. _________:
Book No. ________:
Page No. ________:
Series of 2017

No representation or warranty, express or implied, is made by the Company and the Joint Lead Underwriters regarding the legality of an investment in the Offer Shares under any legal, investment, or similar laws or regulations. No representation or warranty, express or implied, is made by the Joint Lead Underwriters as to the accuracy or completeness of the information herein and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Joint Lead Underwriters. The contents of this Prospectus are not investment, legal, or tax advice. Prospective investors should consult their own counsel, accountant, and other advisors as to legal, tax, business, financial, and related aspects of a purchase of the Offer Shares. In making any investment decision regarding the Offer Shares, prospective investors must rely on their own examination of the Company and the terms of the Offer, including the merits and risks involved. Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer Shares is prohibited.

THE OFFER SHARES ARE BEING OFFERED IN THE PHILIPPINES ON THE BASIS OF THIS PROSPECTUS ONLY. ANY DECISION TO PURCHASE THE OFFER SHARES IN THE PHILIPPINES MUST BE BASED ONLY ON THE INFORMATION CONTAINED HEREIN.

No person has been authorized to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company and the Joint Lead Underwriters. This Prospectus does not constitute an offer to sell or the solicitation of an offer to purchase any securities other than the Offer Shares or an offer to sell or the solicitation of an offer to purchase such securities by any person in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Prospectus nor any sale of the Offer Shares offered hereby shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

Market data used throughout this Prospectus has been obtained from market research, reports and studies, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, industry forecasts, market research, and the underlying economic assumptions relied upon therein, while believed to be reliable, have not been independently verified, and neither the Company nor the Joint Lead Underwriters make any representation as to the accuracy of that information.

The operating information used throughout this Prospectus has been calculated by the Company on the basis of certain assumptions made by it. As a result, this operating information may not be comparable to similar operating information reported by other companies.

The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. The Company and the Joint Lead Underwriters require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or invitation would be unlawful. Each prospective purchaser of the Offer Shares must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells, or resells the Offer Shares or possesses and distributes this Prospectus and must obtain any consent, approval, or permission required for the purchase, offer, sale, or resale by it of the Offer Shares under the laws, rules and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales, or resales, and neither the Company nor the Joint Lead Underwriters shall have any responsibility therefor.

The Company reserves the right to withdraw the offer and sale of Offer Shares at any time, and the Joint Lead Underwriters reserve the right to reject any commitment to subscribe for the Offer Shares in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Shares sought by such purchaser. If the Offer is withdrawn or discontinued, the Company shall subsequently notify the SEC and the PSE. The Joint Lead Underwriters and certain related entities may acquire for their own account a portion of the Offer Shares.

Each offeree of the Offer Shares, by accepting delivery of this Prospectus, agrees to the foregoing.

Conventions which apply to this Prospectus

In this Prospectus, unless otherwise specified or the context otherwise requires, all references to the "Company" or "Cirtek Group" are to Cirtek Holdings Philippines Corporation and its Subsidiaries on a consolidated basis and all references to the "Parent Company" are to Cirtek Holdings Philippines Corporation. All references to the "Philippines" are references to the Republic of the Philippines. All references to the "Government" are to the national government of the Philippines. All references to "United States" or "U.S." are to the United States of America. All references to "Taiwan" are to the Republic of China. All references to "China" are to the People's Republic of China and, for the purpose of this Prospectus only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan. All references to "Philippine Peso," "Pesos" and "₱" are to the lawful currency of the Philippines, and all references to "U.S. dollars" and "US$" are to the lawful currency of the United States. The Company publishes its financial statements in U.S. dollars.

The items expressed in the Glossary of Terms may be defined otherwise by appropriate government agencies or regulations from time to time, or by conventional or industry usage.

Presentation of Financial Information

The Company's financial statements are reported in U.S. dollars and are prepared based on its accounting policies, which are in accordance with the Philippine Financial Reporting Standards ("PFRS") issued by the Financial Reporting Standards Council of the Philippines.

The financial information of the Company as of 30 June 2017 and for the six months ended 30 June 2016, and as of 31 December 2016 and 2015 and for each of the three years in the period ended 31 December 2016 represent the accounts of the Company on a consolidated basis. Unless otherwise stated, all financial information relating to the Company contained herein is stated in accordance with PFRS. In this Prospectus, references to "2016" and "2015" refer to the years ended 31 December 2016 and 31 December 2015.

The Company's fiscal year begins on 1 January and ends on 31 December of each year. SyCip Gorres Velayo and Co. ("SGV & Co."), a member firm of Ernst & Young Global Limited, has audited and rendered an unqualified audit report on the Company's consolidated financial statements as of 31 December 2016 and 2015 and for each of the three years in the period ended 31 December 2016.

The unaudited interim condensed consolidated financial statements as of 30 June 2017 and for the six months ended 30 June 2017 and 2016 prepared in accordance with PFRS were reviewed by SGV & Co. in accordance with Philippine Standards on Review Engagements 2410, Review of Interim Financial Information Performed By Independent Auditor of the Entity ("PSRE 2410"). A review conducted in accordance with PSRE 2410 is substantially less in scope than an audit conducted in accordance with Philippine Standards on Auditing and, as stated in its review report included in this Prospectus, SGV & Co. did not audit and does not express any opinion on such unaudited interim condensed consolidated financial statements. Accordingly, the degree of reliance on its review report on such information should be restricted in light of the limited nature of the review procedures applied.

The unaudited pro forma condensed consolidated financial information of The Company as at 30 June 2017 and 31 December 2016 and for the six months ended 30 June 2017 and year ended 31 December

2016 have been reviewed by SGV & Co, independent auditors, in accordance with Philippine Standard on Assurance Engagements 3420, Assurance Engagements to Report on the Compilation of Financial Information included in a Prospectus (PSAE 3420), as set forth in their report thereon appearing elsewhere in this Prospectus.

Figures in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

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FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks,
- uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from expected future results, and
- performance or achievements expressed or implied by forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

- the Company's ability to successfully manage its activities,
- the Company's ability to successfully implement its current and future strategies,
- the Company's ability to successfully manage aggressive growth,
- changes in the Philippine electronics manufacturing, assembly and test services market and the demand for the Company's electronic products and services,
- the Company's ability to maintain its reputation for safety-driven and quality products ,
- the Company's ability to develop products and provide services without delays due to regulatory or other causes,
- the Company's ability to successfully manage its future business, financial condition, results of operations, and cash flow,
- general political, social, and economic conditions and changes in the countries where the Company operates,
- any future political instability in the countries where the Company operates,
- changes in interest rates, inflation rates, and the value of the Peso against the U.S. dollar and other currencies,
- changes in the laws, including tax laws, regulations, policies and licenses applicable to or affecting the Company,
- the Company's subsidiaries continued enjoyment of tax incentives, such as its current income tax holiday with respect to its operations,
- competition in the electronics manufacturing, assembly and test services industry,
- legal or regulatory proceedings in which the Company is or may become involved, and
- uncontrollable events, such as war, civil unrest or acts of international or domestic terrorism, the outbreak of contagious diseases, accidents and natural disasters.

Additional factors that could cause the Company's actual results, performance or achievements to differ materially from forward-looking statements include, but are not limited to, those disclosed under "Risk Factors" and elsewhere in this Prospectus. These forward-looking statements speak only as of the date of this Prospectus. The Company and the Joint Lead Underwriters expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions, assumptions, or circumstances on which any statement is based.

This Prospectus includes statements regarding the Company's expectations and projections for future operating performance and business prospects. The words "believe," "plan," "expect," "anticipate," "estimate," "project," "intend," "seek," "target," "aim," "may," "might," "will," "would," "could," and similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Prospectus are forward-looking statements. Statements in this Prospectus as to the opinions, beliefs and intentions of the Company accurately reflect in all material respects the opinions, beliefs and intentions of its management as to such matters as of the date of this Prospectus, although the Company gives no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. This Prospectus discloses, under the section "Risk Factors" and elsewhere, important factors that could cause actual results to differ materially from the Company's expectations. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by the above cautionary statements.

The Company and the Joint Lead Underwriters have exercised due diligence in ascertaining that all material representations contained in the prospectus and any amendments and supplements are true and correct, and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading.

GLOSSARY OF TERMS

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

AOI	Automatic Optical Inspection
Application	the documents to purchase or subscribe to the Offer Shares
Articles	the Articles of Incorporation of the Company
Banking Day or Business Day	a day on which commercial banks are open for business in Makati City, Metro Manila and Laguna
BER	Bit Error Rate
BIR	Bureau of Internal Revenue
Board of Directors or Board	the Board of Directors of the Company
BOI	Board of Investments, the lead investments promotion agency of the Philippines
BOM or Bill of Materials	List of raw materials, sub assemblies, intermediate assemblies, sub-components, parts and the quantities of each needed to manufacture an end product
Box-Build	the electromechanical assembly process involving enclosure fabrication, installation of sub-assemblies and components, and installation and routing of cabling or wire harnesses
BPSK	Binary Phase Shift Keying
BSP	Bangko Sentral ng Pilipinas, the Central Bank of the Philippines
By-Laws	the By-Laws of the Company
CAGR	Compound annual growth rate
Camerton	Camerton, Inc., the principal shareholder of the Company
CATSI	Cirtek Advanced Technologies and Solutions, Inc.
Cayon	Cayon Holdings, Inc.
CEC	Cirtek Electronics Corporation, a Philippine company
CEIC	Cirtek Electronics International Corporation, a British Virgin Islands company
Charmview	Charmview Enterprises, Ltd, ,
CHI	Cirtek Holdings, Inc.
CLC	Cirtek Land Corporation
Common Shares	common shares of the Company with a par value of P1.00 per share

CHPC or Cirtek or Cirtek Group or Company Issuer or Company or TECH	Cirtek Holdings Philippines Corporation, a corporation incorporated in the Philippines; references to the Company include references to its Subsidiaries, unless the context otherwise requires
COA	Commission on Audit
Congress	the Congress of the Philippines, which comprises the House of Representatives and the Senate
CTT	code name for RBWI's 2nd generation radio (after MRI)
DDS	securities denominated in U.S. dollars which are listed and traded on the PSE
Debt-to-Equity Ratio	the Company's total bank borrowings divided by its total equity attributable to the equity holders of the Parent Company as described in the Consolidated Financial Statements included in this Prospectus
DENR	Department of Environment and Natural Resources
DENR-EMB	Department of Natural Resources, Environmental Management Bureau
DFN	Dual flat leadless package
Director(s)	the director(s) of the Company
DOLE	Department of Labor and Employment
EBITDA	earnings before interest, taxes, depreciation and amortization
ECC	Environmental Compliance Certificate
EDGE	Electronic Disclosure Generation Technology
EIS	Environmental Impact Statement
Eligible Brokers	Trading Participants of the PSE eligible to trade DDS
Eligible Investors	Applicants who are qualified to subscribe to the Offer Shares
EMB	Environmental Management Bureau
EMS	Electronics Manufacturing Services
Firm Shares	Base offer of 60,000,000 Preferred B-2 Shares
Government	the national government of the Republic of the Philippines
IC	Integrated Circuits
IDM	Integrated Device Manufacturer
IPP	Investment Priorities Plan, an annual publication by the BOI that defines the areas of business that it intends to promote
IRFU	Indoor Radio Frequency Unit
IRRs	Implementing Rules and Regulations of the SRC, as amended
ISO9001	the international standard that specifies requirements for a quality management system (QMS)

ISO14001	the international standard that specifies requirements for environmental management system (EMS)
Joint Lead Underwriters	BPI Capital Corporation and RCBC Capital Corporation
LGU	Local Government Unit
LLDA	Laguna Lake Development Authority
LMC	Labor Management Council
MIC	Monolithic Integrated Circuit
microwave	region of the electromagnetic spectrum which corresponds to radio band frequencies of 300 MHz to 300 GHz
millimeter wave	region of the electromagnetic spectrum corresponds to radio band frequencies of 30 GHz to 300 GHz
MPO	minimum public ownership
MTBF	Mean Time Between Failure. It is a way of measuring how good an equipment is, usually in hours between failure.
NPI	New Product Information
ODFN	Optical Dual Flat No lead. It is a DFN package that uses clear or transparent mold compound.
ODM	Original Design Manufacturer
ODU	Out Door Unit
OEMs	Original Equipment Manufacturers
Offer	the offer and sale of the Offer Shares
Offer Price	US$1.00 per Offer Share
Offer Shares	The 140,000,000 Preferred B-2 Shares
OIPR	Outdoor Internet Protocol Radio
OSAT	Outsourced Semiconductor Assembly & Test
Oversubscription Option	The right of the Joint Lead Underwriters, with the consent of the Company, to increase the size of the Offer by up to 80,000,000 Preferred B-2 Shares in case of an oversubscription
Oversubscription Option Shares	Up to 80,000,000 Preferred B-2 Shares subject of the Oversubscription Option
PCBA	Printed Circuit Board Assembly
PDIP	Plastic Dual-In-Line Package
PDTC	the Philippine Depositary & Trust Corporation

Pesos, Philippine Pesos, ₱ and Philippine currency	the legal currency of the Republic of the Philippines
PEZA	Philippine Economic Zone Authority
PFRS	Philippine Financial Reporting Standards
Philhealth	Philippine Health Insurance Corporation
Philippine Constitution	also known as the 1987 Constitution, the supreme law of the Republic of the Philippines
Philippine Corporation Code	Batas Pambansa Blg. 68, also known as the Corporation Code of the Philippines
Philippine Nationals	The term shall mean any of the following: (1) a citizen of the Philippines; or (2) a domestic partnership or association wholly owned by citizens of the Philippines; or (3) a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; or (4) a corporation organized abroad and registered as doing business in the Philippines under the Corporation Code of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos or (5) a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of the Philippine nationals. Where a corporation and its non-Filipino stockholders own stocks in an SEC- registered enterprise, at least 60% of the capital stock outstanding and entitled to vote of both corporations must be owned and held by citizens of the Philippines and at least 60% of the members of the Board of Directors of both Philippines, in order that the corporations shall be considered a Philippine national corporations must be citizens of the Philippines.
PQFN	Power Quad Flat No leads
Preferred A Shares	the ₱70,000,000 worth of issued and outstanding Preferred Shares divided into 700,000,000 Preferred Shares with a par value of ₱0.10 per share, which have full voting rights, entitled to non-cumulative cash dividends at the rate of one per cent (1%) of their par value per year, and with no participation in further cash or stock dividends which may be declared and paid to the common shares or any other class or series of shares, as stated in the Company's Articles of Incorporation.
Preferred B-1 Shares	The ₱70,000,000 worth of Preferred Shares divided into 70,000,000 Preferred Shares with a par value of ₱1.00 per share which shall have the rights, preferences and privileges embodied in the enabling resolutions dated October 23, 2017.
Preferred B-2 Shares	the up to ₱200,000,000 worth of Preferred Shares divided into up to 200,000,000 Preferred Shares which shall have the rights, preferences and privileges embodied in the enabling resolutions dated October 23, 2017 and in the Terms and Conditions of the Offer on page 27 of this Prospectus.
Principal Shareholder	Camerton, Inc.
Prospectus	This Prospectus together with all its annexes, appendices and amendments, if any
PSA	Philippine Standards on Auditing

PSE	The Philippine Stock Exchange, Inc.
PSE DDS Rules	PSE Rules on Dollar Denominated Securities
PSE Trading Participants	the trading participants of the PSE in the Philippines
PSRE	Philippine Standards on Review Engagements
QFN	Quad flat pack leadless package
QIB	a qualified institutional buyer, refers to any of the following: (i) banks, (ii) registered investment houses, (iii) insurance companies, (iv) pension funds or retirement plans maintained by the Government or any political subdivision thereof or managed by a bank or other persons authorized by the BSP to engage in trust functions; (v) investment companies; or (vi) such other persons as the SEC may by rule determine as qualified buyers on the basis of such factors such as financial sophistication, net worth, knowledge and experience in financial and business matters, or amount of assets under management. To be considered a qualified buyer, the person (natural or judicial) must register as such with an authorized registrar, and submit proof evidencing the following: (a) total portfolio of securities; (b) annual gross income; (c) their net worth; and (d) threshold risk (low, medium, high risk). A natural person must possess the following qualifications: (a) has an annual gross income of at least PHP 10 million at least two years prior to registration, or a total portfolio investment in securities registered with the SEC of at least PHP 10 million, or a total personal net worth of not less than PHP 30 million; and (b) has been engaged in securities trading personally or through a fund manager for a minimum period of one year, or has held for at least two years a position of responsibility in any professional business entity that requires knowledge or expertise in securities trading, such as, legal consultant, financial adviser, sales person, or associated person of a broker-dealer, bank finance or treasury officer, trust officer or other similar executive officers. If the buyer is a juridical person, it must, at the time of registration with an authorized registrar, possess the following: (a) have gross assets of at least PHP 100 million; or (b) a total portfolio investment in securities registered with the SEC or financial instruments issued by the government of at least PHP 60 million.
QS9000	a company level certification based on quality system requirements related specifically to the automotive industry
Quintel	Quintel Cayman Ltd. and its subsidiaries, Quintel Technology Ltd. and Quintel USA, Inc.
Quintel Solutions	Quintel Technology Ltd. and Quintel USA, Inc.
R.A.	Republic Act, which refers to a statute enacted by the Senate or the House of Representatives
RBWI	REMEC Broadband Wireless International, Inc.
Receiving Agent	BDO Unibank, Inc. – Trust and Investments Group
REMEC	REMEC Broadband Wireless Holdings, Inc.

RF	Radio frequency
SBFZ	Subic Bay Freeport Zone
SCCP	Securities Clearing Corporation of the Philippines
SEC	the Philippine Securities and Exchange Commission
Senate	the Senate of the Philippines, one of the two branches of the Congress
Selling Agents	PSE Trading Participants that are Eligible Brokers
SOIC	Small-outline integrated circuit
Sole Issue Manager	BPI Capital Corporation
SRC	R.A. No. 8799, also known as the Securities Regulation Code of the Philippines
SSS	the Republic of the Philippines' Social Security System
Stock Transfer Agent	BDO Unibank, Inc. – Trust and Investments Group
Subsidiaries	Cirtek Electronics Corporation, Cirtek Electronics International Corporation, Cirtek Advanced Technologies and Solutions, Inc. and/or Quintel
TS16949	the ISO technical specification aimed at the development of a quality management system that emphasizes defect prevention and the reduction of variation and waste in the automotive industry supply chain
TUV	TÜV SUD Philippines Inc.
TUV Product Safety Certification	certification by TUV indicating that a manufacturer's products have met applicable safety requirements and quality standards
UHA	Ultra High Availability
Underwriting Agreement	The agreement entered into by and between the Company and the Joint Lead Underwriters, indicating the terms and conditions of the Offer and providing that the Offer shall be fully underwritten by the Joint Lead Underwriters
Unrestricted Retained Earnings	the undistributed earnings of a corporation which have not been allocated for any managerial, contractual, or legal purpose and which are free for distribution to the shareholders as dividends, see “Dividends and Dividend Policy – Limitations and Requirements” on page 79 of this Prospectus
VAT	Value Added Tax

EXECUTIVE SUMMARY

The following summary is qualified in its entirety by the more detailed information and consolidated financial statements and notes thereto appearing elsewhere in this Prospectus. Because it is a summary, it does not contain all of the information that a prospective purchaser should consider before investing. Prospective investors should read the entire Prospectus carefully, including the section entitled "Risk Factors and Other Considerations" and the consolidated financial statements and the related notes to those statements included in this Prospectus.

Company Overview

Cirtek Holdings Philippines Corporation is a fully integrated global technology company focused on wireless communication. It is the holding company of Cirtek Electronics Corporation ("CEC") and Cirtek Electronics International Corporation ("CEIC"), (collectively the "Cirtek Group"). The Company's principal office is located at 116 East Main Avenue, Phase V-SEZ, Laguna Technopark, Biñan, Laguna.

Through its subsidiaries, the Company is primarily engaged in three major activities:

1) The design, development, and delivery of the wireless industry's most advanced high-efficiency, high-performance antenna solutions;
2) The manufacture of value-added, highly integrated technology products; and
3) The manufacture and sales of semiconductor packages as an independent subcontractor for outsourced semiconductor assembly, test and packaging services

Quintel Solutions is a leading provider of advanced high-efficiency, high-performance antenna solutions for wireless cellular networks. Quintel is a pioneer of multi-port, multi-frequency wireless tower antennas. These antennas support more frequencies and deliver greater bandwidth, thereby improving customer experience and creating cost-efficiencies and quicker roll-out for mobile operators.

CEIC sells integrated circuits principally in the US and assigns the production of the same to CEC. CEIC acquired Remec Broadband Wireless Inc. ("RBWI") in July 30, 2014, renamed Cirtek Advanced Technologies and Solutions, Inc, ("CATSI"), a proven Philippine-based manufacturer of value added, highly integrated technology products. CATSI offers complete "box build" turnkey manufacturing solutions to RF, microwave, and millimeterwave products used in the wireless industry such as telecommunication, satellite, aerospace and defense, and automotive wireless devices.

CEC provides turnkey solutions that include package design and development, wafer probing, wafer back grinding, assembly and packaging, final testing of semiconductor devices, and delivery and shipment to its customers' end users. CEC has over 64 regular customers spread out in Europe, the US and Asia.

Cirtek Delaware is a Delaware corporation which is wholly-owned by Cirtek Electronics International Corporation. Cirtek Delaware was established to implement the Agreement and Plan of Merger under which Quintel Cayman Ltd. will be a wholly- owned subsidiary of Cirtek Delaware.

Quintel Cayman Ltd is the holding corporation of Quintel Technology Limited and Quintel USA, Inc.

Quintel Technology Limited designs, develops, and delivers antenna solutions for the wireless industry in the United States and internationally. Quintel Technology Limited is based in Rochester, New York with additional offices in North America, Europe, and Asia.

Quintel USA, Inc. is a privately held company in Rochester, New York. Quintel USA, Inc. designs, develops and delivers advanced high-efficiency, high-performance antenna solutions that help mobile operators to increase efficiency, enhance quality-of-service, slash costs and accelerate returns.

The Philippine Branch is the extension of Cirtek Advanced Technologies and Solutions, Inc. (CATSI), a BVI company, in the Philippines. CATSI is wholly-owned by Cirtek Electronics International Corporation. CATSI, through its Philippines Branch is a proven Philippine-based manufacturer of value added, highly integrated technology products. CATSI offers complete "box build" turnkey manufacturing solutions to RF, microwave, and millimeterwave products used in the wireless industry such as telecommunication, satellite, aerospace and defense, and automotive wireless devices.

RBW Realty and Property, Inc. is a real estate developer located in Muntinlupa, Philippines.

Cirtek Business & Technology Solutions, Inc. was established to provide wireless infrastructure solutions to large Philippine enterprises using internally-manufactured multi-gigabit, millimeterwave, high capacity wireless backhaul and access technologies.

CloundMondo is a Silicon Valley software company, which designs a network management system for one of the global social media companies. It is a start-up company based on Palo Alto, California that seeks to enable superfast Wi-Fi connectivity. It was founded by its Chairman, Diosdado P. Banatao, a renowned Silicon Valley engineer and entrepreneur.

CHPC, through its subsidiaries, harnesses more than 54 years of combined operating track record. The Company’s products cover a wide range of applications and industries, including communications, consumer electronics, power devices, computing, automotive, and industrial.

All companies under Cirtek Holdings Philippines Corporation are wholly-owned except for CloundMondo.

Beginning in 1984 with only three customers, the Cirtek Group has significantly grown its customer base to over 70 major and regular customers across Europe, U.S. and Asia, with the bulk of revenues contributed by customers located in Europe and the U.S.

The Cirtek Group has earned a strong reputation with its customers for its high-quality products, production flexibility, competitive costing, and capability to work with customers to develop application and customer specific packages. Members of the Cirtek Group has been accredited and certified by several international quality institutions, such as TÜD SÜD Management Service GmbH and Defense Supply Center of Columbus, for the latest quality system standards, which include ISO9001, ISO14001, and QS9000/TS16949.

The Company was listed in the PSE on November 18, 2011. On November 10, 2015, the Company had a follow on offering of common shares which was 1.5 times oversubscribed and raised ₱2.2 billion. The common shares subject to the FOO were listed on the same day. Its market capitalization has grown by approximately sixteen times from ₱1.1 billion in 2011 to ₱17.10 billion as of September 30, 2017.

From 2014 to 2016, Cirtek Group’s consolidated net sales grew from US$51.8 million to US$74.3 million at a CAGR of 19.8% while consolidated net income grew from US$5.8 million to US$7.6 million at a CAGR of 14.1%. For the six months ended 30 June 2017, the Cirtek Group reported consolidated net sales and net income of US$42.2 million and US$4.4 million at a year-on-year growth of 29.9% and 25.1%, respectively. As of 30 June 2017, the Cirtek Group had total consolidated assets of US$145.5 million and total consolidated liabilities of US$83.9 million.

Corporate History

For more than three decades, the Company has provided turnkey solutions to its roster of clients who have remained loyal since the company's inception in 1984. The milestones charted by its subsidiaries attest to this:

Cirtek Electronics Corporation

May 31, 1984 was when Cirtek Electronics Corporation (CEC) was officially incorporated with the Securities and Exchange Commission, primarily to engage in the business as independent subcontractor for semiconductor assembly, test and packaging services.

CEC was registered as a Philippine Export Zone Authority (PEZA) company on March 24, 1998. As a registered PEZA enterprise, CEC is entitled to certain tax and non-tax incentives provided for in Republic Act No. 8748.

Cirtek Electronics International Corporation

CEIC was incorporated under the International Business Companies Act of the British Virgin Islands on April 4, 1995. CEIC primarily sells integrated circuits principally to the United States of America, and subcontracts the production of the same to CEC.

CEIC, through its acquisition of the production facility of Remec Broadband Wireless, Inc. (RBWI) located in Carmelray Industrial Park 1, Laguna, manufactures complex systems and subsystems, modules and submodules, used in wireless communication and satellite applications,

RBWI, renamed to Cirtek Advanced Technologies and Solutions, Inc., (CATSI), is a PEZA-registered company which entitles it to tax and non-tax incentives

The Acquisition of the Quintel business

Last July 31, 2017, CHPC and Trillium International I, GP, as shareholder representative of Quintel Cayman, Ltd. ("Quintel Cayman") announced the signing of a definitive agreement under which CHPC, through its subsidiaries, acquired 100% of Quintel, a leading provider of advanced high- efficiency, high-performance antenna solutions. The acquisition immediately gave CHPC a significant presence in the large and rapidly growing base station antenna market, estimated to be more than US$14 billion by 2020.

Established in 2002, Quintel designs, develops and delivers advanced high-efficiency, high-performance antenna solutions that help mobile operators to increase efficiency, enhance quality-of-service, slash costs and accelerate returns. Quintel's current customers are AT&T and Verizon, and large telecommunication corporations operating in North America and Puerto Rico. Quintel's world headquarters is located in Rochester, New York while the research and development office and sales offices are located in San Jose, California and Buckinghamshire, United Kingdom, respectively. The Rochester, New York and San Jose, California operate under Quintel USA, Inc. while the Buckinghamshire, United Kingdom operate under Quintel Technology, LTD.

The following are Quintel's antenna product lines:

1. MultiServ - Single Antenna - Multiple Frequency Bands

Under the MultiServ brand, Quintel sells Multi-Band/ Multi-Port Antennas which are designed to maximize site utilization without compromising site design and network optimization freedoms. This product offers independent tilt for different bands for different arrays while supporting up to 4x4 MIMO at high-bands. The technology of Multiserv also minimizes Passive Intermodulation interference and supports different access technologies (4G, LTE, 3G, 2G).

2. SONWav - Directional Antenna – Passive Real-Time Beamforming

Through its SONWav brand, Quintel provides Passive Real-Time Elevation Beamforming Antennas which increases throughput and spectral efficiency at low spectrum bands in a single slimline antenna. This product also offers route to double MIMO freedoms.

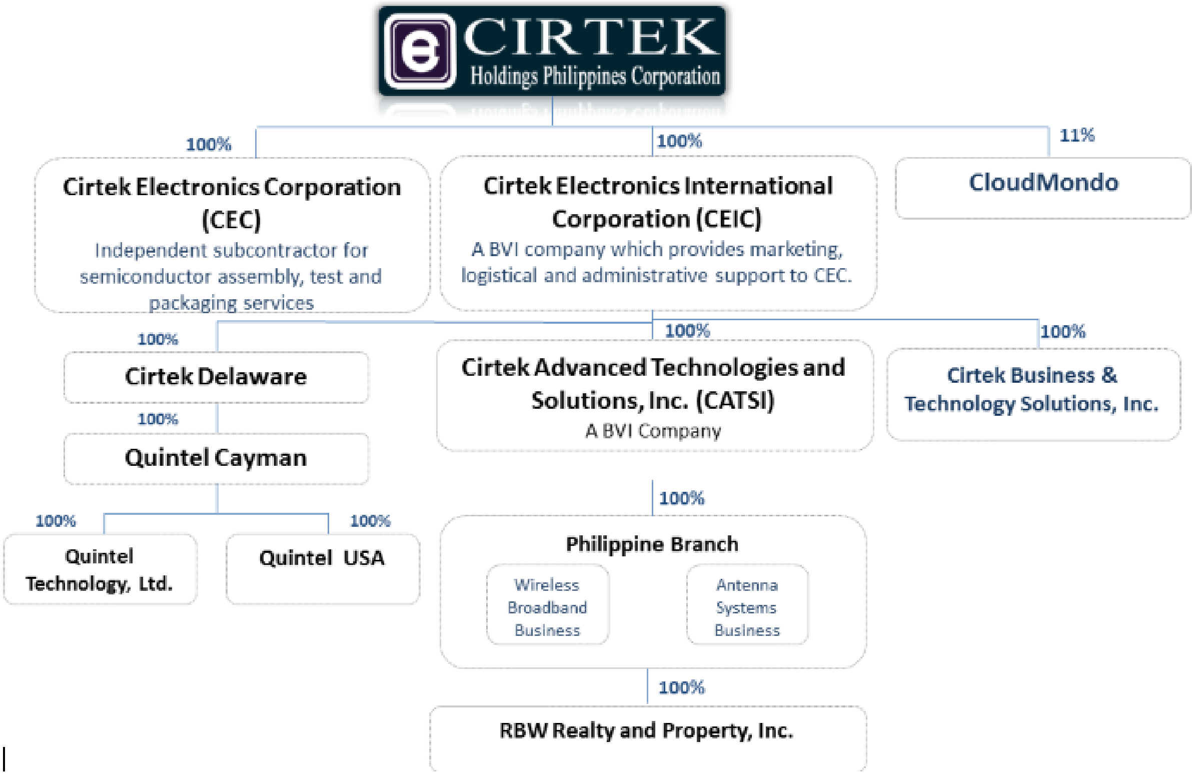
Quintel recently expanded its industry-leading MultiServ™ Slimline Antennas portfolio. In addition to the 12-Port Multiband Antenna, Quintel now has 10 Port antennas, both of which come in 4, 6 and 8 foot lengths. This latest Slimline Antenna utilizes the same 12"/300mm wide form factor that all Quintel antennas use providing the industry's only "One Size Fits All" portfolio of 6, 8, 10 and 12-Port antennas in the same single form factor.

The Company believes that Quintel's cutting edge R&D and product capabilities significantly add to and complement the Cirtek Group's growing portfolio in wireless communication, and is aligned with its business focus on high-growth market segments. Further, being the strategic manufacturing partner of Quintel products places the Company in a unique situation to achieve significant synergies through value engineering, research and development collaboration as well as cost reduction, resulting in high-quality, reliable and cost-competitive products.

Please refer to the section entitled "Company Description" on page 110 for a more detailed discussion on the Quintel Acquisition.

Corporate Structure

The chart below sets out Cirtek Group's corporate structure as of the date of this Prospectus.



Competitive Strengths

The Company believes that with its existing operations, it has strong leverage to exceed its competitors. Cirtek believes that its principal strengths are the following:

- *Industry-leading Technology*
- *Reputation for High-Quality, Innovative Products*
- *Offers a Complete Range of Turnkey Solutions and Vertically Integrated Services*
- *Significant Proprietary IP*
- *Global and Diversified Customer Footprint*
- *Strong Financial Track Record*
- *Highly Experienced Management Team*
- *Proven Execution Track Record*

Key Strategies

The Company's key strategies are designed to allow the Cirtek Group to achieve its mid-term and long-term goals through an efficient mix of organic growth through expanding product lines/ more sales teams and mergers and acquisitions. In line with this, shown below are the Company's key strategies for its strategic business units (SBU).

For Quintel

- *Expand to new geographic markets as the global market for muti-port, multi-frequency base station antennas is expanding rapidly*
- *Expand Cirtek / Quintel's product portfolio through new product introduction, licensing and white label branding*
- *Improvement in gross margin through lower BOM cost, more efficient outbound logistics, better yield and better quality*

For CEC

- *Focus on further expanding the semiconductor business*
    - *Improve on customer- and application- specific packages*
    - *Introduce new products/packages that meet customers' needs*
- *Strengthen presence in high-growth market segments such as wireless communication, consumer electronics, automotive sectors*
- *Expand sales network in key markets such as Europe, US and Asia*

For CATSI

- *Aggressive growth for RF/Microwave/Millimeterwave Business by at least 45% year on year*
- *Expand customer base RF/Microwave/Millimeterwave Business*

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:

- risks relating to the Company's business,
- risks relating to countries where the Company operates (including the Philippines),
- risks relating to the Offer and the Offer Shares, and
- risks relating to certain statistical information in this Prospectus.

Please refer to the section entitled “Risk Factors” on page 54 which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth the summary consolidated financial information for the Company and should be read in conjunction with the auditors' reports, the Company's consolidated financial statements including the notes thereto included elsewhere in this Prospectus, and the section entitled "Management's Discussion & Analysis of Financial Conditions and Results of Operations". The selected financial information set forth in the following table has been derived from the Company's audited consolidated financial statements as of 31 December 2016 and 2015 and for each of the three years in the period ended 31 December 2016, including the related notes, as audited by SGV & Co. in accordance with Philippine Standards on Auditing. All these information should be read in conjunction with the financial statements and notes thereto found on page 185 of this Prospectus.

Also detailed below is a comparison of the six (6) months ended 30 June 2017 and 2016 derived from the unaudited interim condensed consolidated financial statements of the Company, including notes thereto, which are found on page 185 of this Prospectus. These financial statements, including the related notes, have been reviewed by SGV & Co. in accordance with Philippine Standard on Review Engagements.

The summary of financial information set out below does not purport to project the results of operations or financial condition of the Company for any future period or date. All figures are in thousands of US$ except per share figures, and where otherwise indicated.

Consolidated Statements of Comprehensive Income

	For the years ended 31 December (Audited)			**For the six months ended 30 June (Unaudited)**	
(In US$)	**2014**	**2015**	**2016**	**2017**	**2016**
NET SALES	**51,792,081**	**59,548,534**	**74,322,312**	**42,181,565**	**32,480,987**
COST OF SALES	**(44,251,335)**	**(49,981,847)**	**(61,566,107)**	**(34,302,155)**	**(26,479,919)**
GROSS PROFIT	**7,540,746**	**9,566,687**	**12,756,205**	**7,879,410**	**6,001,068**
OPERATING EXPENSES	**(3,328,456)**	**(3,820,676)**	**(4,353,603)**	**(2,248,495)**	**(2,121,066)**
FINANCIAL INCOME (EXPENSES)					
Interest income	42,563	385,973	380,095	44,522	226,511
Interest expense	(565,460)	(1,327,413)	(1,375,227)	(1,052,548)	(520,109)
	(522,897)	(941,440)	(995,132)	(1,008,026)	(293,598)
OTHER INCOME	**2,361,516**	**831,945**	**747,890**	**(35,170)**	**67,603**
INCOME BEFORE INCOME TAX	**6,050,909**	**5,636,516**	**8,155,360**	**4,587,719**	**3,654,007**
PROVISION FOR (BENEFIT FROM) INCOME TAX					
Current	202,011	475,638	559,457	172,935	125,453
Deferred	4,814	39,998	(12,125)	-	-
	206,825	515,636	547,332	172,935	125,453
NET INCOME	**5,844,084**	**5,120,880**	**7,608,028**	**4,414,784**	**3,528,554**

	For the years ended 31 December (Audited)			For the six months ended 30 June (Unaudited)	
OTHER COMPREHENSIVE INCOME (LOSS)					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Remeasurement gains (losses) on retirement benefit, net of deferred tax	383,993	208,841	(486,091)	-	-
TOTAL COMPREHENSIVE INCOME	**6,228,077**	**5,329,721**	**7,121,937**	**4,414,784**	**3,528,554**

Consolidated Balance Sheets

	As at 31 December (Audited)			As at 30 June (Unaudited)
(In US$)	**2014**	**2015**	**2016**	**2017**
ASSETS				
Current Assets				
Cash and cash equivalents	12,602,322	29,776,866	24,511,493	20,112,901
Trade and other receivables	14,927,504	13,749,783	23,172,423	36,163,695
Inventories	10,768,681	5,737,068	15,281,893	13,741,197
Amounts owed by related parties	5,123,078	10,606,752	12,436,575	18,326,446
Held-to-maturity (HTM) investments	113,880	521,215	371,520	-
Financial assets at fair value through profit or loss (FVPL)	701,747	19,447,248	503	503
Other current assets	1,871,111	2,534,181	2,618,370	2,354,245
	46,108,323	82,373,113	78,392,777	90,698,987
Noncurrent assets held for sale	11,408,611	11,408,611	11,408,611	11,408,611
Total Current Assets	**57,516,934**	**93,781,724**	**89,801,388**	**102,107,598**
Noncurrent Assets				
Property, plant and equipment	17,015,168	23,841,532	28,675,910	29,379,168
Available-for-sale (AFS) financial asset	-	1,667,000	1,667,000	1,667,000
HTM investments	985,362	368,574	-	487,030
Deferred income tax assets - net	172,487	135,555	174,578	174,578
Other noncurrent assets	962,504	893,853	2,170,859	11,654,695
Total Noncurrent Assets	**19,135,521**	**26,906,514**	**32,688,347**	**43,362,471**
TOTAL ASSETS	**76,652,455**	**120,688,238**	**122,489,735**	**145,470,069**

	As at 31 December (Audited)			As at 30 June (Unaudited)
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	10,029,206	13,385,642	19,135,593	14,500,851
Short-term loans	2,100,000	10,835,088	31,625,945	27,020,945
Current portion of long-term debt	3,399,432	5,303,642	6,882,126	4,889,882
Amounts owed to related parties	470,147	495,686	520,152	531,786
Income tax payable	349,237	123,794	327,656	179,693
Total Current Liabilities	**16,348,022**	**30,143,852**	**58,491,472**	**47,123,157**
Noncurrent Liabilities				
Long-term debt - net of current portion	23,700,379	17,912,779	36,977,845	35,026,266
Retirement benefit obligation	1,645,787	1,357,811	1,807,847	1,770,547
Deferred income tax liabilities - net	-	-	3,373	3,373
Total Noncurrent Liabilities	**25,346,166**	**19,270,590**	**38,789,065**	**36,800,186**
Total Liabilities	**41,694,188**	**49,414,442**	**97,280,537**	**83,923,343**
Equity				
Common stock	7,893,134	9,594,321	9,594,321	9,594,321
Preferred stock	-	221,239	221,239	221,239
Additional paid-in capital	4,733,511	35,896,893	35,896,893	35,896,893
Equity reserve	4,138,375	4,138,375	4,138,375	1,452,863
Other comprehensive income	317,579	526,420	40,329	40,329
Retained earnings	17,875,668	20,896,548	24,884,576	27,877,598
	34,958,267	71,273,796	74,775,733	75,083,243
Parent Company shares held by a subsidiary	-	-	(49,566,535)	(13,536,517)
Total Equity	**34,958,267**	**71,273,796**	**25,209,198**	**61,546,726**
TOTAL LIABILITIES AND EQUITY	**76,652,455**	**120,688,238**	**122,489,735**	**145,470,069**

Consolidated Statement of Cash Flows

	For the years ended 31 December (Audited)			For the six months ended 30 June (Unaudited)	
(In US$)	**2014**	**2015**	**2016**	**2017**	**2016**

Net cash from (used in) operating activities	3,851,078	16,995,888	(1,582,034)	(9,070,249)	7,750,195
Net cash from (used in) investing activities	(1,642,197)	(28,899,735)	11,389,527	(11,792,135)	(2,793,772)
Net cash from (used in) financing activities	3,320,556	29,018,585	(14,915,525)	16,371,185	(4,083,559)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	49,138	59,806	(157,341)	**92,607**	**-**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**5,578,575**	**17,174,544**	**(5,265,373)**	**(4,398,592)**	**872,864**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,023,747	12,602,322	29,776,866	24,511,493	29,776,866
CASH AND CASH EQUIVALENTS AT END OF YEAR	**12,602,322**	**29,776,866**	**24,511,493**	**20,112,901**	**30,649,730**

Key Performance Indicators

Amounts in thousands US$, except ratios and where indicated	**December 2014**	**December 2015**	**December 2016**	**June 2017**
EBITDA	9,474	8,768	11,862	7,169
EBITDA Margin	18%	15%	16%	17%
Sales Growth	18%	15%	25%	30%
Current Ratio (x)	3.5x	3.1x	1.5x	2.2x
Earnings per share (US$)	0.017	0.013	0.018	0.011

SUMMARY OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

On July 28, 2017, the Parent Company's BOD approved the acquisition of 100% of Quintel Cayman Ltd. (Quintel) and its subsidiaries (Quintel Group) for US$77 million. Headquartered in Rochester, New York, Quintel is a leading innovator of spectrum and space-efficient base station antennas for wireless networks.

The following tables present the unaudited pro forma consolidated financial information of the Company as of and for the six-month period ended 30 June 2017 and as of and for the year ended 31 December 2016, and after giving effect to certain assumptions and pro forma adjustments.

The unaudited pro forma consolidated financial information does not purport to represent what the results of the operations and financial position of the Company would have been had the significant transactions actually occurred at an earlier date, nor does it purport to project the results of operations of the Company for any future period or date.

Proforma Condensed Consolidated Balance Sheet as at 30 June 2017(Unaudited)

		Pro Forma Adjustments (Unaudited)		
(In US$)	Cirtek Holdings Philippines Corporation and Subsidiaries (Unaudited)	Acquisition of Quintel Cayman, Ltd. and Subsidiaries	Eliminating Entries and Other Pro Forma Adjustments	Pro Forma Balances (Unaudited)
ASSETS				
Current Assets				
Cash	20,112,901	–	(17,000,000)	3,112,901
Trade and other receivables	36,163,695	2,960,851	(19,859,774)	19,264,772
Inventories	13,741,197	9,146,418	–	22,887,615
Amounts owed by related parties	18,326,446	–	–	18,326,446
Financial assets at fair value through profit or loss (FVPL)	503	–	–	503
Other current assets	2,354,245	330,071	–	2,684,316
	90,698,987	12,437,340	(36,859,774)	66,276,553
Noncurrent assets held for sale	11,408,611	–	–	11,408,611
Total Current Assets	102,107,598	12,437,340	(36,859,774)	77,685,164
Noncurrent Assets				
Property, plant and equipment	29,379,168	489,992	–	29,869,160
Intangible assets	–	31,200,000	–	31,200,000
Goodwill	–	56,191,679	–	56,191,679
Available-for-sale (AFS) financial asset	1,667,000	–	–	1,667,000
Held-to-maturity (HTM) investments	487,030	–	–	487,030
Deferred income tax assets - net	174,578	–	–	174,578
Other noncurrent assets	11,654,695	–	–	11,654,695
Total Noncurrent Assets	43,362,471	87,881,671	–	131,244,142
TOTAL ASSETS	145,470,069	100,319,011	(36,859,774)	208,929,306
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	14,500,851	17,621,095	(14,859,774)	17,262,172
Short-term loans	27,020,945	–	55,000,000	82,020,945
Current portion of long-term debt	4,889,882	–	–	4,889,882
Amounts owed to related parties	531,786	–	–	531,786
Due to stockholders	–	77,000,000	(77,000,000)	–
Income tax payable	179,693	–	–	179,693

Total Current Liabilities	47,123,157	94,621,095	(36,859,774)	104,884,478
Noncurrent Liabilities				
Long-term debt - net of current portion	35,026,266	1,454,616	–	36,480,882
Retirement benefit obligation	1,770,547	–	–	1,770,547
Deferred income tax liabilities - net	3,373	4,243,300	–	4,246,673
Total Noncurrent Liabilities	36,800,186	5,697,916	–	42,498,102
Total Liabilities	83,923,343	100,319,011	(36,859,774)	147,382,580
Equity				
Common stock	9,594,321	–	–	9,594,321
Preferred stock	221,239	–	–	221,239
Additional paid-in capital	35,896,893	–	–	35,896,893
Equity reserve	1,452,863	–	–	1,452,863
Other comprehensive income	40,329	–	–	40,329
Retained earnings	27,877,598	–	–	27,877,598
	75,083,243	–	–	75,083,243
Parent company shares held by a subsidiary	(13,536,517)	–	–	(13,536,517)
Total Equity	61,546,726	–	–	61,546,726
TOTAL LIABILITIES AND EQUITY	145,470,069	100,319,011	(36,859,774)	208,929,306

Proforma Condensed Consolidated Statement of Comprehensive Income for the Six-Month Period Ended 30 June 2017(Unaudited)

(In US$)	Cirtek Holdings Philippines Corporation and Subsidiaries (Unaudited)	Pro Forma Adjustments (Unaudited) Acquisition of Quintel Cayman, Ltd. and Subsidiaries	Pro Forma Adjustments (Unaudited) Eliminating Entries and Other Pro Forma Adjustments	Pro Forma Balances (Unaudited)
NET SALES	42,181,565	22,393,746	(17,369,175)	47,206,136
COST OF SALES	(34,302,155)	(20,659,225)	15,905,748	(39,055,632)
GROSS PROFIT	7,879,410	1,734,521	(1,463,427)	8,150,504
OPERATING EXPENSES	(2,248,495)	(6,330,488)	(400,000)	(8,978,983)
FINANCIAL INCOME (EXPENSES)				
Interest income	44,522	16	–	44,538
Interest expense	(1,052,548)	(1,981,515)	(1,100,000)	(4,134,063)
	(1,008,026)	(1,981,499)	(1,100,000)	(4,089,525)
OTHER INCOME (CHARGES) - Net	(35,170)	223,630	–	188,460
INCOME (LOSS) BEFORE INCOME TAX	4,587,719	(6,353,836)	(2,963,427)	(4,729,544)
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	172,935	19,427	–	192,362
Deferred	–	–	(140,000)	(140,000)
	172,935	19,427	(140,000)	52,362
NET INCOME (LOSS)	4,414,784	(6,373,263)	(2,823,427)	(4,781,906)
OTHER COMPREHENSIVE INCOME (LOSS)				
Other comprehensive income not to be reclassified	–	–	–	–

to profit or loss in subsequent periods:				
Remeasurement gains (losses) on retirement benefit, net of deferred tax				
TOTAL COMPREHENSIVE INCOME (LOSS)	4,414,784	(6,373,263)	(2,823,427)	(4,781,906)
Basic/Diluted Earnings (Loss) Per Share	0.011			(0.011)

Proforma Condensed Consolidated Statement of Cash Flows for the Six-Month Period Ended 30 June 2017 (Unaudited)

(In US$)	Cirtek Holdings Philippines Corporation and Subsidiaries (Unaudited)	Pro Forma Adjustments (Unaudited): Acquisition of Quintel Cayman, Ltd. and Subsidiaries	Pro Forma Adjustments (Unaudited): Eliminating Entries and Other Pro Forma Adjustments	Pro Forma Balances (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	4,587,719	(6,353,836)	(2,963,427)	(4,729,544)
Adjustments for:				
Depreciation and amortization	1,573,474	100,557	400,000	2,074,031
Interest expense	1,052,548	1,981,515	1,100,000	4,134,063
Interest income	(44,522)	(16)	–	(44,538)
Movement in net retirement benefit obligation	(37,300)	–	–	(37,300)
Deferred grant	–	(520,000)	–	(520,000)
Net unrealized foreign exchange gains	(107,356)	223,630	–	116,274
Operating income (loss) before working capital changes	7,024,563	(4,568,150)	(1,463,427)	992,986
Decrease (increase) in:				
Inventories	1,540,696	459,288	1,463,427	3,463,411
Trade and other receivables	(13,077,161)	(305,956)	–	(13,383,117)
Other current assets	275,244	(170,995)	–	104,249
Decrease in trade and other payables	(4,643,104)	(1,841,889)	–	(6,484,993)
Net cash used in operations	(8,879,762)	(6,427,702)	–	(15,307,464)
Interest received	130,411	16	–	130,427
Income taxes paid	(320,898)	–	–	(320,898)
Net cash used in operating activities	(9,070,249)	(6,427,686)	–	(15,497,935)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of Quintel Group	–	–	(72,000,000)	(72,000,000)
Acquisitions of property, plant and equipment	(2,221,029)	–	–	(2,221,029)
Investment in HTM investments	(487,030)	–	–	(487,030)
Proceeds from disposal of HTM investments	371,520	–	–	371,520
Decrease (increase) in other noncurrent assets	(9,455,596)	52,826	–	(9,402,770)
Net cash from (used in) investing activities	(11,792,135)	52,826	(72,000,000)	(83,739,309)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Availment of short-term loans	10,000,000	3,000,000	55,000,000	68,000,000
Availment of long-term debt	–	5,854,616	–	5,854,616
Sale of Parent Company shares held by a subsidiary	33,344,506	–	–	33,344,506
Payments of:				
Cash dividends	(1,421,762)	–	–	(1,421,762)
Interest	(1,068,322)	(179,996)	–	(1,248,318)
Long-term debts	(4,000,000)	–	–	(4,000,000)
Short-term loans	(14,605,000)	(300,000)	–	(14,905,000)

Closing cash to Quintel's previous stockholders	–	(2,578,162)	–	(2,578,162)
Net movement in amounts owed by and owed to related parties	(5,878,237)	–	–	(5,878,237)
Net cash from financing activities	16,371,185	5,796,458	55,000,000	77,167,643
EFFECT OF EXCHANGE RATE CHANGES ON CASH	92,607	(223,630)	–	(131,023)
NET DECREASE IN CASH	(4,398,592)	(802,032)	(17,000,000)	(22,200,624)
CASH AT BEGINNING OF PERIOD	24,511,493	802,032	–	25,313,525
CASH AT END OF PERIOD	20,112,901	–	(17,000,000)	3,112,901

Proforma Condensed Consolidated Balance Sheet as at 31 December 2016 (Unaudited)

(In US$)	Cirtek Holdings Philippines Corporation and Subsidiaries (Audited)	Pro Forma Adjustments (Unaudited): Acquisition of Quintel Cayman, Ltd. and Subsidiaries	Pro Forma Adjustments (Unaudited): Eliminating Entries and Other Pro Forma Adjustments	Pro Forma Balances (Unaudited)
ASSETS				
Current Assets				
Cash	24,511,493	–	(22,000,000)	2,511,493
Trade and other receivables	23,172,423	2,960,851	(10,974,829)	15,158,445
Inventories	15,281,893	9,146,418	–	24,428,311
Amounts owed by related parties	12,436,575	–	–	12,436,575
Held-to-maturity (HTM) investments	371,520	–	–	371,520
Financial assets at fair value through profit or loss (FVPL)	503	–	–	503
Other current assets	2,618,370	330,071	–	2,948,441
	78,392,777	12,437,340	(32,974,829)	57,855,288
Noncurrent assets held for sale	11,408,611	–	–	11,408,611
Total Current Assets	89,801,388	12,437,340	(32,974,829)	69,263,899
Noncurrent Assets				
Property, plant and equipment	28,675,910	489,992	–	29,165,902
Intangible assets	–	31,200,000	–	31,200,000
Goodwill	–	56,191,679	–	56,191,679
Available-for-sale (AFS) financial asset	1,667,000	–	–	1,667,000
Deferred income tax assets - net	174,578	–	–	174,578
Other noncurrent assets	2,170,859	–	–	2,170,859
Total Noncurrent Assets	32,688,347	87,881,671	–	120,570,018
TOTAL ASSETS	122,489,735	100,319,011	(32,974,829)	189,833,917
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	19,135,593	17,621,095	(10,974,829)	25,781,859
Short-term loans	31,625,945	–	55,000,000	86,625,945
Current portion of long-term debt	6,882,126	–	–	6,882,126
Amounts owed to related parties	520,152	–	–	520,152
Due to stockholders	–	77,000,000	(77,000,000)	–
Income tax payable	327,656	–	–	327,656
Total Current Liabilities	58,491,472	94,621,095	(32,974,829)	120,137,738
Noncurrent Liabilities				
Long-term debt - net of current portion, including accrued interest	36,977,845	1,454,616	–	38,432,461
Retirement benefit obligation	1,807,847	–	–	1,807,847
Deferred income tax liabilities - net	3,373	4,243,300	–	4,246,673
Total Noncurrent Liabilities	38,789,065	5,697,916	–	44,486,981
Total Liabilities	97,280,537	100,319,011	(32,974,829)	164,624,719

Equity				
Common stock	9,594,321	–	–	9,594,321
Preferred stock	221,239	–	–	221,239
Additional paid-in capital	35,896,893	–	–	35,896,893
Equity reserve	4,138,375	–	–	4,138,375
Other comprehensive income	40,329	–	–	40,329
Retained earnings	24,884,576	–	–	24,884,576
	74,775,733	–	–	74,775,733
Parent company shares held by a subsidiary	(49,566,535)	–	–	(49,566,535)
Total Equity	25,209,198	–	–	25,209,198
TOTAL LIABILITIES AND EQUITY	122,489,735	100,319,011	(32,974,829)	189,833,917

Proforma Condensed Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2016 (Unaudited)

		Pro Forma Adjustments (Unaudited)		
(In US$)	Cirtek Holdings Philippines Corporation and Subsidiaries (Audited)	Acquisition of Quintel Cayman, Ltd. and Subsidiaries	Eliminating Entries and Other Pro Forma Adjustments	Pro Forma Balances (Unaudited)
NET SALES	74,322,312	34,821,182	(19,387,242)	89,756,252
COST OF SALES	(61,566,107)	(33,443,297)	17,850,329	(77,159,075)
GROSS PROFIT	12,756,205	1,377,885	(1,536,913)	12,597,177
OPERATING EXPENSES	(4,353,603)	(10,602,947)	(800,000)	(15,756,550)
FINANCIAL INCOME (EXPENSES)				
Interest income	380,095	39	–	380,134
Interest expense	(1,375,227)	(3,971,044)	(2,200,000)	(7,546,271)
	(995,132)	(3,971,005)	(2,200,000)	(7,166,137)
OTHER INCOME (LOSS) - Net	747,890	(1,215,833)	–	(467,943)
INCOME (LOSS) BEFORE INCOME TAX	8,155,360	(14,411,900)	(4,536,913)	(10,793,453)
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	559,457	–	–	559,457
Deferred	(12,125)	(7,780)	(280,000)	(299,905)
	547,332	(7,780)	(280,000)	259,552
NET INCOME (LOSS)	7,608,028	(14,404,120)	(4,256,913)	(11,053,005)
OTHER COMPREHENSIVE INCOME (LOSS)				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Remeasurement losses on retirement benefit, net of deferred tax	(486,091)	–	–	(486,091)
TOTAL COMPREHENSIVE INCOME (LOSS)	7,121,937	(14,404,120)	(4,256,913)	(11,539,096)

Basic/Diluted Earnings (Loss) Per Share	0.018		(0.026)

Proforma Condensed Consolidated Statement of Cash Flows for the Year Ended 31 December 2016 (Unaudited)

(In US$)	Cirtek Holdings Philippines Corporation and Subsidiaries (Audited)	Pro Forma Adjustments (Unaudited) Acquisition of Quintel Cayman, Ltd. and Subsidiaries	Pro Forma Adjustments (Unaudited) Eliminating Entries and Other Pro Forma Adjustments	Pro Forma Balances (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	8,155,360	(14,411,900)	(4,536,913)	(10,793,453)
Adjustments for:				
Depreciation and amortization	2,711,632	453,214	800,000	3,964,846
Interest expense	1,375,227	3,971,044	2,200,000	7,546,271
Interest income	(380,095)	(39)	–	(380,134)
Gain on disposal of financial assets at FVPL	(262,332)	–	–	(262,332)
Movement in net retirement benefit obligation	34,812	–	–	34,812
Net unrealized foreign exchange gains	(19,282)	–	–	(19,282)
Loan forgiveness	–	(300,000)	–	(300,000)
Operating income (loss) before working capital changes	11,615,322	(10,287,681)	(1,536,913)	(209,272)
Decrease (increase) in:				
Inventories	(9,544,825)	(5,646,731)	1,536,913	(13,654,643)
Trade and other receivables	(9,508,529)	(254,054)	–	(9,762,583)
Other current assets	(79,881)	6,589	–	(73,292)
Increase in trade and other payables	5,823,431	13,978,931	–	19,802,362
Cash used in operations	(1,694,482)	(2,202,946)	–	(3,897,428)
Interest received	465,984	39	–	466,023
Income taxes paid	(353,536)	–	–	(353,536)
Net cash used in operating activities	(1,582,034)	(2,202,907)	–	(3,784,941)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of Quintel Group	–	–	(77,000,000)	(77,000,000)
Acquisitions of property, plant and equipment	(7,546,010)	(223,765)	–	(7,769,775)
Proceeds from disposal of financial assets at FVPL	19,709,049	–	–	19,709,049
Redemption of HTM investments	518,269	–	–	518,269
Decrease in other noncurrent assets	(1,291,781)	–	–	(1,291,781)
Net cash from (used in) investing activities	11,389,527	(223,765)	(77,000,000)	(65,834,238)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of:				
Short-term loans	22,080,857	–	55,000,000	77,080,857
Long-term debt	30,000,000	–	–	30,000,000
Payments of:				
Cash dividends	(3,620,000)	–	–	(3,620,000)
Interest	(1,271,687)	(303,171)	–	(1,574,858)
Long-term debts	(9,121,198)	(21,252)	–	(9,142,450)
Short-term loans	(1,290,000)	–	–	(1,290,000)
Debt issuance costs	(321,605)	–	–	(321,605)
Closing cash to Quintel's previous stockholders	–	(802,032)	–	(802,032)
Acquisition by subsidiary of the Parent Company's shares	(49,566,535)	–	–	(49,566,535)
Net movement in amounts owed by and owed to related parties	(1,805,357)	5,000,000	–	3,194,643
Stock options exercised	–	2,723	–	2,723
Net cash from (used in) financing activities	(14,915,525)	3,876,268	55,000,000	43,960,743

EFFECT OF EXCHANGE RATE CHANGES ON CASH	(157,341)	(1,995,379)	–	(2,152,720)
NET INCREASE (DECREASE) IN CASH	(5,265,373)	(545,783)	(22,000,000)	(27,811,156)
CASH AT BEGINNING OF YEAR	29,776,866	545,783	–	30,322,649
CASH AT END OF YEAR	24,511,493	–	(22,000,000)	2,511,493

TERMS AND CONDITIONS OF THE OFFER

The following does not purport to be a complete listing of all the rights, obligations and privileges attaching to or arising from the offer of the Preferred B-2 Shares. Prospective shareholders are enjoined to perform their own independent investigation and analysis of the Company and the Preferred B-2 Shares. Each prospective shareholder must rely on its own appraisal of the Company and the proposed equity raising and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to participate in the proposed equity raising and must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective shareholder's independent evaluation and analysis.

Issuer	Cirtek Holdings Philippines Corporation ("Cirtek", the "Company", or the "Issuer").
Offer	Cumulative, non-voting, non-participating, non-convertible, redeemable Preferred B-2 Shares (the "Preferred B-2 Shares" or the "Offer Shares")
Issue Size	Primary offer of US$60.0 million consisting of 60,000,000 Preferred B-2 Shares (the "Firm Shares") with an oversubscription option of up to US$80.0 million consisting of 80,000,000 additional Preferred B-2 Shares (the "Oversubscription Option", and the Preferred B-2 Shares pertaining to such option, the "Oversubscription Option Shares") for an aggregate issue size of up to US$140.0 million (the "Offer"). In the event of oversubscription, the Joint Lead Underwriters, in consultation with the Company, reserve the right, but not the obligation, to increase the Offer size by the exercise of the Oversubscription Option subject to the registration requirements of the Securities and Exchange Commission ("SEC"). In case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the remaining Oversubscription Option Shares will be returned back to the unissued Preferred B-2 Shares. Of the 60,000,000 Offer Shares to be offered, 80% or 48,000,000 Offer Shares are being offered through the Joint Lead Underwriters for subscription and sale to institutional buyers and the general public. The final amount of the commitments of the Joint Lead Underwriters will be determined at the end of the book-building period. The Company plans to make available 20% of the Offer Shares or 12,000,000 Offer Shares for distribution to the respective clients of the Philippine Stock Exchange Inc. (the "PSE") Trading Participants (the "Trading Participants") that are Eligible Brokers, acting as Selling Agents. The Company and the Joint Lead Underwriters will not allocate any Offer Shares for Local Small Investors.

	Any Offer Shares not taken up by the Trading Participants shall be distributed by the Joint Lead Underwriters directly to their respective clients and the general public. All Offer Shares (except the Oversubscription Option Shares) not taken up by the Eligible Brokers, general public and the Joint Lead Underwriters' clients shall be firmly purchased by the Joint Lead Underwriters pursuant to the terms and conditions of the Underwriting Agreement dated November 10, 2017 by and among the Company and the Joint Lead Underwriters (the "Underwriting Agreement").
Sole Issue Manager and Bookrunner	BPI Capital Corporation ("BPI Capital")
Joint Lead Underwriters	BPI Capital and RCBC Capital Corporation ("RCBC Capital")
Registration	To be registered with the SEC
Listing	To be listed on the PSE. The Offer Shares are expected to be listed on the PSE Main Board under the symbol "TECB2".
Offer Period	The Offer Period shall commence at 9:00 a.m. on November 16, 2017 and end at 12:00 p.m. on November 29, 2017. The Issuer and the Joint Lead Underwriters reserve the right to extend or terminate the Offer Period with the approval of the SEC and the PSE (as applicable).
Issue Date	December 8, 2017
Listing Date	December 8, 2017
Use of Proceeds	Proceeds from the Offer will be used by the Company for (1) payment of financial obligations, (2) to fund strategic acquisitions, (3) for working capital requirements, (4) for capital expenditures, and (5) for research and development.
Par Value	The Preferred B-2 Shares shall have a par value of PHP1.00 per share
Offer Price	The Preferred B-2 Shares shall be offered at a price of US$1.00 per share.
Minimum Subscription	Each application to subscribe to the Preferred B-2 Shares shall be for a minimum of 1,000 Preferred B-2 Shares, and thereafter, in multiples of 100 Preferred B-2 Shares. No application for multiples of any other number of Preferred B-2 Shares will be considered.
Dividend Payment Dates and Dividend Periods	The Offer Shares shall, subject to the conditions for the declaration and payment of dividends, bear cumulative, non-participating US dollar cash dividends based on the Offer Price, at the Dividend Rate per annum from the Issue Date, payable on March 8, 2018 as the first dividend payment

	date, and thereafter every March 8, June 8, September 8 and December 8 of each year (each, a "Dividend Payment Date"), being the last day of each 3-month period (each, a "Dividend Period") following the Issue Date. The dividends on the Offer Shares will be calculated on a 30/360-day basis for each Dividend Period. If the Dividend Payment Date is not a Business Day, dividends will be paid on the next succeeding Business Day, without adjustments as to the amount of dividends to be paid. A "Business Day" means a day other than a Saturday or Sunday on which banks in Metro Manila are generally open for normal banking business.
Dividend Rate	The term "Dividend Rate" means (a) from the Issue Date up to the Step Up Date, the Initial Dividend Rate, and (b) from the Step Up Date, the Initial Dividend Rate adjusted by adding a Step Up Spread, the Step Up Rate.
Initial Dividend Rate	The Dividend Rate applicable from the Issue Date up to the Step Up Date shall be the fixed rate of 6.1250% per annum.
Step Up Rate	Unless the Preferred B-2 Shares shall have been redeemed by the Issuer on the 5th anniversary of the listing date (the "Step Up Date"), the Dividend Rate shall be adjusted by adding a Step-Up Spread of 300 basis points to the Initial Dividend Rate (the "Step Up Rate").
Conditions on Declaration and Payment of Cash Dividends	The declaration and payment of cash dividends for each Dividend Period will be subject to the sole and absolute discretion of the Board of the Issuer, to the extent permitted by applicable laws and regulations, and the covenants (financial or otherwise) in the agreements to which the Issuer is a party. The Board will not declare and pay dividends for any Dividend Period where payment of the Dividend would cause the Issuer to breach any of its financial covenants. If the profits available to distribute as dividends are, in the Board's opinion, not sufficient to enable the Issuer to pay in full, on the same date, both dividends on the Preferred B-2 Shares and the dividends on other shares that are scheduled to be paid on or before the same date as the dividends on the Preferred B-2 Shares and have an equal right to dividends as the Preferred B-2 Shares, the Issuer is required: first, to pay in full, or to set aside an amount equal to, all dividends scheduled to be paid on or before that dividend payment date on any shares with a right to dividends ranking in priority to that of the Preferred B-2 Shares; and second, to pay dividends on the Preferred B-2 Shares and any other shares ranking equally with the

	Preferred B-2 Shares as to participation in profits, pro rata to the amount of the cash dividends scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividends payable on that date and any arrears on past cumulative dividends on any shares ranking equal in the right to dividends with the Preferred B-2 Shares. The profits available for distribution are, in general and with some adjustments, equal to the Issuer's accumulated, realized profits less accumulated, realized loss.
Cumulative	Dividends on the Preferred B-2 Shares shall be cumulative. If for any reason the Issuer's Board does not declare a dividend on the Preferred B-2 Shares for a Dividend Period, the Issuer will not pay a dividend for that Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Preferred B-2 Shares must receive the dividends due them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Preferred B-2 Shares prior to such Dividend Period. Holders of Preferred B-2 Shares shall not be entitled to participate in any other or further dividends beyond the dividends specifically payable on the Preferred B-2 Shares. The Issuer will covenant that, in the event (a) any dividends due with respect to any Preferred B-2 Shares then outstanding for any period are not declared and paid in full when due, or (b) any other amounts payable in respect of the Preferred B-2 Shares are not paid in full when due for any reason, the Issuer will not: (i) declare or pay any dividends or other distributions in respect of, or repurchase or redeem, securities ranking junior to Preferred B-2 Shares; or (ii) contribute any moneys to a sinking fund for the redemption of any securities ranking junior to Preferred B-2 Shares. Subject to legal requirements, the Issuer will procure that no subsidiary over which the Issuer has a Controlling Participation will pay any discretionary dividends or other discretionary distributions on, or at the Issuer's discretion repurchase or redeem, any security ranking senior to the respective subsidiary's common shares other than those senior securities held by the Issuer or a wholly-owned subsidiary thereof (or contribute any moneys to a sinking fund for the purposes of any such redemption). "Controlling Participation" shall refer to the possession, directly or indirectly, of the power to direct or cause the

	direction of the affairs or management of the corporation, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise, including, without limitation, the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of the corporation.
Optional Redemption	As and if approved by its Board of Directors , the Issuer may redeem, in whole and not in part, on the 5th anniversary from the listing date of the Preferred B-2 Shares or on any Dividend Payment Date thereafter, after giving not less than 30 nor more than 60 days written notice prior to the intended date of redemption, at a redemption price (the "Redemption Price") equal to the Offer Price of the Preferred B-2 Shares plus all dividends due them on the actual date of redemption as well as all accumulated dividends due and payable, or dividends in which the declaration and/or payment have been deferred, in respect of prior Dividend Periods. Such notice to redeem shall be deemed irrevocable upon issuance thereof. The Redemption Price shall be paid within ten (10) Business Days upon which the redemption occurs.
Redemption Due to an Accounting Event, Tax Event or Change of Control	The Issuer may also redeem the Preferred B-2 Shares, in whole and not in part, at any time if an Accounting Event, Tax Event or Change of Control (each as defined below) has occurred and is continuing, having given not less than 30 nor more than 60 days written notice prior to the intended date of redemption, such notice to be deemed irrevocable upon issuance thereof.
Accounting Event	An accounting event ("Accounting Event") shall occur if an opinion of a recognized accountancy firm authorized to perform auditing services in the Republic of the Philippines has been delivered to the Issuer stating that the Preferred B-2 Shares may no longer be recorded as equity in the audited consolidated financial statements of the Issuer prepared in accordance with PFRS, or such other accounting standards which succeed PFRS as adopted by the Issuer for the preparation of its audited consolidated financial statements for the relevant financial year and such event cannot be avoided by the Issuer taking reasonable measures available to it.
Tax Event	A tax event ("Tax Event") shall occur if payments on the Preferred B-2 Shares become subject to additional or higher withholding tax or any new tax (including a higher rate of an existing tax) as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax

	cannot be avoided by use of reasonable measures available to the Issuer.
Change of Control (“CoC Event”)	Change in Control shall be deemed to have occurred if any person or persons acting in concert or any third person or persons acting on behalf of such person(s) at any time acquire(s) directly or indirectly a Controlling Participation in the Issuer pursuant to the Philippine laws. The Dividend Rate will be increased by 400 basis points commencing and including the day falling 180 days after the day on which a CoC Event has occurred. If a Change of Control has occurred, the Issuer may at any time redeem the Preferred B-2 Shares (in whole, not in part) at the Redemption Price, which shall include dividends computed on the applicable Dividend Rate, plus the additional 400 basis points, commencing and including on the day on which a CoC Event has occurred.
No Sinking Fund	The Issuer is not legally required, has not established, and currently has no plans to establish, a sinking fund for the redemption of the Preferred B-2 Shares.
Purchase of the Preferred B-2 Shares	Upon listing on the PSE, the Issuer may purchase the Preferred B-2 Shares at any time in the open market or by public tender or by private contract at any price through the PSE, without any obligation to purchase or redeem the other Preferred B-2 Shares. The Preferred B-2 Shares so purchased may either be redeemed (pursuant to the terms and conditions of the Preferred B-2 Shares) and cancelled or kept as treasury shares, as applicable.
No Voting Rights	Holders of the Preferred B-2 Shares shall not be entitled to vote at the Issuer’s stockholders’ meetings, except as otherwise provided by law.
Non-Participating	Holders of the Preferred B-2 Shares shall not be entitled to participate in any other or future dividends beyond the dividends specifically payable on the Preferred B-2 Shares.
Non-Convertible	Holders of the Preferred B-2 Shares shall have no right to convert the Offer Shares to any other preferred shares or common shares of the Issuer.
No Pre-emptive Rights	Holders of the Preferred B-2 Shares shall have no pre-emptive rights to subscribe to any shares (including, without limitation, treasury shares) that will be issued or sold by the Issuer.
Liquidation Rights	In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of the Issuer, the holders of the

	Preferred B-2 Shares shall enjoy preference in the US dollar payment, in full or, if the remaining assets of the Issuer are insufficient, on a pro-rata basis as among all holders of outstanding Preferred B-2 Shares, of the offer price of their shares plus any previously declared and unpaid dividends, before any asset of the Issuer is paid or distributed to the holders of common shares and other securities junior to the Preferred B-2 Shares.
Taxation	All payments in respect of the Preferred B-2 Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Republic of the Philippines, including, but not limited to, stamp, issue, registration, documentary, value-added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Issuer will pay additional amounts so that holders of the Preferred B-2 Shares will receive the full amount of the relevant payment which otherwise would have been due and payable. Provided, however, that the Issuer shall not be liable for, and the foregoing payment undertaking of the Issuer shall not apply to: 1. any withholding tax applicable to dividends earned by or any amounts payable to the holders of the Preferred B-2 Shares; 2. any income tax (whether or not subject to withholding), percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the redemption price) of the Preferred B-2 Shares or on the liquidating distributions as may be received by a holder of Preferred B-2 Shares; 3. any expanded value-added tax which may be payable by any holder of the Preferred B-2 Shares on any amount to be received from the Issuer under the terms and conditions of the Preferred B-2 Shares; 4. any withholding tax on any amount payable to any holder of Preferred B-2 Shares or any entity which is a non-resident foreign corporation; and 5. any applicable taxes on any subsequent sale or transfer of the Preferred B-2 Shares by any holder of the Preferred B-2 Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes). All sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments or governmental charges provided said

	entities present sufficient proof of such tax-exempt status from the tax authorities. Documentary stamp tax for the primary issue of the Preferred B-2 Shares and the documentation, if any, shall be for the account of the Issuer.
Form, Title and Registration of the Preferred B-2 Shares	The Preferred B-2 Shares will be lodged with PDTC as Depository Agent at least two trading days prior to Listing Date through PSE Trading Participants nominated by the accepted Applicants. The nominated Trading Participants must be Eligible Brokers. As discussed below under "Appointment of an Eligible Broker", applicants shall indicate in the proper space provided for in the Application to Purchase to be issued and circulated in connection with the Offer (together with the required documents, the "Application") the name of the Trading Participants under whose name their Preferred B-2 Shares will be registered. Such Trading Participant should be an Eligible Broker. After Listing Date, holders of the Preferred B-2 Shares (the "Shareholders") may request to receive stock certificates evidencing their investment in the Preferred B-2 Shares through their nominated Eligible Brokers. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting Shareholder. Applicants will be required to give their consent to their nominated Eligible Broker for the collection, processing and sharing of their personal information with the PDTC, which the latter will use to set up the applicants' Name on Central Depository ("NOCD") sub-accounts. Under NOCD facility, the recording of the applicants' DDS holdings, such as the Offer Shares, will be at the beneficial owner level, under segregated sub-accounts in the applicants' names.
Selling and Transfer Restrictions	Initial placement and subsequent transfers of interests in the Preferred B-2 Shares shall be subject to normal selling restrictions for listed securities as may prevail in the Philippines from time to time and the additional requirements under the PSE DDS Rules for the trading and settlement of the Preferred B-2 Shares.
Eligible Investors	The Offer Shares may be owned or subscribed to by any person, partnership, association, corporation, trust account, fund or entity regardless of nationality. In addition, under certain circumstances, the Issuer may reject an application or reduce the number of Offer Shares applied for subscription or purchase.

	Law may restrict subscription to the Preferred B-2 Shares in certain jurisdictions. Foreign investors interested in subscribing for or purchasing the Preferred B-2 Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, shall warrant that their purchase of the Preferred B-2 Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Preferred B-2 Shares. Investors are required to give their consent to the disclosure of their names to the SEC if said information is requested by the SEC in the course of a possible violation of the SRC, SRC Rules, and other orders and issuances of the SEC, examination, official inquiry or as part of surveillance procedure, and/or in compliance with pertinent laws.
Procedure for Application	Applications to Purchase for the subscription of Offer Shares may be obtained from any of the Joint Lead Underwriters or Selling Agents. All Applications shall be evidenced by the Application to Purchase, duly executed in each case by an authorized signatory of the applicant and accompanied by two completed signature cards, the corresponding payment for the Offer Shares covered by the Application to Purchase and all other required documents. The duly executed Application to Purchase and required documents should be submitted to the Joint Lead Underwriters or Selling Agents on or prior to the set deadlines for submission of Applications to Underwriters and Selling Agents, respectively. If the applicant is a corporation, partnership or trust or institutional account, the Application must be accompanied by the following documents: a. a certified true copy of the applicant's latest articles of incorporation and by-laws and other constitutive documents, each as amended to date, duly certified by the corporate secretary (or equivalent officer); b. a certified true copy of the applicant's SEC certificate of registration, duly certified by the corporate secretary (or equivalent officer); c. a duly executed and notarized corporate secretary's certificate setting forth the resolution of the applicant's board of directors or equivalent body authorizing (i) the purchase and subscription of the Offer Shares indicated in the Application and (ii) the

	designated signatories for the purpose, including their respective specimen signatures; d. two (2) specimen signature cards fully completed and signed by the applicant's authorized signatory/ies, and certified by the applicant's corporate secretary (or equivalent officer); e. copy of two (2) valid government-issued identification cards of the applicant's authorized signatory/ies (certified as a true copy by the Selling Agent or Joint Lead Underwriter that forwarded the Application). If the applicant is a natural person, the Application must be accompanied by the following documents: a. two (2) duly accomplished signature cards containing the specimen signature of the applicant, validated/signed by the Joint Lead Underwriters or the Selling Agent's authorized signatory/ies, whose authority/ies have been submitted to BDO Unibank, Inc. – Trust and Investments Group ("BDO Trust") in its capacity as the Stock Transfer Agent; b. copy of two (2) valid government-issued identification cards of the applicant, certified as a true copy by the Selling Agent or Joint Lead Underwriter that forwarded the Application; and c. such other documents as may be reasonably require by the Selling Agent or Joint Lead Underwriter(s) in implementation of its internal policies regarding "know your customer" and anti-money laundering. Foreign corporate and institutional applicants who qualify as Eligible Investors, in addition to the documents listed above as applicable, are required to submit in quadruplicate, a representation and warranty stating that their Application will not violate the laws of their jurisdictions of incorporation or organization, and that they are allowed to acquire, purchase and hold the Offer Shares. Proof of remittance or credit to the Receiving Agent's account or, as applicable, the relevant Joint Lead Underwriter's account of an amount equivalent to the full purchase price of the Offer Shares subscribed for shall be submitted together with the Application. Please also see above the discussion under "*Eligible Investors"* on the consent that must be given by an applicant to the disclosure of such applicant's names to the SEC.

Appointment of an Eligible Broker	Applicants shall indicate in the proper space provided for in the Application to Purchase to be issued and circulated in connection with the Offer the name of the Trading Participants under whose name their Preferred B-2 Shares will be registered. Such Trading Participant should be an Eligible Broker. The PSE DDS Rules provide the following requirements for a Trading Participant to qualify as an Eligible Broker to engage in dollar denominated trades: 1. A Trading Participant must have attended a DDS training session or seminar conducted by the PSE and must be operationally ready to trade DDS, and shall issue a sworn certification to the PSE attesting to its operational readiness. Notwithstanding the said certification, the PSE has the option to assess the operational readiness of a Trading Participant. 2. A Trading Participant shall have a US dollar deposit account with any universal or commercial bank and a separate US dollar cash settlement account with the designated settlement bank. 3. A Trading Participant shall also open a separate cash collateral deposit account for dollar-denominated securities trading with the designated settlement bank for the required cash collateral in US dollars. 4. A Trading Participant shall also obtain the consent of its clients to the disclosure of their names to the SEC, if said information is requested by the SEC in the course of an investigation of a possible violation of the SRC and its implementing rules and regulations and other orders and issuances of the SEC, examination, official inquiry or as part of surveillance procedures, and/or in compliance with other pertinent laws. 5. A Trading Participant shall comply with any other requirements as may be imposed by other regulatory agencies such as, but not limited to, the BSP and SEC. Pursuant to the PSE DDS rules, the PSE shall restrict Trading Participants that fail to comply with such requirements from trading the DDS. In view of the foregoing, the Company has identified for purposes of this Offer and as of September 30 2017, the following Trading Participants as the Eligible Brokers, which are eligible to trade DDS, including the Preferred B-2 Shares: (1) AP Securities Incorporated (2) Armstrong Securities, Inc. (3) Astra Securities Corporation (4) BA Securities, Inc.

	(5) BDO Securities Corporation (6) First Metro Securities Brokerage Corporation (7) Mandarin Securities Corporation (8) Philippine Equity Partners, Inc. (9) Sunsecurities, Inc. (10) Venture Securities, Inc. (11) The First Resources Management and Securities Corporation (12) Wealth Securities, Inc. An applicant shall appoint any two (2) of the above-named Eligible Brokers or any Trading Participant that becomes an Eligible Broker anytime within the Offer Period as may be announced by the PSE, as its broker for the trading of the Offer Shares.
Payment for the Offer Shares	The Offer Shares must be paid for in full in US Dollars (free and clear of and without any deduction for or on account of any bank charges or other costs and expenses) upon submission of the duly completed and signed Application to Purchase shares and signature cards together with the requisite attachments. Payment for the Offer Shars being subscribed for shall be either through (1) remittance through the Philippine Domestic Dollar Transfer System ("**PDDTS**"), or (2) same bank transfer, in same day U.S. Dollar funds, to the bank account of the Receiving Agent or the relevant Joint Lead Underwriter receiving the application. All bank charges shall be for the account of the applicant. The full purchase price for the Offer Shares subscribed for by an applicant should be remitted to the Receiving Agent's account or the relevant Underwriter's account in readily withdrawable funds no later than the applicable deadline. All bank charges (including, without limitation, the PDDTS-remittance related charges to be collected by the remitting bank, any intermediate bank and BDO Unibank, Inc. as the receiving bank) shall be for the account of the applicant. For this purpose, the applicant shall ensure that the amount to be remitted too the Receving Agent's or the relevant Underwriter's account shall be increased or grossed up for any bank charges as may be collected by the remitting bank, the receiving bank or any intermediate bank, as will result in the receipt by the Receiving Agent or the releveant Underwriter of the amount that is equivalent to the full purchase price of the Offer Shares subscribed for by such applicant. Receipt by the Receiving Agent or the relevant Underwriter of an amount less than the full purchase price of the Offer Shares subscribed for by an applicant (whether because the deduction was a result of bank charges collected or for any

	other reason), or receipt by the Receiving Agent or the relevant Underwriter of the purchase price beyond the cut-off time indicated above, may be a ground for rejection of the Application. Proof of remittance or credit to the Receiving Agent's account or, as applicable, the relevant Underwriter's account of an amount equivalent to the full purchase price of the Offer Shares subscribed for shall be submitted together with the Application.
Acceptance/Rejection of Applications	The actual number of Offer Shares that an applicant will be allowed to subscribe for is subject to the confirmation of the Joint Lead Underwriters. The Issuer reserves the right to accept or reject, in whole or in part, or to reduce any Application due to any grounds specified in the Underwriting Agreement. Applications which were unpaid or where payments were insufficient and those that do not comply with the terms of the Offer shall be rejected. Likewise, receipt by the Receiving Agent or an Joint Lead Underwriter of an amount less than the full purchase price of the Offer Shares subscribed for by an applicant (whether because the deduction was a result of bank charges collected or for any other reason), or receipt by the Receiving Agent or an Joint Lead Underwriter of the purchase price beyond the cut-off time indicated above, may be a ground for rejection of the Application. Moreover, any acceptance or receipt of payment pursuant to the Application does not constitute as approval or acceptance by the Issuer of the Application. An Application, when accepted, shall constitute an agreement between the applicant and the Issuer for the subscription to the Offer Shares at the time, in the manner and subject to terms and conditions set forth in the Application to Purchase and those described in the Prospectus. Notwithstanding the acceptance of any Application by the Issuer, the actual subscription by the applicant for the Offer Shares will become effective only upon listing of the Offer Shares on the PSE and upon the obligations of the Joint Lead Underwriters under the Underwriting Agreement becoming unconditional and not being suspended, terminated or cancelled, on or before the Listing Date, in accordance with the provision of the said agreement. If such conditions have not been fulfilled on or before the periods provided above, all Application payments will be returned to the applicants without interest.

Refunds for Rejected Applications	In the event that the number of Offer Shares to be allotted to an applicant, as confirmed by a Joint Lead Underwriter, is less than the number covered by its Application, or if an Application is wholly or partially rejected by the Issuer, then the Company, through the Receiving Agent or the Joint Lead Underwriter through which the applicant filed the application, shall refund, without interest, within five (5) Business Days from the end of the Offer Period, all or the portion of the payment corresponding to the number of Offer Shares wholly or partially rejected. For purposes of refunds for rejection of Applications, an applicant shall indicate in the Application to Purchase the manner by which any refund shall be made by choosing any one of the following options: 1. refund by crediting the Foreign Currency Deposit Unit ("**FCDU**") Account in the name of the Selling Agent/Trading Participant with whom the applicant has filed the Application, which FCDU account should be an account maintained with BDO Unibank, Inc.; 2. refund by coursing through the Joint Lead Underwriter with whom the applicant has filed the Application; 3. refund by crediting the FCDU Account in the name of the applicant, whether such FCDU Account is maintained with BDO Unibank, Inc. or another bank; or 4. refund by issuance of a dollar demand draft in the name of the applicant, which dollar demand draft shall be delivered to the Joint Lead Underwriter or Selling Agent through which the Application was filed. In choosing this mode, the applicant is deemed to acknowledge that it is aware that the bank draft shall be subject to the clearing period of the shareholder's depository bank. All bank charges in relation to any of the modes of refund indicated above shall be for the account of the applicant, and for this purpose, the amount to be refunded may be reduced by the amount of such bank charges such that the amount that the applicant will eventually receive by way of refund will be less than the amount it remitted during the application process. However, if the reason for the rejection is due to oversubscription of the Offer, all bank charges in relation to any of the modes of refund indicated above shall be for the account of the Issuer. Refunds to be made through the Joint Lead Underwriters or the Selling Agent with whom the applicant has filed the

	Application, or through the issuance of a dollar demand draft, shall be at the applicant's risk. Rejected Applications to Purchase shall be made available for pick-up at the office of the Receiving Agent or the Joint Lead Underwriter to which an applicant has filed an Application.
Trading and Settlement	Trading and settlement of the Preferred B-2 Shares shall be governed by the PSE DDS Rules which are to be read in conjunction with the SRC, existing BSP regulations, and other relevant laws, rules and regulations and to form part of all rules of the PSE. Moreover, pursuant to the DDS Rules, all rules of the PSE, Securities Clearing Corporation of the Philippines and CMIC not inconsistent with the PSE DDS Rules are to apply to the DDS. Please refer to Parts C and D of the PSE DDS Rules for the rules on the trading and settlement of DDS in general. Depository-related functions and activities, including the use of Name on Central Depository, shall be governed by existing rules and regulations of PDTC. Investors intending to buy securities on or after Listing Date will have to appoint an Eligible Broker and comply with the applicable requirements of such Eligible Broker.
Procedure for Payment of Cash Dividend Declarations	As of the date of this Prospectus, the following cash dividend declarations on the Offer Shares. The procedure as set out below may be revised or amended pursuant to the requirements of or agreement in writing between or among the Paying Agent, PDTC or the Trading Participants which are holding the Offer Shares on behalf of the investors: *<u>Payment of Cash Dividends on Scripless Preferred B-2 Shares</u>* (a) Company's Obligation – On the designated payment date for the cash dividends declared, the Company shall issue an instruction for the transfer of an amount equivalent to the aggregate cash dividends due on all the scripless Preferred B-2 Shares, in cleared funds, from its FCDU account maintained with BDO Unibank, Inc. to the account of BDO Trust in its capacity as the Paying Agent. Tax shall be withheld by the Company from such dividend payments. (b) Paying Agent's Obligation – Immediately upon receipt of the cash dividends from the Company, the Paying Agent shall immediately cause the transfer of such cleared funds to the FCDU account of PDTC maintained with

	BDO Unibank, Inc. Tax shall be withheld by the Paying Agent from such dividend payments. For this purpose and before any such cash dividend payment, PDTC shall open an FCDU account with BDO Unibank, Inc. where all cash dividend payments for the Preferred B-2 Shares shall be credited. (c) PDTC's Obligation – Immediately upon receipt of the cash dividends from the Paying Agent, PDTC shall cause the transfer of cleared funds equivalent to the cash dividends due on the Preferred B-2 Shares in each of the name of the Trading Participants which are Eligible Brokers, from PDTC's FCDU account to each of such TP's FCDU Dividend Account (as defined below). (d) Trading Participant's (Eligible Broker's) Obligations <u>Upon Qualification as an Eligible Broker</u> – A Trading Participant which has qualified to be an Eligible Broker shall open an FCDU account with BDO Unibank, Inc. where all dividends due on the Preferred B-2 Shares registered in the name of such Trading Participant will be credited (the "**TP's FCDU Dividend Account**"). For the avoidance of doubt, an FCDU account maintained with other banks (*i.e.,* other than BDO Unibank, Inc.) are not eligible to be designated as a TP's FCDU Dividend Account. Moreover, subject to the applicable requirements as may be imposed by PDTC, such Eligible Broker shall open a dollar subaccount with PDTC and, during the opening process for the dollar sub-account, shall be required to indicate the TP's FCDU Dividend Account in the dollar sub-account application form that may be obtained from PDTC. The Application to Purchase to be submitted during the Offer Period shall indicate the PDTC dollar sub-account number/code of the Eligible Broker nominated by an Applicant. <u>Upon Receipt of Cash Dividends</u> - Immediately upon receipt of the cash dividends from PDTC, each Trading Participant which is an Eligible Broker and has been nominated by a Shareholder as its broker for the Preferred B-2 Shares shall ensure immediate remittance of the cash dividends to its relevant clients' FCDU accounts or immediate transfer or turnover of such dividends to its relevant clients depending on their arrangements with such Trading Participant. All bank charges in relation to the remittance, transfer or turnover of the dividends to the investor shall be for the account of such investor.

	<u>*Payment of Cash Dividends on Certificated Preferred B-2 Shares*</u> (a) Shareholder's Obligation – The Shareholder, when it requests for the upliftment of the Preferred B-2 Shares it owns, shall immediately notify in writing the Paying Agent, no later than the record date of the next Dividend Payment Date, of the details of the FCDU account in the name of such shareholder into which all dividends payable on such Preferred B-2 Shares shall be credited or remitted (the "Shareholder's Dividend Account"). (b) Company's Obligation – On the designated payment date for the cash dividends declared, the Company shall issue instruction for the transfer of an amount equivalent to the aggregate cash dividends due on all certificated Preferred B-2 Shares, in cleared funds, from its FCDU account maintained with BDO Unibank, Inc. to the account of the Paying Agent. Tax shall be withheld by the Company. (c) Paying Agent's Obligation – Immediately upon receipt of the cash dividends from the Company, the Paying Agent shall immediately cause the transfer (whether through PDDTS or other means) of an amount equivalent to the cash dividends due on such Preferred B-2 Shares, in cleared funds, to the Shareholder's Dividend Account. Tax shall be withheld by the Paying Agent from such dividend payments. All bank charges arising from the remittance of the amount from the Paying Agent to the Shareholder's Dividend Account shall be for the account of the shareholder, and shall be deducted from the dividend payments to be remitted. In the event that a Shareholder holding certificated Preferred B-2 Shares has not nominated a Shareholder's Dividend Account, or if the nominated Shareholder's Dividend Account is already closed, or if for any reason the amount sought to be transferred by the Paying Agent cannot be credited to the nominated Shareholder's Dividend Account, the Paying Agent shall cause the issuance of a U.S. dollar denominated bank draft in the name of such Shareholder for the amount of dividends payable to such Shareholder, less any bank charges in connection with the issuance of such bank draft. The bank draft shall be mailed to the last known mailing address of the shareholder, at the Shareholder's risk. The bank draft shall be subject to the clearing period of the Shareholder's depository bank. Neither the Company nor the Paying Agent shall be liable for any interest on the

<table>
<tr><td></td><td>amount covered by the bank draft, nor shall any of them assume any liability for the risk of loss of the bank draft in the course of transit or delivery to the Shareholder.</td></tr>
<tr><td>Governing Law</td><td>The Preferred B-2 Shares will be issued pursuant to the laws of the Republic of the Philippines.</td></tr>
<tr><td>Selling Agents</td><td>Trading Participants of the Philippine Stock Exchange that qualify as Eligible Brokers</td></tr>
<tr><td>Registrar / Stock Transfer Agent</td><td>BDO Unibank, Inc. – Trust and Investments Group</td></tr>
<tr><td>Receiving Agent</td><td>BDO Unibank, Inc. – Trust and Investments Group</td></tr>
<tr><td>Depository Agent</td><td>Philippine Depository & Trust Corp.</td></tr>
<tr><td>Expected Timetable</td><td>The timetable of the Offer is as follows:
<table>
<tr><td>Dividend Rate Setting</td><td>November 9, 2017</td></tr>
<tr><td>Notice of Final Dividend Rate to the SEC and PSE</td><td>November 10, 2017</td></tr>
<tr><td>Offer Period</td><td>November 16 to 29, 2017</td></tr>
<tr><td>Deadline for PSE Eligible Brokers' Firm Commitment</td><td>November 22, 2017</td></tr>
<tr><td>PSE Eligible Brokers' Allocation</td><td>November 23, 2017</td></tr>
<tr><td>Deadline for General Public's Submission of Application</td><td>12:00 noon
November 29, 2017</td></tr>
<tr><td>Issue Date, Listing Date and Commencement of Trading on the PSE</td><td>December 8, 2017</td></tr>
</table>
Any change in the dates included above may be subject to approval of the SEC and PSE and other conditions.</td></tr>
</table>

DESCRIPTION OF THE PREFERRED B-2 SHARES

Set forth below is information relating to the Preferred B-2 Shares. This description is only a summary and is qualified by reference to Philippine law and the Articles of Incorporation and By-laws of the Company, as may be amended from time to time.

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 the by-laws of the corporation.

On October 24, 2016, the Company's Board of Directors approved the increase in the authorized capital stock of the Company from ₱540,000,000 to ₱2,000,000,000 divided into the following shares: (i) from ₱520,000,000, consisting of 520,000,000 shares, to ₱1,400,000,000, consisting of 1,400,000,000 shares, worth of common shares with a par value of ₱1.00 per share ("**Common Shares**"); (ii) from ₱40,000,000 to ₱140,000,000 worth of preferred shares with a par value of ₱0.10 per share (the "**Preferred A Shares**"); and (iii) the creation of new preferred shares amounting to ₱460,000,000 with a par value of ₱1.00 per share (the "**Preferred B Shares**", and together with the Preferred A Shares, the "**Preferred Shares**"). The foregoing resolution was approved and ratified by the stockholders at the Annual Stockholders Meeting held on May 26, 2017, whereby the stockholders likewise delegated to the board of directors (the "**Board**") the power and authority to: (i) implement the proposed increase in the Company's authorized capital stock, and (ii) fix the terms and conditions of the Preferred B Shares as they may be issued in tranches and series. Pursuant to such delegated authority to the Board, on September 8, 2017 the Board partially implemented the increase in authorized capital stock to ₱860,000,000 and fixed the general terms and conditions of the Preferred B Shares as discussed on page 27 of this Prospectus.

On September 29, 2017, the SEC approved the Company's application for the increase in authorized capital stock. As of the date of this Prospectus, the Company has an authorized capital stock of ₱860,000,000 divided into: (i) 520,000,000 Common Shares with a par value of ₱1.00 per share and ₱340,000,000 worth of Preferred Shares classified into: (i) ₱70,000,000 worth of Preferred A Shares divided into 700,000,000 Preferred A Shares with a par value of ₱0.10 per share, and (ii) ₱270,000,000 worth of Preferred B Shares with a par value of ₱1.00 per share. The Preferred B Shares are further classified into the following series: (i) ₱70,000,000 worth of Preferred B-1 Shares, and (ii) ₱200,000,000 worth of Preferred B-2 Shares, both having a par value of ₱1.00 per share.

The Preferred B-2 Shares

The Articles of the Company provides that the Preferred B-2 Shares shall have and be subject to such rights, privileges, restrictions, conditions and subject to such limitation thereof as may be determined by the Board, and be issued in such series as the Board may, from time to time, by resolution of directors, determine.

The discussion below sets out the rights, privileges, restrictions and conditions of the Preferred B-2 Shares as set out in the Articles and otherwise as approved by the Board and by the officers so authorized.

Registration and Listing

The Preferred B-2 Shares consisting in the aggregate of up to 200,000,000 cumulative, non-voting, non-participating, non-convertible, redeemable U.S. dollar-denominated preferred shares shall be registered with the SEC and listed on the PSE upon issuance by the SEC of an Order declaring effective the Registration Statement and the Permit to Sell Securities, and approval by the PSE of the listing application. The Preferred B-2 Shares are expected to be listed on the PSE Main Board under the symbol "TECB2".

Offer Price

The Offer Price of the Preferred B-2 Shares shall be U.S.$1.00 per Offer Share.

Par Value

The par value of the Preferred B-2 Shares shall be PHP1.00 per Offer Share.

Dividend Payment Dates, Dividend Periods and Dividend Rates

The Preferred B-2 Shares shall, subject to the conditions for the declaration and payment of dividends, bear cumulative, non-participating cash dividends based on the Offer Price, at the Dividend Rate per annum from the Issue Date, payable on the Dividend Payment Dates, being the last day of each 3-month / 90-day Dividend Period following the Issue Date.

The dividends on the Preferred B-2 Shares will be calculated on a 30/360-day basis for each Dividend Period. If the Dividend Payment Date is not a Business Day, dividends will be paid on the next succeeding Business Day, without adjustments as to the amount of dividends to be paid.

The dividends on the Preferred B-2 Shares shall be computed at the Dividend Rate, which means (a) from the Issue Date up to the Step Up Date, the Initial Dividend Rate, and (b) from the Step Up Date, the Initial Dividend Rate adjusted by adding a Step Up Spread, the Step Up Rate.

(a) The Dividend Rate applicable from the Issue Date up to the Step Up Date shall be at the fixed rate per annum identified as the Initial Dividend Rate.
(b) If the Preferred B-2 Shares shall not have been redeemed by the Company on the Step Up Date, the Initial Dividend Rate shall be adjusted on the Step Up Date to the fixed rate per annum identified as the Step Up Rate.

Conditions on Declaration and Payment of Dividends

The declaration and payment of cash dividends for each Dividend Period will be subject to the sole and absolute discretion of the Board of the Issuer, to the extent permitted by applicable laws and regulations, and the covenants (financial or otherwise) in the agreements to which the Issuer is a party. The Board will not declare and pay dividends for any Dividend Period where payment of the Dividend would cause the Issuer to breach any of its financial covenants. Please also see discussion under "Dividends and Dividend Policy" on page 79 of this Prospectus.

If the profits available to distribute as dividends are, in the Board's opinion, not sufficient to enable the Issuer to pay in full, on the same date, both dividends on the Preferred B-2 Shares and the dividends on other shares that are scheduled to be paid on or before the same date as the dividends on the Preferred B-2 Shares and have an equal right to dividends as the Preferred B-2 Shares, the Issuer is required: first, to pay in full, or to set aside an amount equal to, all dividends scheduled to be paid on or before that dividend payment date on any shares with a right to dividends ranking in priority to that of the Preferred B-2 Shares; and second, to pay dividends on the Preferred B-2 Shares and any other shares ranking equally with the Preferred B-2 Shares as to participation in profits, pro rata to the amount of the cash dividends scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividends payable on that date and any arrears on past cumulative dividends on any shares ranking equal in the right to dividends with the Preferred B-2 Shares.

The profits available for distribution are, in general and with some adjustments, equal to the Issuer's accumulated, realized profits less accumulated, realized loss.

Cumulative

Cash dividends on the Preferred B-2 Shares will be cumulative. If for any reason, the Board does not declare cash dividends on the Preferred B-2 Shares for a Dividend Period, the Company shall not pay dividend on the Dividend Payment Date for such Dividend Period. However, on any future Dividend Payment Date, on which cash dividends are declared, holders of the Preferred B-2 Shares shall receive the dividends due them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Preferred B-2 Shares prior to such Dividend Period.

Holders of Preferred B-2 Shares shall not be entitled to participate in any other or further dividends beyond the dividends specifically payable on the Preferred B-2 Shares.

The Company covenants that, in the event (for any reason):

(a) any dividends due with respect to any Preferred B-2 Shares then outstanding for any period are not declared and paid in full when due; or
(b) any other amounts payable under the Preferred B-2 Share terms and conditions are not paid in full when due for any reason,

then the Company will not declare or pay any dividends or other distributions in respect of, or repurchase or redeem, securities ranking junior to Preferred B-2 Shares (or contribute any moneys to a sinking fund for the redemption of any securities ranking junior to Preferred B-2 Shares) until any and all amounts described in (a) and (b) have been paid to the holders of the Preferred B-2 Shares.

Subject to legal requirements, the Issuer will procure that no subsidiary over which the Issuer has a Controlling Participation will pay any discretionary dividends or other discretionary distributions on, or at the Issuer's discretion repurchase or redeem, any security ranking senior to the respective subsidiary's common shares other than those senior securities held by the Issuer or a wholly-owned subsidiary thereof (or contribute any moneys to a sinking fund for the purposes of any such redemption).

Procedures for Payment of Cash Dividend Declarations

Please also see "Terms and Conditions of the Offer - Procedures for Payment of Cash Dividend Declarations" as set out on page 27 of this Prospectus for a detailed discussion on the procedure for the payment of cash dividend declarations.

Optional Redemption and Purchase

As and if declared by its Board of Directors and subject to the requirements of applicable laws and regulations, the Company may redeem the Preferred B-2 Shares in whole and not in part without the consent of the holder(s) of the Preferred B-2 Shares:

(a) on an Optional Redemption Date, which is the fifth anniversary from the Issue Date or on any Dividend Payment Date thereafter; or
(b) at the Early Redemption Date, which is at any time prior to the first Optional Redemption Date, if an Accounting Event, a Tax Event, or a Change of Control Event (each as defined below) has occurred and is continuing.

An Accounting Event shall occur if an opinion of a recognized person authorized to provide auditing services has stated that there is more than an insubstantial risk that the funds raised through the issuance of the Preferred B-2 Shares may no longer be recorded as "equity" pursuant to the International Financial Reporting Standards issued by the IFRS, or such other accounting standards, or such other accounting standards which succeed IFRS, applied by the Company for drawing up its consolidated financial statements for the relevant financial year.

However, if there is available to the Company the opportunity to eliminate an Accounting Event by pursuing some reasonable measure that will not have an adverse effect on the Company or the holders of the Preferred B-2 Shares, and will not involve any material cost to the Company or the holders of the Preferred B-2 Shares, the Company shall pursue such measure in lieu of redemption prior to the occurrence of an Accounting Event.

A Tax Event shall occur if any payment to be made by the Company to the holders of the Preferred B-2 Shares becomes subject to any new tax, which makes such payment more burdensome to the Company, as a result of changes in any applicable law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Company.

Any redemption of shares (other than by reason of a Change of Control Event which shall be governed by the provisions set out below):

(i) may only occur on one of the Optional Redemption Dates or on the Early Redemption Date;
(ii) may only occur if the Company has provided the holders of the Preferred B-2 Shares with not less than 30 nor more than 60 calendar days written notice of the redemption, such notice to include an explanation of the authority under which the redemption is to be made; and
(iii) shall be at the Preferred Redemption Price, which is equal to the aggregate of (1) the Offer Price and (2) any accrued and unpaid dividends in respect of such Preference Share for the period commencing from (and including) the Issue Date and ending on (but excluding) the relevant redemption date. For the avoidance of doubt, the Preferred Redemption Price shall include all Dividends in Arrears.

With respect to any redemption of Preferred B-2 Shares made on the basis of a Tax Event having occurred, prior to the delivery of any notice of redemption pursuant to item (ii) of the immediately preceding paragraph, the Company shall deliver to the Company's registrar and transfer agent: (1) a certificate signed by two directors of the Company stating that the Company is entitled to effect such redemption; and (2) an opinion of counsel or advisor to the Company experienced in such matters to the effect that a Tax Event has occurred. The delivery of such opinion shall constitute conclusive evidence of the occurrence of a "Tax Event" for all purposes.

With respect to any redemption of Preferred B-2 Shares made on the basis of an Accounting Event having occurred, prior to the delivery of any notice of redemption pursuant to item (ii) above, the Company shall deliver to the Company's registrar and transfer agent: (1) a certificate signed by two directors of the Company stating that the Company is entitled to effect such redemption; and (2) an opinion of counsel or advisor to the Company experienced in such matters to the effect that an Accounting Event has occurred. The delivery of such opinion shall constitute conclusive evidence of the occurrence of an "Accounting Event" for all purposes.

Change of Control: Step Up and Optional Redemption and Purchase

Change of control or a CoC Event shall be deemed to have occurred if any person or persons acting in concert or any third person or persons acting on behalf of such person(s) at any time acquire(s) directly or indirectly a controlling participation in the Company. For purposes of this paragraph, the word "controlling participation" means ownership of at least 51% of the total issued and outstanding voting capital stock, or the right to elect at least 51% of the total number of the members of the Board of Directors of the Company.

In the event of the occurrence of a CoC Event, the Dividend Rate will be increased by 400 basis points commencing and including the day falling 180 days after the day on which a CoC Event has occurred.

If a CoC Event has occurred and as and if declared by its Board of Directors and subject to the requirements of applicable laws and regulations, the Company may at any time redeem the Preferred B-2 Shares in whole (not in part) without the consent of the holders of such Preferred B-2 Shares, at the CoC Preferred Redemption Price equal to the aggregate of the (1) Offer Price, and (2) (i) any accrued and unpaid dividends computed on the applicable Dividend Rate in respect of such Preference Share for the period commencing from (and including) the Issue Date and ending on (but excluding) the redemption date, and (ii) in case the redemption is made on the 180th day after the day on which a CoC Event has occurred or at any time after the said 180th day, the additional 400 basis points commencing from (and including) the day falling 180 days after the day on which a CoC Event has occurred and ending on (but excluding) the redemption date. For the avoidance of doubt, the CoC Preferred Redemption Price shall include all Dividends in Arrears.

Any redemption by reason of a CoC Event may only occur if the Company has provided the holders of the Preferred B-2 Shares with not less than 30 nor more than 60 Business Days written notice of the redemption, such notice to include an explanation of the authority under which the redemption is to be made. Prior to the delivery of any notice of redemption pursuant to the preceding statement, the Company shall deliver to the Company's registrar and transfer agent: (1) a certificate signed by two directors of the Company stating that the Company is entitled to effect such redemption; and (2) an opinion of counsel or advisor to the Company experienced in such matters to the effect that a CoC Event has occurred. The delivery of such opinion shall constitute conclusive evidence of the occurrence of a "CoC Event" for all purposes.

General Provisions Applicable to all Events of Optional Redemption

With effect from the date upon which the redemption of Preferred B-2 Shares occurs (the "Redemption Date"), the holders of the Preferred B-2 Shares concerned shall cease to be entitled to any rights in respect of the redeemed Preferred B-2 Shares, except for the right to receive, to the extent not received yet, the Preferred Redemption Price or the CoC Preferred Redemption Price (as applicable).

The Preferred Redemption Price or the CoC Preferred Redemption Price shall be paid within 10 Business Days of the redemption date. The payment of the Preferred Redemption Price or the CoC Preferred Redemption Price, which shall be in priority to the payment of any distributions or other payments to any holder of Ordinary Shares, shall extinguish any claim the former holder of the Preferred B-2 Shares has against the Company for the Preferred Redemption Price or the CoC Preferred Redemption Price and any dividends on the Preferred B-2 Shares.

Any Preferred B-2 Shares redeemed pursuant to the foregoing shall be cancelled, but shall remain part of the Company's authorized capital and shall be available to be reissued by resolution of the directors.

Purchases by the Company of Preferred B-2 Shares

After Listing Date, the Company may purchase the Preferred B-2 Shares at any time in the open market or by public tender or by private contract at any price through the PSE. The Preferred B-2 Shares so purchased may either be redeemed (pursuant to the terms and conditions of redemption as set out in this Prospectus) and cancelled or kept as treasury shares.

Status

The Preferred B-2 Shares will constitute the direct and unsecured subordinated obligations of the Company ranking at least pari passu in all respects and ratably without preference of priority among themselves.

The Preferred B-2 Shares shall rank as regards participation in the Company's profits that are legally available for distribution as dividends, if, as, and when declared by the Board of Directors, paripassu with all other shares in the capital of the Company to the extent that they are expressed to rank pari passu therewith and in priority to the common shares.

Voting Rights

The holders of the Preferred B-2 Shares shall have no voting right except as specifically provided by law. Thus, holders of the Preferred B-2 Shares shall not be eligible, for example, to elect the Company's Board of Directors and to vote for or against the issuance of stock dividends. However, the holders of Preferred B-2 Shares shall have the right to attend, speak and vote on matters which the Corporation Code considers 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 the approval of shareholders representing at least two-thirds of the issued and outstanding capital stock of the Company in a meeting duly convened for the purpose, are as follows:

(a) Amendment of the articles of incorporation (including any increase or decrease in capital stock)
(b) Adoption and amendment of by-laws;
(c) Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the corporate property;
(d) Incurring, creating or increasing bonded indebtedness;
(e) Increase or decrease of capital stock;
(f) Merger or consolidation of the Company with another corporation or other corporations;
(g) Investment of corporate funds in another corporation or business in accordance with this Code; and
(h) Dissolution of the corporation.

Further, the holders of Preferred B-2 Shares shall have the right to attend, speak and to vote at any general meeting of the Company convened when the dividend on the Preferred B-2 Shares has been duly declared by the Board and has not been paid in full when due and remains unpaid for at least six months.

Appraisal Rights

Philippine law recognizes the right of a shareholder to institute, under certain circumstances, 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 themselves are the male factors.

In addition, the Corporation Code grants a shareholder a right of appraisal in certain circumstances where he has dissented and voted against a proposed corporate action, including:

(a) any amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class or of extending or shortening the term of corporate existence;
(b) the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;
(c) the investment of corporate funds in another corporation or business or for any purpose other than the primary purpose for which the corporation was organized; and
(d) A merger or consolidation.

In these circumstances, the dissenting shareholder may require the corporation to purchase his shares at a fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the shareholders, the withdrawing shareholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the shareholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made.

The SEC will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. No payment shall be made to any dissenting shareholder unless the corporation has unrestricted retained earnings in its books to cover such payment. Upon payment by the corporation of the agreed or awarded price, the shareholder shall forthwith transfer his shares to the corporation.

Notice of Meeting

Notices of the annual or special meeting of the shareholders shall be sent out by the Corporate Secretary at least fifteen (15) business days prior to the date of the meeting to each shareholder of record at his last known address. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called.

Non-Participating

Holders of the Preferred B-2 Shares shall not be entitled to participate in any other or future dividends beyond the dividends specifically payable on the Preferred B-2 Shares.

Non-Convertible

Holders of the Preferred B-2 Shares shall have no right to convert the Preferred B-2 Shares to any other preferred shares or common shares of the Company.

No Pre-emptive Rights

Holders of the Preferred B-2 Shares shall have no pre-emptive rights to subscribe to any shares (including, without limitation, treasury shares) that will be issued by the Company.

Liquidation Rights

In the event of any liquidation, dissolution or winding up (whether voluntarily or involuntarily), the holders of the Preferred B-2 Shares at the time outstanding will be entitled to receive, in U.S. dollars, out of the Company's assets available for distribution to shareholders, together with other holders of any of the Company's shares ranking, as regards repayment of capital in the aforesaid events, pari passu with the Preferred B-2 Shares and before any distribution of assets is made to holders of any class of the Company's shares ranking after the Preferred B-2 Shares as regards repayment of capital in the aforesaid events, an amount equal to the Offer Price, plus an amount equal to any dividends declared but unpaid in respect of the previous Dividend Period to (including) the date of commencement of the Company's liquidation, dissolution or winding up ("Liquidation Distribution").

If, upon any return of capital in the Company's liquidation, dissolution or winding up, the amount payable with respect to the Preferred B-2 Shares and any other of the Company's shares ranking as to any such distribution pari passu with the Preferred B-2 Shares are not paid in full, the holders of the Preferred B-

2 Shares and Preferred B-1 Shares will share ratably in any such distribution of the Company's assets in proportion to the full respective preferential amounts to which they are entitled.

After payment of the full amount of the Liquidation Distribution to which they are entitled, the holders of the Preferred B-2 Shares will have no right or claim to any of the Company's remaining assets and will not be entitled to any further participation or return of capital in such liquidation, dissolution or winding up.

Taxes

Please see "Philippine Taxation" on page 167 of this Prospectus for the tax consequences of investing in the Preferred B-2 Shares.

Form, Title and Registration of the Preferred B-2 Shares

The Preferred B-2 Shares will be lodged with PDTC as Depository Agent at least two trading days prior to Listing Date through PSE Trading Participants nominated by the accepted Applicants. The nominated Trading Participants must be Eligible Brokers.

After the Listing Date, the Shareholders may request to receive the stock certificates evidencing their investment in the Preferred B-2 Shares through their nominated Eligible Brokers. Any expense that will be incurred in relation to such issuance shall be for the account of the requesting shareholder.

Applicants will be required to give their consent to their nominated Eligible Broker for the collection, processing and sharing of their personal information with the PDTC, which the latter will use to set up the applicants' Name on Central Depository ("NOCD") sub-accounts. Under NOCD facility, the recording of the applicants' DDS holdings, such as the Offer Shares, will be at the beneficial owner level, under segregated sub-accounts in the applicants' names.

Please see sections on "The Philippine Stock Market – Amended Rule of Lodgment of Securities" and "Issuance of Stock Certificates for Certificated Shares" of this Prospectus for additional conditions.

Selling and Transfer Restrictions

Initial placement of the Preferred B-2 Shares and subsequent transfers of interests in the Preferred B-2 Shares shall be subject to normal selling restrictions for listed securities as may prevail in the Philippines from time to time and the additional requirements under the PSE DDS Rules for the trading and settlement of the Preferred B-2 Shares.

Minimum Subscription to the Preferred B-2 Shares

Each Application shall be for a minimum of 1,000 Preferred B-2 Shares, and thereafter, in multiples of 100 Preferred B-2 Shares. No Application for multiples of any other number of Preferred B-2 Shares will be considered.

Stock Transfer Agent

The Company's stock transfer agent for its shares is BDO Unibank, Inc. – Trust and Investments Group with address at 15th Floor, South Tower, BDO Corporate Center, 7899 Makati Avenue, Makati City.

Rights of Inspection

Philippine stock corporations are required to file copies of their annual financial statements with the SEC. Corporations whose shares are listed on the PSE are also required to file quarterly and annual reports with the SEC and the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a balance sheet 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.

RISK FACTORS

An investment in the Offer Shares involves a number of risks. The price of securities can and do fluctuate, and any individual security may experience upward or downward movement, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance. There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying price and the selling price of the securities. An investor deals in a range of investments, each of which may carry a different level of risk. Investors should carefully consider all the information contained in this Prospectus, including the risk factors described below, before deciding to invest in the Offer Shares. The occurrence of any of the following events, or other events not currently anticipated, could have material adverse effect on the Company's business, financial condition and results of operations and cause the market price of the Offer Shares to decline. All or part of an investment in the Offer Shares could be lost.

The means by which the Company intends to address the risk factors discussed herein are principally presented under the captions "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry," and "Board of Directors and Senior Management—Corporate Governance" of this Prospectus. This risk disclosure does not purport to disclose all of the risks and other significant aspects of investing in the securities. An investor should undertake his/ her own research and study on the trading of securities before commencing any trading activities. An investor should seek professional advice if he/ she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in the trading of securities specially those high risk securities. He/ she may request information on the securities and issuer thereof from the Commission which are available to the public.

RISKS RELATING TO THE COMPANY'S BUSINESS

The Cirtek Group's business is highly dependent on an industry that is characterized by rapid technological changes, such that it must be able to adapt to new technologies and be flexible to customer needs in order to remain competitive.

The pace of innovation in the electronics and communications industries is high. In order to remain competitive, the Cirtek Group must adapt to new technologies required by their customers. They must have the engineering capability for product development to meet their clients' needs.

The demand for the Company's solutions is derived from the demand of end customers particularly for end-use applications in the computing, communications, consumer automotive, and industrial electronics industries. These industries have historically been characterized by rapid technological change, evolving industry standards, and changing customer needs. There can be no assurance that the Company will be successful in responding to these industry demands. New services or technologies may also render the Company's existing services or technologies less competitive. If the Company does not promptly make measures to respond to technological developments and industry standard changes, the eventual integration of new technology or industry standards or the eventual upgrading of its facilities and production capabilities may require substantial time, effort, and capital investment.

Thus, the Cirtek Group is focused on continuous R&D, new product development, technical innovation and re-engineering. This is done to ensure a strong and consistent pipeline of new products, enhance process capability and to reduce production cost. They have successfully collaborated with their customers in a number of projects, co-developing new technologies that are customer specific, thereby ensuring long-term partnership with customers.

The Cirtek Group develops its own technology, and product roadmaps. The Cirtek Group ensures that it has the skills necessary to meet its customers' needs through training and hiring.

Risks on the acquisition of Quintel Cayman, Ltd. and its subsidiaries

The Company is exposed to several risks due to their recent acquisition of Quintel Cayman, Ltd. and its subsidiaries, Quintel Technology, Ltd. and Quintel USA.

The Company may have potential difficulties in integrating the new business to their existing business model, as their new product offerings may require different marketing and operational strategies. There is also the risk pertaining to the existing customer base of Quintel, as Cirtek may lack knowledge of Quintel's customers' behavior.

There is commercial risk if the Company is unable to turnaround the business of Quintel and make it profitable. Cirtek may be not be able maintain Quintel's existing product licenses, while Quintel's R&D may be unable to produce new projects in its pipeline or create new tech or innovations to satisfy their customers. As a result, the Company would not be able to meet their projected level of sales or return of investment for their new business.

To manage these risks, Cirtek, in its acquisition of Quintel, carried out extensive due diligence covering operations, accounting and tax, legal, and Intellectual Property. The Company also commissioned third party studies to validate Quintel's technologies, current products, future product offerings, and Quintel's industry position in the base station antenna market in North America.

Cirtek is also investing in the key areas of sales and marketing and R&D. Cirtek, identified and signed up the key senior management, R&D, and sales and marketing personnel in Quintel, offering incentive and retentions programs. Quintel will also be hiring additional sales representatives to focus on the North American market and to build presence in new markets such as South America and Asia. Quintel will also increase its R&D personnel to support and fast-track the introduction of new products to the market.

Quintel also introduced Cirtek to its key customers, AT&T and Verizon, who positively received the news of Cirtek assuming ownership of Quintel.

The Company believes the acquisition of Quintel will create significant synergies. Cirtek, being the sole contract manufacturer of Quintel, understands the Quintel antennas. The Company foresees significant benefits through collaborative value engineering, R&D, and cost reduction. Cirtek has begun implementing cost-reduction program to improve gross margins. This would include lower material costs, lower labor hours, and lower inbound and outbound logistics costs.

Some of the Cirtek Group's customers have the contractual right to place orders in quantities less than the agreed minimum. The customers also require that the latter maintain certain key certifications and meet technical audit standards in order to be an accredited assembly and testing subcontractor.

The Company is required to maintain certain certifications, which include among others, ISO9001, ISO14001, QS9000/TS16949 and Defense Supply Center of Columbus. In addition, the Company must pass annual audits conducted by its customers, in order to maintain its status as an accredited assembly and testing subcontractor. The failure by the Company to maintain any of its key accreditations could have a material adverse effect on the Cirtek Group's financial condition, or results of operation.

The Company has managed to consistently obtain all customary international accreditations certifying to its world-class standards of process and manufacturing from quality institutions such as TUV and Defense Supply Center of Columbus. This allows it to meet various industry requirements and standards. The Company continually monitors industry requirements and standards issued by applicable international accreditation bodies and implements the changes or adjustments necessary to remain compliant with the levels of standard imposed on competitive industry members.

The Company may be exposed to risk of inventory obsolescence and working capital tied up in inventories.

The Company may be exposed to a risk of inventory obsolescence because of rapidly changing technology and customer requirements. Inventory obsolescence may require it to make adjustments to write down inventory to the lower of cost or net realizable value, and its operating results could be adversely affected. The Company is cognizant of these risks and accordingly exercises due diligence in materials planning. The Company also provisions in its inventory systems and planning a reasonable amount for obsolescence. It works with key suppliers to establish supplier-managed inventory arrangements that will mutually reduce the risk. In addition, the Company often negotiates buy back arrangements with customers where, in the event the customers' purchase orders are delayed, canceled, or enter in the end-of-life phase, the customers assumes the risk and compensates the Company for the excess inventory.

The Cirtek Group may be exposed to liquidity risk from delayed payments of customers, as well as credit risks on its receivables from clients.

The Cirtek Group may encounter difficulty with cash inflows due to delayed payments of customers, which in turn may affect their working capital cycle.

The Company is also exposed to credit risk if its customers are unable to fully settle amounts due for services and products delivered, as well as other claims owed to the Company.

That said, the Company believes it has been highly efficient in its collection of accounts receivables. It likewise believes it has a solid financial position which should mitigate liquidity risk that may result from delayed payment of customers.

Meanwhile, credit risk is managed in accordance with the Company's credit risk policy, which requires the evaluation of the creditworthiness of each customer. Cirtek requires new customers to undergo an initial evaluation period of six months, to pay cash upon delivery of products or services. Existing customers are given a credit term of between 30 to 45 days, which the Company strictly implements.

The Company carries out the necessary due diligence customary for the business prior to booking orders from new customers, and it also strictly enforces its collection policies to all customers. The Company has not made any significant write-off of receivables in its operating history.

CEC and CATSI are required to maintain governmental approvals

As PEZA-registered entities, the Subsidiaries are required to submit certain periodic reports to PEZA such as annual reports, quarterly reports, and audited financial statements. They are also required to submit quarterly, semi-annual, and annual reports to the Department of Energy and Natural Resources as part of its Environmental Compliance Certificate requirements. CEC's and CATSI's failure to comply with these reports and with any other requirements or regulations of these government agencies could expose them to penalties and the revocation of the registrations.

CEC and CATSI ensure compliance with these requirements by assigning dedicated personnel to monitor, prepare the necessary filings, and liaise with the relevant government agencies.

The Company's industry is dependent on the continuous growth of outsourcing by OEMs

The Company belongs to an industry that is dependent on the strong and continuous growth of outsourcing in the computing, communications, consumer automotive, and industrial electronics industries where customers choose to outsource production of certain components and parts, as well as functions in the production process. A customer's decision to outsource is affected by its ability and capacity for internal manufacturing and the competitive advantages of outsourcing.

The Company's industry depends on the continuing trend of increased outsourcing by its customers. Future growth in its revenue depends on new outsourcing opportunities in which it assumes additional manufacturing and supply chain management responsibilities from its customers. To the extent that these opportunities do not materialize, either because the customers decide to perform these functions internally or because they use other providers of these services, the Company's future growth could be limited.

The Company believes that its global footprint, with sales reach in Asia, Europe, the U.S., Africa, and South America[2], its global supply chain systems and capabilities, and its design services will continue to provide strategic advantages for customers to outsource parts of their product development and manufacturing processes to the Company.

The RF, Microwave and Millimeterwave segment of the wireless communication industry is competitive and characterized by rapid technological changes

The Company operates in a highly competitive industry. As a result of the rapid technological changes, regulation and changing customer needs, there can be no assurance that the Company will be successful in responding to these industry demands.

The Company offers full turnkey solutions at very competitive price points. The Company also has unique and strong manufacturing capabilities to build components, modules, up to system level.

The Company is exposed to the cyclical nature of the semiconductor industry

The semiconductor industry's growth is largely driven by end markets in communications, data processing, consumer electronics, the automotive industry, and the industrial sector for which semiconductors are critical components. The industry has historically been cyclical, and affected by economic downturns. The Company currently derives 35% of its sales and operating profits from the assembly and testing services it provides other semiconductor companies worldwide. During periods of weak demand or excess capacity, the Cirtek Group's customers may opt not to continue with, or cancel, existing orders. These events would have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Cirtek Group continually monitors its direct costs such as raw materials, spare parts, and direct and indirect labor and customers provide order forecasts that enable them to properly plan direct material purchases. They have also implemented an internal reporting system, which allows senior management to monitor profitability for each of the products on a weekly basis. The Cirtek Group believes that these measures allow it to respond quickly and make the necessary adjustments, which has proven crucial in maintaining its competitiveness.

In addition, the products have diverse end-user applications in different industries, which allow it to cope with upswings and downswings in demand. Customers are also geographically dispersed among

[2]All of Cirtek Group's invoiced customers are based in three main regions, namely, Asia, Europe, and the United States. These customers deploy Cirtek's products to other regions such as Africa and South America.

Europe, U.S. and Asia. Thus, because of this diversity, the Cirtek Group is not dependent on a single market. As of June 30, 2017, 72% of Cirtek's revenue came from the U.S., 17% from Europe, and 11% from Asia.

Significant competition in the assembly and testing segment of the semiconductor industry could adversely affect the Company's business.

The assembly and testing segment of the semiconductor industry is highly competitive. Cirtek competes with both local and foreign firms to provide these back-end processes to semiconductor manufacturers. The Company's competitors include Integrated Device Manufacturers ("IDM") with their own in-house assembly and testing capabilities, and similar independent semiconductor assembly and test subcontractors. In order to remain competitive, the Company has to price its services and products reasonably, as well as maintain the quality in its manufacturing processes and deliver its products on a timely basis. Discussion on the Company's competitors is found in the "Company Description" section on page 110 of this Prospectus. A discussion on the semiconductor industry is also found in the "Company Description" section on page 110 of this Prospectus.

The Company has in place, strict procedures to ensure the quality of its products. Through the Quality Assurance division of its subsidiary CEC, the Company ascertains its processes and products are compliant with its client's requirements, and conducts regular audits of manufacturing procedures. The Company believes it has a dedicated and experienced management team that understands the industry's requirements and technology trends that allows the Company to be highly competitive.

At least 65% of the Company's product portfolio pertains to customer specific applications, which cannot be easily replicated by competitors. Moreover, accreditation of a qualified supplier normally takes a minimum of nine months. Hence, once its requirements are met, it is not easy for a customer to transfer to a competitor.

As a PEZA-registered entity, CEC enjoys certain incentives like preferential 5% gross income tax, duty free importation of materials, and reduced power rate vis-a-vis non-registered entities which enables it to price its products competitively. It likewise continually monitors its direct costs such as raw materials, spare parts, and direct and indirect labor.

The volatility in the price of raw materials and the availability of supply used by the Company in its production process could affect its profitability.

A significant increase in the price of or a significant reduction in the supply of raw materials could adversely affect the cost of sales and other expenses. For certain products, raw materials such as gold and copper can account for up to 40% of cost of goods sold.

While these risks are uncontrollable, the Company's practice has been to bill its customers for any price adjustments whenever the cost of direct materials such as gold increases. In order to ascertain access to raw materials at all times, the Company as a policy, maintains at least three to four suppliers for each of the raw materials it uses for production. The Company also has clients who provide certain raw materials to them for exclusive use in these client's products, which serve to reduce the production costs.

Customers are required to submit order forecasts ranging from three to six months, which the Company uses to project its supply requirements.

The Company may be exposed to risks related with intellectual property

The Company, has an intellectual property ("IP") portfolio mainly lodged with Quintel. On the other hand, as the Company is also subcontracted for the manufacturing of technology products and semiconductor packages, it also constantly deals with its customers' IPs. In most cases, the design for the technology products manufactured by the Company originates from its customers. These design materials from the Company's customers may be patented, or may have their patents pending.

As such, in the Company's dealing with its own and its customers' IPs such as patents or copyrights, there is a risk that the Company's or its customers' IPs may be leaked or be the subject of infringement by the Company's employees or third parties with access to the IPs. The Company's failure to protect its own or its customers' IPs may expose it to legal liability, reputational risk, loss of business to competition or damage the Company's customer relationships and affect its ability to obtain future business.

To mitigate the risk, the Company adheres to a strict risk management process, which encompasses IP risk assessment and mitigation. The Company's manufacturing process is also stringent, in that, each step in the manufacturing process is closely overseen to prevent any leakage of IP material. Moreover, those assigned to the manufacturing process only cover a specific portion of the entire process, to ensure that only a limited number of key employees are aware of the complete process or design.

As of the date of this Prospectus, there has been no intellectual property claim or disputes involving the Company or between the Company and its customers.

The Company is exposed to foreign exchange risk

The Company uses the US$ as its functional currency and is therefore exposed to foreign exchange movements, primarily in the Philippine Peso currency. Its expenses denominated in Philippine Peso are local expenses such as labor, utilities, and local content and comprise around 40% of the Company's total expense.

The Company follows a policy to manage its currency risk by closely monitoring its cash flow position and by providing forecast on all other exposures in non-US$ currencies. To further manage foreign exchange risk, the Company from time to time enters into currency swaps and forward contracts.

The Company is exposed to the risk of industrial or labor disputes

The Company has maintained a harmonious relationship between management and staff. Cirtek provides employee benefits and complies with labor standards. The Company is not unionized; however, to foster better employee-management relations, there is a labor management council composed of committees with representatives from both labor and management. Labor management councils are established to enable the workers to participate in policy and decision-making processes, in so far as said processes will directly affect their rights, benefits and welfare, except those which are covered by collective bargaining agreement or are traditional areas of bargaining. The scope of the council/committee's functions consists of information sharing, discussion, consultation, formulation, or establishment of programs or projects affecting the employees in general or the management.

More than half of the Group's workforce consists of contractual employees. These are the direct employees of the Group's subcontractors who perform specific services or certain aspects of the manufacturing process. Such arrangements involve a "trilateral relationship" among: (i) the Group, as the principal who decides to farm out the job, work or service to a contractor; (ii) the contractor who has the capacity to independently undertake the performance of the service; and (iii) the contractual workers engaged by the contractor to accomplish the job, work, or service for the Group.

Under the Labor Code of the Philippines, the Cirtek Group, as principal in the contracting relationship, is liable as an indirect employer to the contractual employees, in the same manner and extent that it is liable to its own employees. Such liability is to the extent of the work performed under the contract and arises when the contractor fails to pay the wages of its employees or violates any provision of the Labor Code. The principal can then seek reimbursement from the contractor/agency.

To date, there are no pending labor-related claims filed by any contractual employee against any member of the Group.

The Cirtek Group nevertheless continues to be exposed to the risk of industrial or labor disputes. The occurrence of such events could have a material adverse effect on the Company's business, financial condition, or results of operation. Regardless of the outcome, these disputes may lead to legal or other proceedings and may result in substantial costs, delays in the subsidiaries' development schedule, and the diversion of resources and management's attention

Risk on the separation of key employees

The Cirtek Group relies on the continued employment of, and its ability to attract, qualified engineers, key managers, and technical personnel to ensure its continued success. The competition for such skilled workforce is strong, as seen in aggressive head hunting of employees.

The Cirtek Group gives attractive compensation packages that combine standard remuneration and performance incentives. The Cirtek Group provides continuous training and development to managers and direct employees. These training sessions include technical and managerial courses.

Key employees are also bound by employment contracts which have standard confidentiality, non-compete and non-solicitation clauses.

RISKS RELATING TO COUNTRIES WHERE THE COMPANY OPERATES (INCLUDING THE PHILIPPINES)

The Company conducts business in various jurisdictions, exposing it to business, political, operational, financial, and economic risks due to its operations in these jurisdictions

There is no assurance that there will be no occurrence of an economic slowdown in the countries where the Company operates, including the Philippines. Factors that may adversely affect an economy include but are not limited to:

- decreases in business, industrial, manufacturing, or financial activity in the Philippines or in the global market,
- scarcity of credit or other financing, resulting in lower demand for products and services,
- the sovereign credit ratings of the country,
- exchange rate fluctuations,
- a prolonged period of inflation or increase in interest rates,
- changes in the relevant government's taxation policies,
- natural disasters, including typhoons, earthquakes, fires, floods, and similar events,
- political instability, terrorism, or military conflict, and
- other regulatory, political, or economic developments in or affecting the Company

Notwithstanding the foregoing, the global operations, marketing, and distribution of the Company's products inherently integrate the impact of any economic downturn affecting a single country where the Company operates, and enables the Company to shift the focus of its operations to other jurisdictions.

Changes in law including unexpected changes in regulatory requirements, affect the Company's business plans, such as those relating to labor, environmental compliance, and product safety. Delays or difficulties, burdens, and costs of compliance with a variety of foreign laws, including often conflicting and highly proscriptive regulations also directly affect the Company's business plans and operations, cross-border arrangements, and the inter-company systems.

Increases in duties and taxation and a potential reversal of current tax or other currently favorable policies encouraging foreign investment or foreign trade by host countries may lead to the imposition of government controls, changes in tariffs, or trade restrictions on component or assembled products. This, in turn, may result to adverse tax consequences, including tax consequences which may arise in connection with inter-company pricing for transactions between separate legal entities within a group operating in different tax jurisdictions, as well as increases in cost of duties and taxation.

On 31 May 2017, the House of Representatives passed House Bill No. 5636 or the Tax Reform for Acceleration and Inclusion Act ("TRAIN"), which aimed to lower the rates of taxes imposed on personal income and to expand the bases of consumption taxes. Senate Bill No. 1592, the Senate's version of the TRAIN, proposes to increase the final tax on cash and property dividends received by an individual from a domestic corporation from 10% to 20%. While Senate Bill No. 1592 is still pending before the Senate, the government hopes to implement the TRAIN by January 2018. Should the proposed increase in tax on dividends be approved, individual holders of the Offer Shares will have to shoulder the added cost and may suffer diminution of expected returns on their investment.

Actions which may be taken by foreign governments pursuant to any trade restrictions, such as "most favored nation" status and trade preferences, as well as potential foreign exchange and repatriation controls on foreign earnings, exchange rate fluctuations, and currency conversion restrictions may adversely affect the Company's business and financial condition.

Under existing foreign exchange controls in the Philippines, as a general rule, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. Restrictions exist on the sale and purchase of foreign exchange in the Philippine banking system. In the past, the Government has instituted restrictions on the ability of foreign companies to use foreign exchange revenues or to convert Philippine pesos into foreign currencies to satisfy foreign currency- denominated obligations, and no assurance can be given that the Government will not institute such or other restrictive exchange policies in the future.

Environmental laws applicable to the Company's projects could have a material adverse effect on its business, financial condition or results of operations.

The Company cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered, or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. 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.

There can be no assurance that current or future environmental laws and regulations applicable to the Company will not increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a violation of any environmental law or regulation occurs or if environmental hazards on land where the Company's projects are located cause damage or injury to buyers or any third party, the Company may be required to pay a fine, to incur costs in order to cure the violation and to compensate its buyers and any affected third parties.

Any political instability in the Philippines and the countries where the Company operates may adversely affect the business operations, plans, and prospects of the Company.

The Philippines has from time to time experienced political, social, and military instability. In the past decade, there has been political instability in the Philippines, including alleged extrajudicial killings, alleged electoral fraud, impeachment proceedings against two (2) former presidents and the chief justice of the Supreme Court of the Philippines, and public and military protests arising from alleged misconduct by previous administrations. In addition, a number of current and past officials of the

Philippine government are currently under investigation on corruption charges stemming from allegations of misuse of public funds, extortion, and bribery. An unstable political environment may also arise from the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting.

There can be no assurance that acts of political violence will not occur in the future and any such events could negatively impact the Philippine economy. Likewise, no assurance can be given that the future political or social environment in the Philippines will be stable or that current and future governments will adopt economic policies conducive for sustaining economic growth.

Further, in May 2016, the Philippines elected Rodrigo M. Duterte as its new president, winning 38.5% of the votes cast. The 2016 elections had a record voter turnout of 81%, the highest in the country's three automated elections. The Duterte administration has unveiled a "10 point plan" which has committed, among others, to "continue and maintain current macroeconomic policies, including fiscal, monetary, and trade policies." As of the last quarter of 2016, President Duterte's approval and trust ratings remained high. The new leadership is currently focused on executing its reform agenda. There is no assurance that current or future Government administrations will adopt economic policies conducive to sustaining economic growth.

In general, political or social instability in the Philippines could negatively affect the general economic conditions and business environment in the Philippines, which could have a material adverse effect on the business, operations, and financial position of the Company.

Territorial disputes involving the Philippines and its neighboring countries may adversely affect its economy and business environment

Competing and overlapping territorial claims by the Philippines, China and several Southeast Asian nations (such as Vietnam, Brunei, Malaysia) over certain islands and features in the West Philippine Sea (South China Sea) have for decades been a source of tension and conflicts. The South China Sea covers more than three million square kilometers in terms of area and is home to some of the biggest coral reefs of the world. It is also believed that under the seabed lies vast unexploited oil and natural gas deposits. China claims historic rights to nearly all of the West Philippine Sea based on its so-called "nine-dash line" and in recent years dramatically expanded its military presence in the sea which has raised tensions in the region among the claimant countries. In 2013, the Philippines became the first claimant country to file a case before the Permanent Court of Arbitration, the international arbitration tribunal based at the Hague, Netherlands to legally challenge claims of China in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea (UNCLOS). In July 2016, the tribunal rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea (in the South China Sea) and that the "nine-dash line" claim of China is invalid. The Philippine government, under the Duterte administration, and China have taken meaningful action to de-escalate tensions concerning their territorial disputes.

There is no guarantee that the territorial dispute between the Philippines and other countries, including China, would end or that any existing tension will not escalate further, as China has repeatedly announced that it will not honor said ruling. In such event, the Philippine economy may be disrupted and its business and financial standing may be adversely affected.

Macro-economic conditions of different countries where the company operates may adversely affect the Company's business and prospects.

Historically, the Philippines' sovereign debt has been rated relatively low by international credit rating agencies. Although the Philippines' long-term foreign currency-denominated debt was recently upgraded by each of Standard & Poor's, Fitch Ratings and Moody's to investment-grade, no assurance can be given that such international credit rating agencies will not subsequently downgrade the credit ratings of the Government in the future and, therefore, Philippine companies. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Parent Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

On an as-need basis, the Company seeks the help of consultants and subject matter experts for changes in laws and regulations that may have a significant impact on the Company's business operations. It also maintains good relationship with local government, customs, and tax authorities through business transparency and compliance and/or payment of all government-related assessments in a timely manner. The Company has been able to overcome major crises brought about by economic and political factors affecting the countries where it operates. The strong corporate governance structure of the Company and its prudent management team are the foundations for its continued success. The Company also constantly monitors its macroeconomic risk exposure, identifies unwanted risk concentration, and modifies its business policies and activities to navigate such risks. Severe macroeconomic contractions may conceivably lead the Company to tweak or modify its investment decisions to meet the downturn. As a holding company, the Company affirms the principles of fiscal prudence and efficiency in the operations to its subsidiaries operating in various countries.

The Company faces risks of international expansion and operation in multiple jurisdictions

The Company has an international customer base which requires worldwide service and support. The Company may expand its operations internationally and enter additional markets, which will require significant management attention. Any such expansion may cause a strain in existing management resources.

The distances between the Company, the customers, and the suppliers globally, create a number of logistical and communications challenges, including managing operations across multiple time zones, directing the manufacture and delivery of products across significant distances, coordinating the procurement of raw materials and their delivery to multiple locations, and coordinating the activities and decisions of the Company's management team, the members of which are spread out internationally.

The Company aggressively pursues hiring of experienced international managers and staff globally. This enables the Company to ensure that it has sufficient manpower complement possessed with the required skills and experience to work with customers, vendors, and other partners in and out of the relevant country where it operates.

Natural or other catastrophes, including severe weather conditions and epidemics, that may materially disrupt the Company's operations, affect its ability to complete projects and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. In October 2013, a 7.2 magnitude earthquake affected Cebu and the island of Bohol, and in November 2013, Super Typhoon Haiyan (called Yolanda in the Philippines) caused destruction, devastation, and casualties of unprecedented levels in Tacloban, certain parts of Samar, and certain parts of Cebu, all of which are located in the Visayas, the southern part of the Philippines.

Similarly, the United States of America, where Quintel's head office is located, has also experienced a number of major natural catastrophes including hurricanes, floods, earthquakes and droughts. In August 2005, Hurricane Katrina made landfall in New Orleans Louisana killing more than a thousand people and destroying more than 800,000 housing units. The estimated cost of the damages caused by Hurricane Katrina was estimated over US$81 billion.

There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's manufacturing facilities. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect the Company's business, financial condition and results of operations.

Any escalation in these events or similar future events may disrupt the Company's operations and the operations of the Company's customers and suppliers, and may affect the availability of materials needed for the Company's manufacturing services. Such events may also disrupt the transportation of materials to the Company's manufacturing facilities and finished products to the Company's customers.

There can be no assurance that the Company is fully capable to deal with these situations and that the insurance coverage it maintains will fully compensate it for all the damages and economic losses resulting from these catastrophes.

RISKS RELATING TO THE OFFER AND THE OFFER SHARES

There can be no guarantee that the Offer Shares will be registered with the SEC and listed on the PSE, or that there will be no other regulatory action that could delay or affect the Offer.

Purchasers of Offer Shares will be required to pay for such Offer Shares on the Settlement Date, which is expected to be on November 29, 2017. Although the PSE has approved the Company's application to list the Offer Shares, there can be no guarantee that listing will occur on the anticipated Listing Date or at all because the Listing Date is scheduled to occur after the Settlement Date. Furthermore, there is a risk that there may be other regulatory action that may be taken to delay or affect the Offer. Delays in the listing of the Offer Shares for any reason, or any action on the part of the BIR as aforesaid, may adversely affect the market for the Offer Shares. Delays in the commencement of trading in shares on the PSE have occurred in the past. If the SEC does not maintain the registration of the Offer Shares and the PSE does not admit the Offer Shares onto the PSE, the market for the Offer Shares would be illiquid and shareholders may not be able to trade the Offer Shares. This may materially and adversely affect the value of the Offer Shares.

There may be a limited market for the Preferred Shares, so there may be no liquidity in the market for the Offer Shares and the price of the Offer Shares may fall.

The Preferred B-2 Shares will be listed on the PSE. Trading volumes on the PSE have historically been significantly smaller than on major securities markets in more developed countries and have also been highly volatile. As there may be limited liquidity in the Preferred B-2 Shares, 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. Consequently, an investor may be required to hold his Preferred B-2 Shares for an indefinite period of time or sell them for an amount less than 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, 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 Preferred B-2 Shares may be volatile, which could cause the value of investors' investments in the Company to decline

The market price of securities can and does fluctuate, and it is impossible to predict whether the price of the Preferred B-2 Shares will rise or fall or even lose all of its value. The market price of Preferred B-2 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 Preferred B-2 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 Preferred B-2 Shares.

Future sales of Preferred B-2 Shares in the public market could adversely affect the prevailing market price of the Preferred B-2 Shares and shareholders may experience dilution in their holdings

In order to finance the expansion of the Company's business and operations, the Board may consider other funding options available to the Company at that time, which may include the sale of additional Preferred B from the treasury or the issuance of new Preferred B-2 Shares. If additional funds are raised through the sale or issuance of new equity or equity-linked securities by the Company other than on a pro rata basis to existing shareholders, the percentage ownership of the shareholders may be reduced, shareholders may experience subsequent dilution and/or such securities may have rights, preferences, and privileges senior to those of the Offer Shares. Further, the market price of the Preferred B-2 Shares could decline as a result of future sales of substantial amounts of Preferred B-2 Shares in the public market or the issuance of new Preferred B-2 Shares, or the perception that such sales, transfers, or issuances may occur. This could also materially and adversely affect the prevailing market price of the Preferred B-2 Shares or the Company's ability to raise capital in the future at a time and at a price it deems appropriate.

Shareholders may be subject to limitations on minority shareholders rights.

The obligation under Philippine law of majority shareholders and directors with respect to minority shareholders may be more limited than those in certain other countries such as the United States or United Kingdom. Consequently, minority shareholders may not be able to protect their interests under current Philippine law to the same extent as in certain other countries. There can be no assurance that legal rights or remedies of minority shareholders will be the same, or as extensive, as those available in other jurisdictions or sufficient to protect the interests of minority shareholders.

The Philippine Corporation Code, however, provides for certain protective rights to minority shareholders by requiring a vote by the shareholders representing at least two-thirds of the Company's outstanding capital stock for certain corporate acts.

The Company may be unable to pay dividends on the Preferred B-2 Shares

Dividends declared by the Company on its shares of stock are payable in cash or in additional shares of stock. On April 28, 2011, the Company's Board approved an annual dividend payment ratio of approximately 30% of its consolidated net income from the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of dividends. The payment of dividends in the future will depend upon the Company's: 1) future results of operations and general financial condition; (2) capital requirements; (3) its ability to receive dividends and other distributions and payments from its Subsidiaries; (4) foreign exchange rates; (5) legal, regulatory, and contractual restrictions; (6) loan obligations and loan covenants, including loan obligations and loan covenants of its Subsidiaries; (7) and other factors plans of the Company. Largely, the payout of dividends is hinged on the profitability of the Company. As such, in cases of low profitability, the Company may be unable to pay dividends to shareholders for a particular time period, which would result in dividend payments accumulating and carrying over to the next scheduled payout date, leading to more pressure on the Company to handle future debt obligations.

Declaration of cash dividends by the Company requires the approval of the Board, while the declaration of stock dividends by the Company requires the approval of its Board and the approval of stockholders representing at least 2/3 of the outstanding capital stock. There must be unrestricted retained earnings to support any dividend declaration.

Redemption at the option of the Company

The Preferred B-2 Shares have no fixed final maturity date. Investors have no right to require the Company to redeem the Preferred B-2 Shares at any time and they can only be disposed of by sale in the secondary market. Holders who wish to sell their Preferred B-2 Shares may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Preferred B-2 Shares. Therefore, investors should be aware that they may be required to bear the financial risks of an investment in the Preferred B-2 Shares for an indefinite period of time.

Since the Redemption Price is equal to the relevant Offer Price of the Preferred B-2 Shares plus any accrued and unpaid cash dividends due them on such Dividend Payment Date as well as all arrears of dividends outstanding, there is a risk that holders of the Preferred B-2 Shares who may have purchased the same at price a higher than the Redemption Price would recognize a loss. BIR Revenue Regulation No. 6-2008 discusses treatment of capital gain or loss treatment applied to the redemption of shares. Under said regulation, the tax consequences of the redemption will depend on the purpose of the issuer, to wit: (a) If the redemption of shares is for cancellation or retirement, the difference between the redemption price and the original cost of the preferred shares shall be treated as capital gain or capital loss, and shall be subject to the regular income tax rates imposed under the Tax Code or (b) If the redemption of shares is to be held in treasury, the stock transaction tax shall apply (if the shares are listed and transferred through the trading system and/or facilities of the PSE; otherwise, the transaction shall be subject to the 5% and 10% net capital gains tax). Redemption will be coursed through the facilities of the PSE, if, for any reason, the redemption is not done through the PSE, then the holder of the Preferred B-2 Shares will, in addition to the exposure to capital gains tax, be exposed to documentary stamp tax like any sale of shares done outside the PSE. Redemption of the preferred shares, if below listed price, may expose the holders of the Preferred Shares to the donor's tax. See “Philippine Taxation” on page 167.

Subordination to other indebtedness

The obligations of the Company under the Preferred B-2 Shares are unsecured and are subordinated obligations to all of the indebtedness of the Company. The rights and claims of holders of the Preferred B-2 Shares will (subject to the extent permitted by law) rank senior to the holders of the Common Shares of the Company. In the event of the winding-up of the Company, the Preferred B-2 Shares rank junior in right of payment to all indebtedness of the Company and junior in right of payment to securities of, or claims against, the Company which rank or are expressed to rank senior to the Preferred B-2 Shares. There is a substantial risk that an investor in the Preferred B-2 Shares will not receive any return of the principal amount or any unpaid amounts due under the terms of the Offer unless the Company can satisfy in full all of its other obligations ranking senior to the Preferred B-2 Shares. There are no terms in the Preferred B-2 Shares that limit the ability of the Company to incur additional indebtedness, including indebtedness that ranks senior to or pari passu with the Preferred B-2 Shares.

Limited voting rights

Holders of Preferred B-2 Shares will not be entitled to elect the Board of Directors of the Company. Except as specifically set forth in the Amended Articles of Incorporation and as provided by Philippine law, holders of Preferred B-2 Shares will have no voting rights (see ‘‘Description of the Preferred Shares’’).

Contractual limitations of the Company

The Company has and will continue to have a certain amount of outstanding indebtedness. The current terms of the financing agreements of entities in the Cirtek Group contain provisions that could limit the ability of the Company to make payments on the Preferred B-2 Shares. Also, the Company may in the future, directly or indirectly through its subsidiaries, enter in to other financing agreements which may restrict or prohibit the ability of the Company to make payments on the Preferred B-2 Shares. There can be no assurance that existing or future financing arrangements will not adversely affect the ability of the Company to make payments on the Preferred B-2 Shares.

Exchange rate risks

The Company will pay amounts in respect of the Preferred B-2 Shares in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency other than U.S. dollars, such as for instance, Philippine Peso. These include the risk that exchange rates may significantly change (including changes due to appreciation of the Philippine Peso relative to the U.S. dollars or appreciation of U.S. dollars relative to Philippine Peso). An appreciation in the value of the Philippine Peso relative to U.S. dollars would decrease (i) the Philippine Peso equivalent yield on the Preferred B-2 Shares, (ii) the Philippine Peso equivalent value of the amount payable, including any redemption price payment, in respect of the Preferred B-2 Shares, and (iii) the Philippine Peso equivalent market value of the Preferred B-2 Shares.

Reinvestment risk

On the Optional Redemption Date or at any time redemption occurs, the Company may redeem the Preferred B-2 Shares at the Redemption Price, as described in ‘‘Description of the Preferred Shares” of this Prospectus. At the time of redemption, interest rates may be lower than at the time of the issuance of the Preferred B-2 Shares and, consequently, the holders of the Preferred B-2 Shares may not be able to reinvest the proceeds at a comparable interest rate or purchase securities otherwise comparable to the Preferred B-2 Shares.

Since the Preferred-B2 Shares will only be the second U.S. dollar-denominated equity securities to be listed on the PSE, the procedure for trading and settlement is fairly new and may be susceptible to possible disruptions.

The Preferred-B2 Shares will be the second U.S. dollar-denominated equity securities to be listed and traded on the PSE. On November 10, 2016, the SEC approved the PSE DDS Rules. The PSE officially released the final PSE DDS Rules on December 2, 2016. The PSE DDS Rules shall govern the listing, trading and settlement of the DDS. The Preferred-B2 Shares will be the second equity securities to be traded on the PSE pursuant to the said new rules.

While the trading will be executed through the PSETrade XTS system of the PSE which is also used for peso trades and the clearing and settlement process will be done through the Securities Clearing Corporation of the Philippines ("SCCP"), there is no guarantee that the trading, clearing and settlement process will run smoothly, at least during the initial period after the offer.

Given that the procedure is relatively new and because there is only one Philippine precedent, it is possible that events may occur in the trading, clearing and settlement process which may or may not result in delay or disruption in the delivery of the payments for the trades and/or securities. Although SCCP will act as the central counterparty of the Eligible Brokers in their trades involving the Preferred-B2 Shares and standard measures applied in case of failed trades will be adopted, there is no guarantee that such delay or disruption will not occur. Moreover, as of September 30, 2017, there are only 12 Eligible Brokers accredited by the PSE to carry out dollar-denominated trades.

There is no certainty that more Eligible Brokers will be accredited in the future. While the intention is to largely adopt the standard procedure for dividend payment applicable to peso equity securities traded on the PSE, there are certain unavoidable differences in such standard procedure applicable to peso equity securities traded on the PSE and the procedure to be adopted for the Preferred B-2 Shares.

For instance, while dividends in respect of peso equity securities may be paid out, in respect of certificated shares, by the Stock Transfer Agent to the shareholder, through the issuance of checks drawn against banks within Metro Manila and subject to three-day clearing only, the Stock Transfer Agent may have to cause the issuance of U.S. dollar denominated bank drafts for the amount of dividends, which bank drafts are subject to a longer clearing period (e.g. 20 days).

All bank charges in relation to the remittance, transfer or turnover of the dividends to the investor shall be for the account of such investor. By way of illustration, if an investor's Foreign Currency Deposit Unit account is maintained with a bank other than BDO Unibank, Inc. then the bank charges that its nominated Trading Participant will incur arising from the transfer of the dividends from the Trading Participant's Foreign Currency Deposit Unit Account to such investor's Foreign Currency Deposit Unit account maintained with another bank will be for the account of the investor, unless a different arrangement is agreed in writing between the investor and such Trading Participant. By way of another illustration, if the investor does not maintain a Foreign Currency Deposit Unit account and the Trading Participant is constrained to arrange for the issuance of a dollar demand draft in the name of the investor, all bank charges in relation to the issuance of such draft will be for the account of the investor, unless a different arrangement is agreed in writing between the investor and such Trading Participant.

RISKS RELATING TO CERTAIN STATISTICAL INFORMATION IN THIS PROSPECTUS

Certain information contained herein is derived from unofficial publications

Certain information in this Prospectus relating to the Philippines, the industries in which the Company competes, and the markets in where the Company operates, including statistics relating to market size, are derived from various Government and private publications. This Prospectus also contains industry information which was prepared from publicly available third-party sources. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. The information contained in the Industry section may not be consistent with other information. Similarly, industry forecasts and other market research data, including those contained or extracted herein, have not been independently verified by the Company, the Joint Lead Underwriters, nor any of their respective affiliates or advisors, and may not be accurate, complete, up-to-date, or consistent with other information compiled within or outside the Philippines. Prospective investors are cautioned accordingly.

USE OF PROCEEDS

The Company intends to use the proceeds it receives from this Offer to pay for (1) financial obligations, (2) fund strategic acquisitions, (3) working capital requirements, (4) capital expenditures, and (5) research and development.

Based on the Offer Price of US$1.00 per Offer Share, the total proceeds from this Offer, the estimated total expenses and the estimated net proceeds from this Offer will be:

	Firm Offer only		Firm Offer + OS	
	PHP	**USD**	**PHP**	**USD**
Gross Proceeds	3,064,380,000	60,000,000	7,150,220,000	140,000,000
Estimated Offer Expenses				
Underwriting and other professional fees	22,295,161	436,535	44,262,043	866,643
Taxes to be paid by the Company	300,000	5,874	700,000	13,706
SEC Registration fee	3,120,500	61,099	3,120,500	61,099
SEC Legal Research fee	31,205	611	31,205	611
PSE Processing and Listing fees	3,176,380	62,193	7,262,220	142,193
Others (1)	900,000	17,622	900,000	17,622
Total Est. Fees & Expenses	29,823,246	583,934	56,275,968	1,101,873
Estimated Net Proceeds	**3,034,556,754**	**59,416,066**	**7,093,944,032**	**138,898,127**

Notes:

(1) "Others" include expenses for printing of the Prospectus, roadshows and miscellaneous expenses
(2) Assumed FX rate is 1 USD = 51.073 PHP as of September 30, 2017

The Net Proceeds from the sale of the Firm Offer are intended to be used as follows:

Use of Proceeds	Estimated Amout in PHP	Estimated Amout in USD	Percentage	Estimated Timing of Disbursement
Payment of Financial Obligations	1,011,518,918	19,805,355	33%	Q4 2017 - Q2 2018
Fund Strategic Acquisition	1,011,518,918	19,805,355	33%	Q4 2018 - Q1 2019
Working Capital Requirements	394,492,378	7,724,089	13%	Q4 2017 - Q4 2019
Capital Expenditures	394,492,378	7,724,089	13%	Q4 2017 - Q4 2019
Research & Development	222,534,162	4,357,178	7%	Q4 2017 - Q4 2018
Total	**3,034,556,754**	**59,416,066**	**100%**	

Assuming full exercise of the Oversubscription Option in the amount of US$80.0 million, the proposed use of proceeds will be as follows:

Use of Proceeds	Estimated Amout in PHP	Estimated Amount in USD	Percentage	Estimated Timing of Disbursement
Payment of Financial Obligations	2,364,648,011	46,299,376	33%	Q4 2017 - Q2 2018
Fund Strategic Acquisition	2,364,648,011	46,299,376	33%	Q4 2018 - Q1 2019
Working Capital Requirements	922,212,724	18,056,756	13%	Q4 2017 - Q4 2019
Capital Expenditures	922,212,724	18,056,756	13%	Q4 2017 - Q4 2019
Research & Development	520,222,562	10,185,863	7%	Q4 2017 - Q4 2018
Total	**7,093,944,032**	**138,898,127**	**100%**	

Payment of Financial Obligations

The Company intends to use a portion of the net proceeds of the Firm Offer of up to US$20 million as payment of outstanding short- and long-term financial obligations to various banks. Around US$15 million dollars will be used to pay short-term promissory notes with Security Bank, China Bank and Metrobank with interest rates ranging from 2.5%-3.75% per annum. The balance of U$5 million will be for payment of outstanding long-term obligations with BPI and Metrobank, both with 5 year tenors and interest rates of 3.6% per annum.

The net proceeds from the Firm Offer to be used for payment of financial obligations requirements will be disbursed as follows:

	2017	2018		2019		Total
In US$	Q4	1H	2H	1H	2H	
Payment of Financial Obligations						
Short Term						
China Bank	4,991,542	-	-	-	-	4,991,542
Security Bank	3,465,310	1,526,232	-	-	-	4,991,542
Metrobank	1,447,547	-	-	-	-	1,447,547
BPI	-	3,383,182	-	-	-	3,383,182
Long Term						
Metrobank	-	4,242,811	-	-	-	4,242,811
BPI	-	748,731	-	-	-	748,731
Total	**9,904,400**	**9,900,956**	**-**	**-**	**-**	**19,805,355**

The reduction in debt will improve the Company's capital structure and will give the Company better financial flexibility in its capital deployment.

Fund Strategic Acquisitions

Cirtek is looking to obtain additional wireless communication assets through strategic domestic and/or offshore acquisitions that will enable the Company to complement and expand its product portfolio and acquire new technologies to better address the high performance wireless infrastructure requirements of its customers.

The Company's acquisition strategy is to focus on leading technologies, which would generate higher margins and help accelerate the Company's growth. The Company's target acquisitions, estimated to close by the 4th Quarter of 2018, must have a strategic fit with its current operations and opportunities for the Company to explore other business segments and add value to the new businesses using its existing competitive strengths. Some of these target acquisitions may include, but are not limited to companies that develop and sell wireless mobility products and solutions.

Potential target acquisitions will be evaluated based on discounted cash flow analysis and market comparables (recent transactions involving companies in similar industries) to determine the fair price and terms for the acquisition.

As of the date of this Prospectus, the Company's intention to obtain assets through potential acquisitions of shareholding interests in other wireless communication companies is still at a preliminary stage and there are no specific plans nor any definitive agreements entered into with any party.

There can be no assurance that the Company will be able to identify suitable acquisition targets, successfully bid on, finance, and execute acquisitions or will be able to successfully integrate acquired businesses, retain and integrate key employees of acquired companies, or address new business risks not currently faced by the Company. If general economic and regulatory conditions or market and competitive conditions change, or if operations do not generate sufficient funds or other unexpected events occur, the Company may decide to delay, modify or forego some aspects of its growth strategies, and this could have a material adverse effect on the Company's financial condition and results of operations as well as its future growth prospects.

No amount of the proceeds will be used to reimburse any officer, director, employee or shareholder for services rendered, assets previously transferred, money loaned or advanced, or otherwise.

Working Capital Requirements

The Company anticipates a need for additional working capital to fund its receivables and inventory requirements as a result of the expected increase in revenues to be generated from new and existing customers. Up to US$7.7 million of the net proceeds of the Firm Offer will be allocated to fund this.

The net proceeds from the Firm Offer to be used for working capital requirements will be disbursed as follows:

	2017	**2018**		**2019**		**Total**
In US$	Q4	1H	2H	1H	2H	
Working Capital	386,204	1,544,818	1,544,818	2,087,592	2,160,657	**7,724,089**

Capital Expenditures

The Company will use a portion of the net proceeds to fund the expansion of its fourth manufacturing plant in Laguna Technopark. Approximately US$3.1 million is going to be allocated for the construction of a three-storey building with a total floor area of about 8,175 square meters, which will be used for CEC and CATSI. As of the date of this prospectus, the Company already has a blue print of the building and is preparing to start the ground work for construction.

Another US$4.6 million of the net proceeds shall be allocated for the purchase of manufacturing equipment for CEC and CATSI. The equipment that will be purchased for CEC include backgrinders, wafer saw machines, die attach machines, wire bond machines, molding systems, DTFS systems, water jet deflash machines, electroplating machines, and test handlers. For CATSI, equipment to be purchased shall include pick & place, screen printers, reflow ovens, feeders and inline inspection systems for additional SMT lines, auto bonders, millimeter wave and microwave test stations, among others.

The net proceeds from the Firm Offer to be used for capital expenditure will be disbursed as follows:

	2017	2018		2019		Total
In US$	*Q4*	*1H*	*2H*	*1H*	*2H*	
Capital Expenditure						
Production-related Equipment & Parts	-	954,109	954,109	954,109	954,109	3,816,436
Facilities Equipment	76,357	347,079	347,079	-	-	770,515
Building / Building Equipment	285,194	1,425,972	1,425,972	-	-	3,137,138
Total	**361,552**	**2,727,160**	**2,727,160**	**954,109**	**954,109**	**7,724,089**

Research and Development

The Company plans to build on its legacy of innovation and on its worldwide portfolio of patents and patent applications by continuing to invest in research and development. Technology innovation such as the Company's multi-band, multi-frequency base station antenna technology, new generation antennas for 5G, RF radios and access points allow the Company to maintain its competitive advantage by providing innovative, high-performance wireless infrastructure.Research and development are intended for new product introductions that are expected to come out in the next quarter.

The net proceeds from the Firm Offer to be used for research and development will be disbursed as follows:

	2017	2018		2019		Total
In US$	*Q4*	*1H*	*2H*	*1H*	*2H*	
Research & Development	290,479	1,742,871	2,323,828	-	-	**4,357,178**

To the extent that the net proceeds from the Offer are not immediately applied to the above purposes, the Company will invest the net proceeds in short-term demand deposits and/or money market placements.

Adjustments in the Use of Proceeds

In the event that the actual expenses are more than the estimates, or the actual net proceeds are less than the projected net proceeds, the Company will utilize said net proceeds as set out in this Prospectus and will use internally generated funds and/or bank loans to finance the shortfall, or delay or abandon one or more of the components of its plans. It is possible that a shortfall will occur if, due to market conditions or other factors, any of the Preferred B-2 Shares are not sold during the OfferPeriod.

In the event of any material deviation or adjustment in the planned use of proceeds, the Company shall inform its shareholders, the SEC and the PSE in writing at least 30 days before such deviation or adjustment is implemented. Any material or substantial adjustments to the use of proceeds, as indicated above, will be approved by the Company's Board of Directors and disclosed to the SEC and the PSE. In addition, the Company shall submit via the PSE EDGE the following disclosures to ensure transparency in the use of proceeds:

(i) any disbursements made in connection with the planned use of proceeds from this Offer;
(ii) Quarterly Progress Report on the application of the proceeds from this Offer on or before the first 15 days of the following quarter; the Quarterly Progress Report should be certified by the Company's Chief Financial Officer or Treasurer and external auditor;
(iii) annual summary of the application of the proceeds on or before January 31 of the following year; the annual summary report should be certified by the Company's Chief Financial Officer or Treasurer and external auditor;
(iv) approval by the Company's Board of Directors of any reallocation on the planned use of proceeds, or of any change in the work program; the disbursement or implementation of such reallocation must be disclosed by the Company at least 30 days prior to the actual disbursement or implementation; and
(v) a comprehensive report on the progress of its business plans on or before the first 15 days of the following quarter.

The quarterly and annual reports required in items (ii) and (iii) above must include a detailed explanation of any material variances between the actual disbursements and the planned use of proceeds in the work program or the Prospectus, if any. The detailed explanation must also state that the Company's Board of Directors has given its approval as required in item (iv) 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 (ii) and (iii) above.

PLAN OF DISTRIBUTION

The Company plans to issue the Offer Shares to institutional and retail investors through a public offering to be conducted through the Joint Lead Underwriters.

THE UNDERWRITERS

BPI Capital and RCBC Capital have agreed to distribute and sell the Offer Shares at the Offer Price, pursuant to an Underwriting Agreement dated 10 November 2017 by and among the Company and the Joint Lead Underwriters (the “Underwriting Agreement”). Subject to the fulfillment of the conditions provided in the Underwriting Agreement, the Joint Lead Underwriters have committed to underwrite the following amounts on a firm basis, subject to agreement on any clawback, clawforward or other such mechanism:

Joint Lead Underwriters	Underwriting Commitment
BPI Capital Corporation	US$50,000,000.00
RCBC Capital Corporation	US$10,000,000.00
TOTAL	**US$60,000,000.00**

The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to the Company of the net proceeds of the Offer Shares.

The oversubscription option of up to 80,000,000 Preferred B-2 Shares is not underwritten by the Joint Lead Underwriters.

The underwriting and selling fees to be paid by the Company in relation to this Offer shall be equivalent to 0.50% of the gross proceeds of this Offer. This shall be inclusive of fees to be paid to the Joint Lead Underwriters and inclusive of commissions to be paid to the Trading Participants of the PSE (i.e., the Selling Agents). The commission payable to a Selling Agent shall be equivalent to 0.15% of the total proceeds of the sale of Offer Shares by such Trading Participant.

The Joint Lead Underwriters are duly licensed by the SEC to engage in the underwriting or distribution of the Offer Shares. The Joint Lead Underwriters may, from time to time, engage in transactions with and perform services in the ordinary course of their respective business for the Company or any of the Company’s subsidiaries.

The Joint Lead Underwriters have no direct relations with the Company in terms of ownership by either of their respective major stockholder/s, and have no right to designate or nominate any member of the Board of Directors of the Company.

The Joint Lead Underwriters have no contract or other arrangement with the Company by which they may return to the Issuer any unsold Offer Shares.

BPI Capital Corporation (“BPI Capital”) offers investment banking services in the areas of financial advisory, mergers and acquisitions, debt and equity underwriting, private placements, project finance and loan syndication. Founded in December of 1994, BPI Capital Corporation is duly licensed by the SEC to engage in the underwriting and distribution of securities. As of March 31, 2017, BPI Capital had total assets of ₱6.238 billion and total capital funds of ₱5.463 billion. The firm operates as a wholly-owned subsidiary of the Bank of the Philippine Islands, one of the lenders that will be partially paid from the proceeds of the Offer.

RCBC Capital is a licensed investment house providing a complete range of capital-raising and financial advisory services. Established in 1974, RCBC Capital has over 40 years of experience in the underwriting of equity, quasi-equity and debt securities, as well as in managing and arranging the syndication of loans, and in financial advisory. RCBC Capital is a wholly-owned subsidiary of the Rizal Commercial Banking Corporation and a part of the Yuchengco Group of Companies, one of the country's largest fully integrated financial services conglomerates.

SALE AND DISTRIBUTION

The distribution and sale of the Offer Shares shall be undertaken by the Joint Lead Underwriters who shall sell and distribute the Offer Shares to third party buyers/investors. The Joint Lead Underwriters are authorized to organize a syndicate of sub-underwriters, soliciting dealers and/or selling agents for the purpose of this Offer.

Of the 60,000,000 Offer Shares to be offered, 80% or 48,000,000 Offer Shares are being offered through the Joint Lead Underwriters for subscription and sale to institutional buyers and the general public. The Company plans to make available 20% or 12,000,000 Offer Shares for distribution to the respective clients of the Eligible Brokers, acting as Selling Agents, subject to reallocation as may be determined by the Joint Lead Underwriters. The Company has identified for purposes of this Offer and as of September 30, 2017, the following Trading Participants as the Eligible Brokers:

(1) AP Securities Incorporated
(2) Armstrong Securities, Inc.
(3) Astra Securities Corporation
(4) BA Securities, Inc.
(5) BDO Securities Corporation
(6) First Metro Securities Brokerage Corporation
(7) Mandarin Securities Corporation
(8) Philippine Equity Partners, Inc.
(9) Sunsecurities, Inc.
(10) Venture Securities, Inc.
(11) The First Resources Management and Securities Corporation
(12) Wealth Securities, Inc.

Each Eligible Broker shall be allocated 1,000,000 Offer Shares. Any Trading Participant that becomes an Eligible Broker anytime within the Offer Period as may be announced by the PSE shall be entitled to an allocation of the Offer Shares.

Eligible Brokers may undertake to purchase more than their allocation. Any requests for shares in excess of their allocation may be satisfied via the reallocation of any Offer Shares not taken up by other Eligible Brokers. The "Implementing Guidelines for the Reservation and Allocation of Cirtek Holdings Philippines Corporation's U.S. Dollar-Denominated Preferred B-2 Shares through the Joint Lead Underwriters" will be circulated among the Trading Participants, and Trading Participants are enjoined to carefully consider and review the procedure set out in such guidelines.

The Company and the Joint Lead Underwriters will not allocate any Offer Shares for Local Small Investors as such is only applicable to initial public offerings.

Any Offer Shares (excluding the Oversubscription Option Shares) not taken up by the Eligible Brokers shall be distributed by the Joint Lead Underwriters directly to their respective clients and the general public. All Offer Shares (excluding the Oversubscription Option Shares) not taken up by the Eligible Brokers, general public and the Joint Lead Underwriters' clients shall be purchased by the Joint Lead Underwriters pursuant to the terms and conditions of the Underwriting Agreement.

TERM OF APPOINTMENT

The engagement of the Joint Lead Underwriters shall subsist so long as the SEC Permit to Sell remains valid, unless otherwise terminated pursuant to the Underwriting Agreement.

MANNER OF DISTRIBUTION

The Joint Lead Underwriters shall, at their discretion, determine the manner by which proposals for subscriptions to, and issuances of, the Offer Shares shall be solicited, with the primary sale of the Offer Shares to be effected only through the Joint Lead Underwriters. The Joint Lead Underwriters may appoint other entities, including other underwriters or Trading Participants, to sell on their behalf. No shares are designated to be sold to specific persons.

EXPENSES

All out-of-pocket expenses, including, but not limited to, registration with the SEC, printing, publication, communication and signing expenses incurred by the Sole Issue Manager and the Joint Lead Underwriters in the negotiation, and execution of the transaction will be for the Company's account, irrespective of whether this Offer is completed. Such expenses are to be reimbursed upon presentation of a composite statement of account. See "Use of Proceeds" on page 70 of this Prospectus for details of expenses.

DETERMINATION OF OFFER PRICE

The Offer Price was arrived at by dividing the desired gross proceeds of US$140 million by the amount of Preferred B-2 Shares allocated for this offering. The resulting Offer Price of US.$1.00 per share is a premium to the Preferred B-2 Share's par value per share of PHP 1.00.

DIVIDENDS AND DIVIDEND POLICY

Limitations and Requirements

Under Philippine law, dividends may be declared out of a corporation's Unrestricted Retained Earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the SEC. The approval of the Board of Directors is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose. From time to time, the Company may reallocate capital among its Subsidiaries depending on its business requirements.

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. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: (1) when justified by definite expansion plans approved by the board of directors of the corporation; (2) when the required consent of any financing institution or creditor to such distribution has not been secured; (3) when retention is necessary under special circumstances, such as when there is a need for special reserves for probable contingencies; or (4) when the non-distribution of dividends is consistent with the policy or requirement of a government office.

Record Date

Pursuant to existing SEC rules, cash dividends declared by the Company must have a record date not less than 10 nor more than 30 days from the date of declaration. In case no record date is specified, the same is deemed to be fixed at 15 days from such declaration. However, companies that are obliged to pay dividends may have a single declaration for several cash dividends within a year, subject to the condition that their record and payment dates are also explicitly provided.

For stock dividends, the record date should not be less than 10 nor more than 30 days from the date of the shareholders' approval, provided however, that the set record date is not less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC.

Dividend Policy

On April 28, 2011, the Company's Board approved an annual dividend payment ratio of approximately 30% of its consolidated net income from the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of dividends including, but not limited to, when the Company undertakes major projects and developments requiring substantial cash expenditures or when it is restricted from paying cash dividends by its loan covenants. The Company's Board may, at any time, modify such dividend payout ratio depending upon the results of operations and future projects and plans of the Company.

The Subsidiaries have no defined dividend policy; nevertheless the Subsidiaries, in declaring and paying dividends, take into consideration the interests of their shareholders as well as their working capital, capital expenditures and debt servicing requirements, and tax regimes. Historically, the Subsidiaries have declared and paid up dividends to CHPC amounting to approximately 50% to 100% of their unrestricted retained earnings on an annual bvasis.

The terms and conditions of the Preffered B-2 Shares relating to the dividend payment are discussed under “Terms and Conditions of the Offer” on page 27 of this Prospectus.

Dividend History

The dividend history of the Company from 2014 to 2017 is provided below:

Stock Dividends

Class	Declaration Date	Percent	No. of Actual Shares Issued	Record Date	Payment Date
Common	11-Jul-14	10%	28,021,765[3]	25-Jul-14	20-Aug-14
Common	12-May-15	10%	30,823,937[4]	26-May-15	18-Jun-15

Cash Dividend

Class	Declaration Date	Rate/Share	Total Cash Dividend	Record Date	Payment Date
Common	29-Jan-14	US$0.00428	US$1,200,000.00	13-Feb-14	25-Feb-14
Common	30-May-14	US$0.00214	US$ 600,000.00	16-Jun-14	7-Jul-14
Common	23-Feb-15	US$0.003893	US$1,200,000.00	10-Mar-15	27-Mar-15
Common	10-Aug-15	US$0.002628	US$900,000.00	25-Aug-15	28-Aug-15
Preferred A	10-Aug-15	US$0.000022		25-Aug-15	28-Aug-15
Common	28-Jan-16	US$0.005000	US$2,100,000.00	12-Feb-16	29-Feb-16
Preferred A	28-Jan-16	US$0.000021		12-Feb-16	29-Feb-16
Common	9-Jun-16	US$0.003620	US$1,520,000.00	23-Jun-16	7-Jul-16
Preferred A	9-Jun-16	US$0.000001		23-Jun-16	7-Jul-16
Common	23-Jan-17	US$0.004322	US$1,820,000.00	6-Feb-17	22-Feb-17
Preferred A	23-Jan-17	US$0.000021		6-Feb-17	22-Feb-17
Common	15-Sep-17	US$0.004629	US$1,940,000.00	29-Sep-17	6-Oct-17

Dividend Policy

On April 28, 2011, the Company’s Board approved an annual dividend payment ratio of approximately 30% of its consolidated net income from the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of dividends including, but not limited to, when the Company undertakes major projects and developments requiring substantial cash expenditures or when it is restricted from paying cash dividends by its loan covenants. The Company’s Board may, at any time, modify such dividend payout ratio depending upon the results of operations and future projects and plans of the Company.

Recent Sale of Unregistered or Exempt Securities

The following securities were issued as exempt from the registration requirements of the SRC and therefore have not been registered with the SEC.

In 2015, the Company declared a total of 30,823,934 (10%) Common Shares as stock dividends to all stockholders of record as of May 26, 2015.

[3] The declared number of stock dividends was equivalent to 28,021,765.4 common shares. However, the fractional shares arising from the declaration were paid in cash to the stockholders concerned.
[4] The declared number of stock dividends was equivalent to 30,823,941.6 common shares. However, the fractional shares arising from the declaration were paid in cash to the stockholders concerned.

On July 22, 2015, the SEC approved the Company's increase in authorized capital stock from ₱400,000,000.00 to ₱560,000,000.00, which created 400,000,000 Preferred A Shares with a par value of ₱0.10 per share. Camerton, Inc. subscribed to 400,000,000 Preferred A Shares at the par value of ₱0.10 per share and partially paid ₱10,000,000.00 for the subscription.

On September 20, 2016, the Company entered into a Note Facility Agreement with Bank of the Philippine Islands as Initial Noteholder, Bank of the Philippine Islands – Asset Management and Trust Group as Facility Agent and Paying Agent, and BPI Capital Corporation as Arranger. The Company was authorized to constitute and issue corporate notes in the aggregate principal amount of US$30 million, which the Company issued to BPI. The corporate note is an exempt security under SRC Rule 10.1.4 as an issuance of indebtedness to a primary institutional lender.

On September 29, 2017, the SEC approved the Company's increase in authorized capital stock from ₱560,000,000.00 to ₱860,000,000.00. The increase resulted into: (i) the increase of Preferred A Shares from ₱40,000,000.00 to ₱70,000,000.00, with an additional 300,000,000 Preferred A Shares with a par value of ₱0.10 per share; and (ii) the creation of ₱270,000,000 worth of Preferred B Shares with a par value of ₱1.00 per share, classified into the following series: (i) ₱70,000,000 worth of Preferred B-1 Shares, and (ii) ₱200,000,000 worth of Preferred B-2 Shares. The Board approved the issuance to Camerton, Inc. of: (i) 300,000,000 Preferred A Shares at the par value of ₱0.10 per share, for which Camerton, Inc. partially paid ₱7,500,000.00; and (ii) 70,000,000 Preferred B-1 Shares at the par value of ₱1.00 per share, for which Camerton, Inc. partially paid ₱17,500,000.00.

No underwriting discounts or commissions were incurred or paid for the foregoing issuances of shares. No request for confirmation of exemption was filed by the Company for the sale of securities relying upon exemptions under Sec. 10.1(d) and (i) of the SRC, and SRC Rule 10.1.4.

CAPITALIZATION AND INDEBTEDNESS

The following table sets out the Company's debt, shareholders' equity and capitalization as at 30 June 2017, and as adjusted to reflect the sale of the Firm Shares at the Offer Price of US$1.00 per Preferred B-2 Share (Amounts in US$).

	As of 30 June 2017	Preferred Share Offering Adjustments	As of 30 June 2017 As Adjusted
	(In USD)	*(In USD)*	*(In USD)*
Liabilities			
Total Current Liabilities	47,123,157		47,123,157
Total Non-Current Liabilities	36,800,186		36,800,186
Total Liabilities	83,923,343		83,923,343
Equity			
Common Stock	9,594,321		9,594,321
Preferred Stock	221,239	1,174,789	1,396,028
Additional paid-in capital	35,896,893	58,321,752	94,218,645
Equity Reserve	1,452,863		1,452,863
Other comprehensive income	40,329		40,329
Retained Earnings	27,877,598	(80,475)	27,797,123
Parent Company shares held by a subsidiary	(13,536,517)		(13,536,517)
Total Equity	61,546,726	59,416,066	120,962,792
Total Liabilities and Equity	**145,470,069**	**59,416,066**	**204,886,135**

Note: Assumed FX rate is 1 USD = 51.073 PHP as of September 30, 2017

DILUTION

The Preferred B-2 Shares will not have any dilutive effect on the rights of the holders of the Common Shares of the Company as the Preferred B-2 Shares are non-voting, nonconvertible, and non-participating except with regard to the acts, which require the approval of shareholders, including the Preferred B-2 Shares, representing at least two-thirds of the issued and outstanding capital stock of the Company in a meeting duly convened for the purpose, as follows:

(a) Amendment of the articles of incorporation (including any increase or decrease in capital stock)

(b) Adoption and amendment of by-laws;

(c) Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the corporate property;

(d) Incurring, creating or increasing bonded indebtedness;

(e) Increase or decrease of capital stock;

(f) Merger or consolidation of the Company with another corporation or other corporations;

(g) Investment of corporate funds in another corporation or business in accordance with this Code; and

(h) Dissolution of the corporation.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This section should be read in conjunction with the Company's consolidated financial statements and related notes. See the cautionary statement regarding forward-looking statements on page 2 of this Prospectus for a description of important factors that could cause actual results to differ from expected results.

This section also includes discussion of financial ratios. These financial ratios are unaudited and are not measurements of profitability in accordance with Philippine Financial Reporting Standards ("PFRS") and should not be considered as an alternative to net income or any other measure of performance which are in accordance with PFRS.

For the six months ended 30 June 2017 compared to the six months ended 30 June 2016

Net Sales

The Company recorded consolidated net sales of US$42.2 million in the six months ended June 30, 2017, and increase of 30% from US$32.5 million for the same period in 2016. The increase was mainly accounted for by the growth of the Company's Antenna Systems business under CATSI which grew 2.8 times from the same period in 2016. In terms of revenue contribution per major business segment, Cirtek Advanced Technologies and Solutions, Inc., accounted for 49% of consolidated net sales for the first 6 months of 2017, compared to 37% for the same period in 2016.

IN US$ 000	**For the six months ended June 30**		
	2017	**2016**	**% INC / (DEC)**
CEC			
Discrete	6,555	6,283	4
Multichip	5,060	4,464	13
IC	3,819	3,970	(4)
QFN	2,661	2,351	13
New Products	2,419	2,754	(12)
Hermetics	992	760	31
CATSI			
Cougar	121	179	(32)
Outdoor Unit	1,655	4,301	(62)
Indoor Unit	295	980	(70)
Bridgewave	534	943	(43)
Quintel	17,193	4,570	276
RMS	878	926	(5)
Total	**42,182**	**32,481**	**30**

Cost of Sales and Gross Margin

The Company's cost of sales (COS) is composed of raw materials, spare parts, supplies, direct salaries, wages and employees' benefits, depreciation and amortization, utility expenses directly attributable to production, freight and duties and changes in finished goods and work in process inventories. The Company's cost of sales increased by 30% to US$34.3 million for the six months ended June 30, 2017 from US$26.5 million for the same period in 2016. The increase was mainly due to the rise in raw material costs as a result of higher unit sales, higher salaries and wages, increase in utility costs, increase in depreciation, and increase in inward freight and duties.

- Raw materials, spare parts, supplies and other inventories increased by 35% to US$24.1 million for the six months ended June 30, 2017 from US$17.9 million for the same period in 2016
- Salaries, wages and employees' benefits decreased by 25% to US$3.5 million for the six months ended June 30, 2017, from US$4.7 million for the same period in 2016.
- Utility costs for the six months ended June 30, 2017 increased by 128% to US$4.0 million from US$1.7 million for the same period in 2016.
- Freight and duties increased by 47% to US$785 thousand for the six months ended June 30, 2017 from US$535 thousand for the same period in 2016.

The Company's gross margin was 19% for the six months ended June 30, 2017, one percentage point higher than the 18% gross margin recorded for the same period in 2016.

Operating Expenses

The Company's operating expenses for the six months ended June 30, 2017 amounted to US$2.2 million, 6% higher compared to the US$2.1 million recorded during the same period in 2016.

Income Before Income Tax

For the six months ended June 30, 2017, the Company recorded a net income before income tax of US$4.6 million, an increase of 26% compared with US$3.7 million recorded for the same period in 2016.

Provision for Income Tax

Provision for income tax for the six months ended June 30, 2017 amounted to US$173 thousand compared with US$125 thousand for the same period in 2016, an increase of 38%.

Net Income

The Company's net income for the six months ended June 30, 2017 amounted to US$4.4 million, an increase of 25% compared with US$3.5 million for the same period in 2016.

As of June 30, 2017 compared to December 31, 2016

Assets

The Company's cash as of June 30, 2017 amounted to US$20.1 million, compared with the US$24.5 million as of December 31, 2016, a decrease of US$4.4 million or 17.9%. The decrease was mainly due to increase in accounts payable, other non-current assets, acquisition of PPE, interest payments, principal payments of short- and long- term loans, plus proceeds from short-term loan and sale of parent company shares held by a subsidiary.

Trade and other receivables as of June 30, 2017 amounted to US$36.2 million, compared with US$23.2 million as of December 31, 2016, a 56% increase.

Inventory levels as of June 30, 2017 amounted to US$13.7 million, 10% lower compared with US$15.3 million as of December 31, 2016.

Non-current assets, comprised of PPE, AFS financial assets, deferred income tax assets - net and other noncurrent assets for the six months as of June 30, 2017 amounted to US$43.4 million compared with US$32.7 million as of December 31, 2016, an increase of 33%.

Liabilities

The Company's current liabilities is comprised of trade and other payables, long-term debt – current portion, short-term loan, amounts owed to related parties, and income tax payable. As of June 30, 2017, current liabilities were at US$47.1 million compared with US$58.5 million as of December 31, 2016, a 19% decrease. This can be mainly attributed to a decrease in trade and other payables and reduction in short-term loans.

As of June 30, 2017, the Company's non-current liabilities comprised of long-term debt – net of current portion, deferred income tax liabilities - net and retirement benefit obligation amounting to US$36.8 million, a 5% decrease compared to December 31, 2016.

Equity

The Company's shareholders' equity as of June 30, 2017 amounted to US$61.5 million compared with US$25.2 million as of December 31, 2016, a 144% increase. The increase in equity was due to the sale of parent shares held by a subsidiary to certain institutional investors.

Liquidity and Capital Resources

As of June 30, 2017 the Company's principal sources of liquidity were cash from sales of its products, bank credit facilities, proceeds from its 5-year corporate notes issuance, and proceeds from its FOO. The Company expects to meet its working capital, capital expenditure and dividend payment and investment requirements for the next 12 months primarily from the proceeds of the Company's corporate notes issuance, short-term facilities and cash flows from operations. It may also be from time to time seek other sources of funding, which may include debt or equity financings, including dollar and peso-denominated loans from Philippine Banks, depending on its financing needs and market conditions.

For the next 12 months, the Company plans to increase its production further by increasing volume deliveries to the existing customers, entering into new production agreements, and expanding its customer base by intensifying its sales and marketing activities.

The following table sets out the Company's cash flows for the six months ended June 30, 2017 and the same period 2016:

In US$ '000	**For the six months ended June 30**	
	2017 (Unaudited)	**2016 (Unaudited)**
Net cash flows provided by/(used for) operating activities	(9,070)	7,750
Net cash flows provided by/ (used for) investing activities	(11,792)	(2,794)
Net cash flows provided by/(used for) financing activities	16,371	(4,084)
Effect of exchange rate changes on cash	93	-
Net increase (decrease) in cash	(4,399)	873

Net Cash Flows from (used in) Operating Activities

Net cash flow provided by operating activities was negative US$9.1 million for the six months ended June 30, 2017, compared with US$7.8 million for the same period in 2016.

For the six months ended June 30, 2017, net income before tax was US$4.6 million. After adjustments for depreciation and amortization, interest income/-expense, movement in net retirement benefit obligation, and net unrealized foreign exchange gain, operating income before change in working capital was US$7 million. After adjustments, net cash flows from operating activities was negative US$9.1 million. This was mainly due to increase in receivables and increase in inventories.

Net Cash Flows from (used in) Investing Activities

Net cash used in investing activities amounted to negative US$11.8 million for the six months ended June 30, 2017. Investing activities in 2017 mainly involved acquisition of PPE, and increase in other non-current assets. For the same period in 2016, major investing activities involved investment in financial assets at FVPL and acquisition of PPE.

Net Cash Flows from (used in) Financing Activities

Net cash inflow from financing activities for the six months ended June 30, 2017 amounted to US$16.4 million. Major financing activities involved payment of cash dividends, payment of short-term and long-term loans, interest payments, and net movement in amounts owed by and owed to related parties, proceeds from short-term loan and sales of parent company shares held by subsidiary. For the same period in 2016 net cash outflow from financing activities amounted to US$4.1 million and mainly involved payment of cash dividends, payment of short-term loans and long term debt, interest payments, net movement in amounts owed by and owned to related parties, and proceeds from short term loan.

Material Changes to the Company's Unaudited Consolidated Statement of Comprehensive Income for the six months ended June 30, 2017 compared to the Unaudited Consolidated Statement of Comprehensive Income for the six months ended June 30, 2016 (increase/decrease of 5% or more)

- 30% increase in net sales

  Sales growth from CATSI and CEC

- 30% increase in cost of sales

  Increase in net sales

- 243% increase in net financial expenses

  Increase in short- and long-term debt

- 26% increase in income before income tax

  Increase in net sales and gross profit

- 38% increase in provision for income tax

  Increase in taxable income

- 25% increase in Net Income After Tax

  Higher net sales, gross profit and income before tax

Material Changes to the Company's Unaudited Consolidated Balance Sheet as of June 30, 2017 compared to the Unaudited Consolidated Balance Sheet as of December 31, 2016 (increase/decrease of 5% or more)

- 17.9% decrease in Cash

Mainly due to increase in accounts receivable and other non-current assets

- 56% increase in Trade and Other Receivables

  Timing of collection falls after June 30, 2017

- 24% decrease in trade and other payables

  Payment to suppliers over the past six months

- 15% decrease in short-term loan

  Reduction in short-term liabilities

- 29% decrease in current portion of long-term debt

  Decrease in long-term debt

- 12% increase in retained earnings

  Profit from the six months ended June 30, 2017

- 144% increase in equity

  Sale of parent company shares held by a subsidiary

KEY PERFORMANCE INDICATORS

The Company's top five (5) key performance indicators are listed below:

Amounts in thousands US$, except ratios and where indicated	**December 2015**	**Deccember 2016**	**June 2017**
EBITDA	8,768	11,862	7,169
EBITDA Margin	15%	16%	17%
Sales Growth	15%	25%	30%
Current Ratio (x)	3.1x	1.5x	2.2x
Earnings per share (US$)	0.013	0.018	0.011

Note: Earnings per Share was calculated using CHPC's average outstanding common shares for the years 2015, 2016 and 2017

- EBITDA and EBITDA Margin

EBITDA provides an indication of the rate of earnings growth achieved.

The EBITDA margin shows earnings before interest, tax, depreciation and amortization as a percentage of net sales. It is a measure of how efficiently net sales is converted into EBITDA.

EBITDA and EBITDA Margin are not measures of performance under PFRS, and investors should not consider EBITDA and EBITDA Margin in isolation or as alternatives to net income as an indicator of our Company's operating performance or to cash flow from operating, investing and financing activities as a measure of liquidity, or any other measure of performance under PFRS.

Because these are various EBITDA and EBITDA Margin calculation methods, the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies.

The following table sets out the Company's EBITDA after consolidation entries.

	For years ended December 31		For six months ended
In US$ 000	**2015**	**2016**	**2017**
Net Income	5,121	7,608	4,415
Add back:			
Interest expense/income-net	941	995	1,008
Provision for income tax	516	547	173
Depreciation and amortization	2,190	2,712	1,573
EBITDA	**8,768**	**11,862**	**7,169**

The table sets forth a reconciliation of the Company's consolidated EBITDA to consolidated net income.

	For years ended December 31		For six months ended
In US$ 000	**2015**	**2016**	**2017**
EBITDA	8,768	11,862	7,169
Deduct:			
Interest expense/income-net	(941)	(995)	(1,008)
Provision for income tax	(516)	(547)	(173)
Depreciation and amortization	(2,190)	(2,712)	(1,573)
Net Income	**5,121**	**7,608**	**4,415**

- Sales growth

Sales growth is a key indicator of the Company's ability to grow the business.

- Current ratio

Current Ratio measures a company's short-term liquidity, i.e. its ability to pay its debt that are due within the next 12 months. It is expressed as the ratio between current assets and current liabilities

- Earnings per share

Earnings per share show the Company's attributable profit earned per share. At constant outstanding number of shares, as the Company's earnings increase, the earnings per share correspondingly increase.

For the 12 months ended December 31, 2016 compared to the 12 months ended December 31, 2015

Net Sales

The Company recorded consolidated net sales of US$74.3 million for the 12 months ended December 31, 2016, an increase of 25% from US$59.5 million for the same period in 2015. The increase was accounted for by the growth of both the Company's semiconductor and Antenna Systems businesses.

Sales per division

IN US$ 000	**For the 12 months ended December 31**		
	2016	**2015**	**% Inc / (Dec)**
CEC			
Discrete	12,486	11,296	11
Multichip	9,681	10,163	(5)
IC	9,818	8,119	21
QFN	4,937	5,143	(4)
New Products	5,273	5,415	(3)
Hermetics	1,488	2,083	(29)
CATSI			
Cougar	241	329	(27)
Outdoor Unit	6,488	10,200	(36)
Indoor Unit	-	1,691	(100)
Bridgewave	3,024	2,332	30
IRFU	1,372	2,493	(45)
RMS	127	285	(53)
Antenna System	19,387	-	-
Total	**74,322**	**59,549**	**25%**

Cost of Sales and Gross Margin

The Company's COS is composed of: raw materials, spare parts, supplies; direct salaries, wages and employees' benefits; depreciation and amortization; utility expenses directly attributable to production, freight and duties; and changes in finished goods and work in process inventories. The Company's COS increased by 23% to US$61.6 million in the 12 months ended December 31, 2016 from US$50 million for the same period in 2015. The increase was mainly due to the rise in raw materials costs as a result of higher unit sales, higher salaries and wages, depreciation, and increase in inward freight and duties.

- Raw materials, spare parts, supplies and other inventories grew by 38% to US$42.4 million for the 12 months ended December 31, 2016 from US$30.7 million for the same period in 2015.
- Salaries, wages and employees' benefits increased by 28% to US$10.5 million for the 12 months ended December 31, 2016, from US$8.2 million for the same period in 2015.
- Utility expenses amounted to US$3.5 million for the 12 months ended December 31, 2016, from US$3.7 million for the same period in 2015, a decrease of 6%
- Depreciation and amortization increased by 24% to US$2.6 million for the 12 months ended December 31 2016, from US$2.1 million for the same period in 2015.
- Freight and duties increased by 176% to US$2.5 million for the 12 months ended December 31, 2016 from US$899 thousand for the same period in 2015.
- Change in finished goods and work in process inventories for the 12 months ended 2016 amounted to US$57 thousand, compared to US$4.3 million for the same period in 2015, a 99% decrease.

The Company's gross margin was 17% for the 12 months ended December 31, 2016, one percentage point higher than the gross margin recorded for the same period in 2015.

Operating Expenses

The Company's operating expenses for the 12 months ended December 31, 2016 amounted to US$4.4 million, 14% higher compared to the US$3.8 million recorded during the same period in 2015.

Income Before Income Tax

For the 12 months ended December 31, 2016, the Company recorded a net income before income tax of US$8.2 million, an increase of 45% compared with US$5.6 million recorded for the same period in 2015.

Provision for Income Tax

Provision for income tax for the 12 months ended December 31, 2016 amounted to US$547 thousand compared with US$516 thousand for the same period in 2015, an increase of 6%.

Net Income

The Company's net income for the 12 months ended December 31, 2016 amounted to US$7.6 million, an increase of 49% compared with US$5.1 million for the same period in 2015

Total Comprehensive Income

The Company's total comprehensive income for the 12 months ended December 31, 2016 amounted to US$7.1 million, compared to US$5.3 million for the same period in 2015, a 34% increase.

As of December 31, 2016 compared to December 31, 2015

Assets

The Company's cash and cash equivalent as of December 31, 2016 amounted to US$24.5 million, compared with US$29.8 million as of December 31, 2015, a decrease of US$5.3 million or 18%.The decrease was mainly due to the increase in trade receivables and inventories.

Trade and other receivables as of December 31, 2016 amounted to US$23.2 million, compared with US$13.7 million as of December 31, 2015, a 69% increase. The increase was mainly due to increase in sales and longer AR days for certain key customers.

Inventory levels as of December 31, 2016 amounted to US$15.3 million, 166% higher compared with US$5.7 million as of December 31, 2015. The increase was mainly due to longer lead times for certain major raw materials and ramp up of product volume runners.

Financial assets at fair value through profit (FVPL) and loss refer to short-term investments of the Company. As of December 31, 2016, the Company sold its short-term investments in UITF and RCBC senior notes.

The Company's HTM investments pertain to government bonds which were purchased by the Philippine Branch of CATSI in compliance with the Corporation Code for foreign companies to maintain securities with the SEC. Other current assets as of December 31, 2016 totaled US$2.6 million, compared with US$2.5 million as of December 31 2015, an increase of 3%. The change was mainly due to advances to suppliers.

Noncurrent assets held for sale pertain to the Company's Carmelray property which is being actively marketed for sale.

Noncurrent assets, comprised of PPE, AFS financial asset, deferred income tax assets - net and other noncurrent assets as of December 31, 2016 amounted to US$32.7 million compared with US$26.9 million as of December 31, 2015, an increase of 21%.The increase was mainly due to increase in PPE and non-current assets.

Liabilities

The Company's current liabilities is comprised of trade and other payables, short-term loans, long-term debt – current portion, amounts owed to related parties and, income tax payable. As of December 31, 2016, current liabilities were at US$58.5 million compared with US$30.1 million as of December 31, 2015, a 94% increase. This can be mainly attributed to increase in trade and other receivables, short-term loan, current portion of long-term debt, income tax payable, and provision for warranty.

As of December 31, 2016, the Company's non-current liabilities, comprised of long-term debt – net of current portion, retirement benefit obligation, and deferred income tax liability - net amounting to US$38.8 million, a 101% increase compared to US$19.3 million as of December 31, 2015. The increase was mainly due to increase in long-term debt and increase in retirement benefit obligation.

Equity

The Company's shareholders' equity as of December 31, 2016 amounted to US$25.2 million compared with US$71.3 million as of December 31, 2015, a 65% decrease. The decrease in equity was due to acquisition of parent company shares by a subsidiary.

Liquidity and Capital Resources

As of December 31, 2016, the Company's principal sources of liquidity were cash from sales of its products, IPO proceeds, bank credit facilities, proceeds from its 5-year corporate notes issuance, and proceeds from its FOO. The Company expects to meet its working capital, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from the proceeds of the Company's IPO, proceeds of the Company's corporate notes issuance, short-term credit facilities and cash flows from operations. It may also from time to time seek other sources of funding, which may include debt or equity financings, including dollar and peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

For the next 12 months, the Company plans to increase its production further by increasing volume deliveries to existing customers, entering into new production agreements, and expanding its customer base by intensifying its sales and marketing activities.

The following table sets out the Company's cash flows for the 12 months ended December 31, 2015 and the same period 2015 (in US$ thousands):

In US$ '000	**For the 12 months ended December 31 (Audited)**	
	2016	**2015**
Net cash flows provided by/ (used for) operating activities	(1,582)	16,996
Net cash flows provided by/ (used for) investing activities	11,390	(28,900)
Net cash flows provided by/ (used for) financing activities	(14,916)	29,019
Effect of exchange rate changes on cash and cash equivalents	(157)	60
Net increase (decrease) in cash and cash equivalents	(5,265)	17,175

Net Cash Flows from (used in) Operating Activities

Net cash flow used for operating activities was US$1.6 million for the 12 months ended December 31, 2016, compared with US$17.0 million net cash flow from operating activities for the same period in 2015.

For the 12 months ended December 31, 2016, net income before tax was US$8.2 million. After adjustments for depreciation and amorization, unrealized foreign exchange gain/losses, interest income/expense, and excess of the fair value of net assets acquired over the aggregate consideration transferred, operating income before change in working capital was US$11.6 million. Changes in working capital decreased operating income to US$1.7 million. This was mainly due to increase in inventories and receivables, and increase in trade and other payables.

Net Cash Flows from (used in) Investing Activities

Net cash from investing activities amounted to US$11.4 million for the 12 months ended December 31, 2016. Investing activities in 2016 mainly involved disposal of financial assets at FVPL, increase in PPE, and increase in other noncurrent assets. For the same period in 2015, major investing activities involved investment in financial asset at FVPL, acquisition of PPE and AFS financial asset.

Net Cash Flows from (used in) Financing Activities

Net cash flow used in financing activities for the 12 months ended December 31, 2016 amounted to US$14.9 million. Major financing activities include availment of short-term loans, issuance of corporate notes, less payment of cash dividends, payment of short-term and long-term loans, interest, acquisition by a subsidiary of Parent Company Shares, stock issue cost, and net movement in amounts owed by and owed to related parties. For the same period in 2015 financing activities amounted to US$29 million and mainly involved proceed from short-term loans, proceeds from the FOO, less payment of cash dividends, interest payments, payments of short term and long term loan and net movement in amounts owed by and owed to related parties.

Material Changes to the Company's Audited Consolidated Statement of Comprehensive Income for the year ended December 31, 2016 compared to the Audited Consolidated Statement of Comprehensive Income for the year ended December 31, 2015 (increase/decrease of 5% or more)

- 25% increase in net sales
  Sales growth for both CEC and CATSI

- 23% increase in cost of sales
  Increase in net sales

- 14% increase in operating expenses

  Higher operating expenses to support expansion of operations

- 45% increase in Net Income Before Tax

  Higher sales, higher gross margins, higher operating margins

- 6% increase in Provision for Income Tax

  Higher taxable income for CEC and CATSI

- 49% increase in Net Income After Tax

  Increase in sales, gross profit, and operating income before tax

Material Changes to the Company's Audited Consolidated Balance Sheet as of December 31, 2016 compared to the Audited Consolidated Balance Sheet as of December 31, 2015 (increase/decrease of 5% or more)

- 18% decrease in Cash and Cash Equivalent

  Increase in working capital, investments in PPE, investment, purchase by subsidiary of parent company shares

- 69% increase in Trade and Other Receivables

  Longer payment term for certain key customers

- 166% increase in inventories

  Longer lead times for certain raw materials

- 100% decrease in Financial assets at FVPL

  Sale of Financial assets at FVPL

- 21% increase in Noncurrent Assets

  Increase in PPE and other noncurrent assets

- 94% increase in Current Liabilities

  Increase in trade and other payable, short-term loans, current portion of long-term debt, income tax payable, provision for warranty

- 101% increase Noncurrent Liabilities

  Increase in long-term debt and retirement benefit obligation

- 65% decrease in Total Equity

Investment by a subsidiary in parent company shares

KEY PERFORMANCE INDICATORS

The Company's top five (5) key performance indicators are listed below (Amounts in US$ thousands, except ratios, and where indicated):

Amounts in thousands US$, except ratios and where indicated	**December 2014**	**December 2015**	**December 2016**
EBITDA	9,474	8,768	11,862
EBITDA Margin	18%	15%	16%
Sales Growth	18%	15%	25%
Current Ratio (x)	3.5x	3.1x	1.5x
Earnings per share (US$)	0.017	0.013	0.018

Note: Earnings per share was calculated using CHPC's average outstanding common shares for the years 2014, 2015 and 2016.

- EBITDA and EBITDA Margin

  EBITDA provides an indication of the rate of earnings growth achieved.

  The EBITDA margin shows earnings before interest, tax, depreciation and amortization as a percentage of revenue. It is a measure of how efficiently revenue is converted into EBITDA.

  EBITDA and EBITDA Margin are not measures of performance under PFRS, and investors should not consider EBITDA and EBITDA Margin in isolation or as alternatives to net income as an indicator of our Company's operating performance or to cash flow from operating, investing and financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various EBITDA and EBITDA Margin calculation methods, the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies.

  The following table sets out the Company's EBITDA after consolidation entries.

	For the years ended December 31		
In US$ 000	2014	2015	2016
Net income	5,844	5,121	7,608
Add back:			
Interest expense/income-net	523	941	995
Provision for income tax	207	516	547
Depreciation and amortization	2,901	2,190	2,712
EBITDA	9,474	8,768	11,862

The table sets forth a reconciliation of the Company's consolidated EBITDA to consolidated net income.

	For the years ended December 31		
In US$ 000	2014	2015	2016
EBITDA	9,474	8,768	11,862
Deduct:			
Interest expense/(income)	(523)	(941)	(995)
Provision for income tax	(207)	(516)	(547)
Depreciation and amortization	(2,901)	(2,190)	(2,712)
Net Income	5,844	5,121	7,608

- Sales growth

  Sales growth is a key indicator of the Company's ability to grow the business

- Current ratio

  Current ratio measures a company's short-term liquidity, i.e. its ability to pay its debts that are due within the next 12 months. It is expressed as the ratio between current assets and current liabilities.

- Earnings per share

  Earnings per share show the Company's attributable profit earned per share. At constant outstanding number of shares, as the Company's earnings increase, the earnings per share correspondingly increase.

For the 12-month period ended December 31, 2015 compared to the 12-month period ended December 31, 2014

Net Sales

The Company recorded consolidated net sales of US$59.5 million for the 12 months ended December 31, 2015, an increase of 15% from US$51.8 million for the same period in 2014. The increase was accounted for by the growth of both the Company's semiconductor and RF/microwave/millimeterwave businesses.

Sales per division

IN US$ 000	**For the 12 months ended December 31**		
	2015	**2014**	**% Inc / (Dec)**
CEC			
Discrete	11,296	10,800	5
Multichip	10,163	9,629	6
IC	8,119	8,556	(5)

QFN	5,143	3,848	34
New Products	5,415	5,221	4
Hermetics	2,083	2,008	4
CATSI			
Cougar	329	150	119
Outdoor Unit	10,200	8,003	27
Indoor Unit	1,691	-	-
Bridgewave	2,332	1,534	52
IRFU	2,493	1,009	147
RMS	285	1,034	(72)
Total	**59,549**	**51,792**	**15%**

Cost of Sales and Gross Margin

The Company's COS is composed of: raw materials, spare parts, supplies; direct salaries, wages and employees' benefits; depreciation and amortization; utility expenses directly attributable to production, freight and duties; and changes in finished goods and work in process inventories. The Company's cost of sales increased by 13% to US$50.0 million in the 12 months ended December 31, 2015 from US$44.3 million for the same period in 2014. The increase was mainly due to the rise in raw materials cost, higher salaries and wages, depreciation, and increase in inward freight and duties.

- Raw materials, spare parts, supplies and other inventories grew by 8% to US$30.7 million for the 12 months ended December 31, 2015 from US$28.4 million for the same period in 2014.
- Salaries, wages and employees' benefits increased by 5% to US$8.2 million for the 12 months ended December 31, 2015, from US$7.8 million for the same period in 2014.
- Freight and duties decreased by 62% to US$899 thousand for the 12 months ended December 31, 2015 from US$2.4 million for the same period in 2014.
- Other costs of sales increased by 78% to US$10.2 million for the 12 months ended December 31, 2015 from US$5.7 million for the same period in 2014.

The Company's gross margin was 16% for the 12 months ended December 31, 2015, one percentage point higher than the gross margin recorded for the same period in 2014.

Operating Expenses

The Company's operating expenses for the 12 months ended December 31, 2015 amounted to US$3.8 million, 15% higher compared to the US$3.3 million recorded during the same period in 2014.

Income Before Income Tax

For the 12 months ended December 31, 2015, the Company recorded a net income before income tax of US$5.6 million, a decrease of 7% compared with US$6.1 million recorded for the same period in 2014. In 2014, the Company recognized a gain from the excess of the fair market value of net assets over the acquisition cost (RBWI acquisition) amount to US$2.0 million. In terms of core income (i.e. net income excluding negative goodwill) the Company registered a gain of 35%, with core income at US$5.1 million for the 12 months ended December 31, 2015, compared to US$3.8 million for the same period in 2014.

Provision for Income Tax

Provision for income tax for the 12 months ended December 31, 2015 amounted to US$516 thousand compared with US$207 thousand for the same period in 2014, an increase of 149%. This was mainly a result of higher sales generated by CEC and CATSI.

Net Income

The Company's net income for the 12 months ended December 31, 2015 amounted to US$5.1 million, a decrease of 12% compared with US$5.8 million for the same period in 2014.

As of December 31, 2015 compared to December 31, 2014

Assets

The Company's cash and cash equivalent as of December 31, 2015 amounted to US$29.8 million, compared with US$12.6 million as of December 31, 2014, an increase of US$17.2 million or 136%. The increase was mainly due to the proceeds from the FOO completed by the Company in November 2014.

Trade and other receivables as of December 31, 2015 amounted to US$13.8 million, compared with US$14.9 million as of December 31, 2014, a 8% decline. The decrease, despite an increase in the Company's consolidated sales, is indicative of more efficient collection of receivables in 2015.

Inventory levels as of December 31, 2015 amounted to US$5.7 million, 47% lower compared with US$10.8 million as of December 31, 2014. The decrease was mainly due to reduction in work in process inventory.

Financial assets at fair value through profit and loss refer to short-term investments of the Company. As of December 31, 2015, short term investments amount to US$19.4 million compared with US$702 thousand as of December 31, 2014, an increase of 26.7x. The increase was due to certain portion of proceeds from the Company's FOO placed in short-term investments until the funds are utilized.

Other current assets as of December 31, 2015 totaled US$2.5 million, compared with US$1.9 million as of December 31, 2014, an increase of 35%. The change was mainly due to advances to suppliers and loans to employees.

Non-current assets, comprised of PPE, AFS financial asset, deferred income taxes and other noncurrent assets as of December 31, 2015 amounted to US$26.9 million compared with US$19.1 million as of December 31, 2014, an increase of 41% The increase was mainly due to increase in PPE and AFS financial assets.

Liabilities

The Company's current liabilities is comprised of trade and other payables, short-term loans, long-term debt – current portion, amounts owed to related parties and income tax payable. As of December 31, 2015, current liabilities were at US$30.1 million compared with US$16.3 million as of December 31, 2014, an 84% increase. This can be mainly attributed to increase in trade and other receivables, short-term loan, current portion of long-term debt.

As of December 31, 2015, the Company's non-current liabilities, comprised of long-term debt – net of current portion and deferred financing costs and retirement benefit obligation, amounted to US$19.3 million, a 24% decrease compared to US$25.3 million as of December 31, 2014. The decrease was mainly due to the decrease in long-term debt and retirement benefit obligation.

Equity

The Company's shareholders' equity as of December 31, 2015 amounted to US$71.3 million compared with US$35.0 million as of December 31, 2014, a 104% increase. The increase in equity was due to additional paid-in capital and profits recorded by the Company in 2015, less cash dividends paid out during the year.

Liquidity and Capital Resources

As of December 31, 2015, the Company's principal sources of liquidity were cash from sales of its products, IPO proceeds, bank credit facilities, proceeds from its 5-year corporate notes issuance, and proceeds from its FOO. The Company expects to meet its working capital, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from the proceeds of the Company's IPO, proceeds of the Company's corporate notes issuance, short-term credit facilities and cash flows from operations. It may also from time to time seek other sources of funding, which may include debt or equity financings, including dollar and peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

For the next 12 months, the Company plans to increase its production further by increasing volume deliveries to existing customers, entering into new production agreements, and expanding its customer base by intensifying its sales and marketing activities.

The following table sets out the Company's cash flows for the 12 months ended December 31, 2015 and the same period 2014 (in US$ thousands):

In US$ '000	**For the 12 months ended December 31 (Audited)**	
	2015	**2014**
Net cash flows provided by/ (used for) operating activities	16,996	3,851
Net cash flows provided by/ (used for) investing activities	(28,900)	(1,642)
Net cash flows provided by/ (used for) financing activities	29,019	3,321
Effect of exchange rate changes on cash and cash equivalents	60	49
Net increase (decrease) in cash and cash equivalents	17,175	5,579

Net Cash Flows from (used in) Operating Activities

Net cash flow provided by operating activities was US$17 million for the 12 months ended December 31, 2015, compared with US$3.9 million for the same period in 2014.

For the 12 months ended December 31, 2015, net income before tax was US$5.6 million. After adjustments for depreciation, unrealized foreign exchange gain/losses, interest income/expense, and excess of the fair value of net assets acquired over the aggregate consideration transferred, operating income before change in working capital was US$8.4 million. Changes in working capital decreased operating income to US$17.5 million. This was mainly due to increase in inventories and receivables, and increase in trade and other payables.

Net Cash Flows from (used in) Investing Activities

Net cash from investing activities amounted to US$28.9 million for the 12 months ended December 31, 2015. Investing activities in 2015 mainly involved disposal of financial assets at FVPL, AFS financial asset, acquisition of PPE. For the same period in 2014, major investing activities involved investment in financial asset at FVPL, acquisition of PPE and AFS financial asset.

Net Cash Flows from (used in) Financing Activities

Net cash flow used in financing activities for the 12 months ended December 31, 2015 amounted to US$29.0 million. Major financing activities include availment of short-term loans, issuance of common stock and preferred stock, less payment of cash dividends, payment of short-term and long-term loans, interest, stock issue cost, and net movement in amounts owed by and owed to related parties. For the same period in 2014 net cash flow from financing activities amounted to US$3.3 million and mainly include proceeds from short-term loans and long-term debt, less payment of cash dividends, interest payments, payments of short term and long term loan and net movement in amounts owed by and owed to related parties.

Material Changes to the Company's Audited Consolidated Statement of Comprehensive Income for the year ended December 31, 2015 compared to the Audited Consolidated Statement of Comprehensive Income for the year ended December 31, 2014 (increase/decrease of 5% or more)

- 15% increase in net sales
  Sales growth for both CEC and CATSI

- 13% increase in cost of sales
  Increase in net sales

- 15% increase in operating expenses
  Full-year consolidation of CATSI operating expenses

- 7% decrease in Net Income Before Tax
  Net Income for 2014 was significantly boosted by negative goodwill (gain from the excess of the fair market value of net assets over the acquisition cost [RBWI acquisition])

- 149% increase in Provision for Income Tax
  Higher taxable income for CEC and CATSI

- 12% decrease in Net Income After Tax
  Net Income for 2014 was significantly boosted by negative goodwill (gain from the excess of the fair market value of net assets over the acquisition cost [RBWI acquisition]).

Material Changes to the Company's Audited Consolidated Balance Sheet as of December 31, 2015 compared to the Audited Consolidated Balance Sheet as of December 31, 2014 (increase/decrease of 5% or more)

- 136% increase in Cash and Cash Equivalent
  Proceeds from the Company's FOO

- 8% decrease in Trade and Other Receivables

Improved collection efficiency

- 47% decrease in inventories
  Reduction in work in process inventory

- 26.7x increase in Financial assets at fair value through profit or loss
  Certain portion of proceeds from the Company's FOO placed in short-term investments until funds were utilized

- 41% increase in Noncurrent Assets
  Increase in PPE and AFS financial assets

- 84% increase in Current Liabilities
  Increase in trade and other receivables, short-term loans, current portion of long-term debt

- 24% decrease in Non-current Liabilities
  Decrease in long-term debt and retirement benefit obligation

- 104% increase in Total Equity
  Additional paid-in capital and profits recorded by the Company in 2015, less cash dividends paid out during the year

KEY PERFORMANCE INDICATORS

The Company's top five (5) key performance indicators are listed below (Amounts in US$ thousands, except ratios, and where indicated):

Amounts in thousands US$, except ratios and where indicated	**December 2013**	**December 2014**	**December 2015**
EBITDA	7,492	9,474	8,768
EBITDA Margin	17%	18%	15%
Sales Growth	8%	18%	15%
Current Ratio (x)	5.0x	3.5x	3.1 x
Earnings per share (US$)	0.014	0.017	0.013

Note: Earnings per share was calculated using CHPC's average outstanding common shares for the years 2013, 2014 and 2015

- EBITDA and EBITDA Margin

  EBITDA provides an indication of the rate of earnings growth achieved.

  The EBITDA margin shows earnings before interest, tax, depreciation and amortization as a percentage of net sales. It is a measure of how efficiently net sales is converted into EBITDA.

  EBITDA and EBITDA Margin are not measures of performance under PFRS, and investors should not consider EBITDA and EBITDA Margin in isolation or as alternatives to net income as an indicator of our Company's operating performance or to cash flow from operating, investing and financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various EBITDA and EBITDA Margin calculation methods, the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies.

The following table sets out the Company's EBITDA after consolidation entries.

	For the years ended December 31		
In US$ 000	2013	2014	2015
Net income	4,637	5,844	5,121
Add back:			
Interest expense/income-net	285	523	941
Provision for income tax	260	207	516
Depreciation and amortization	2,310	2,901	2,190
EBITDA	7,492	9,474	8,768

The table sets forth a reconciliation of the Company's consolidated EBITDA to consolidated net income.

	For the years ended December 31		
In US$ 000	2013	2014	2015
EBITDA	7,492	9,474	8,768
Deduct:			
Interest expense/(income)	(285)	(523)	(941)
Provision for income tax	(260)	(207)	(516)
Depreciation and amortization	(2,310)	(2,901)	(2,190)
Net Income	4,637	5,844	5,121

- Sales growth

  Sales growth is a key indicator of the Company's ability to grow the business

- Current ratio

  Current ratio measures a company's short-term liquidity, i.e. its ability to pay its debts that are due within the next 12 months. It is expressed as the ratio between current assets and current liabilities.

- Earnings per share

  Earnings per share show the Company's attributable profit earned per share. At constant outstanding number of shares, as the Company's earnings increase, the earnings per share correspondingly increase.

For the 12 months ended December 31, 2014 compared to the 12 months ended December 31, 2013

Net Sales

The Company recorded consolidated net sales of US$51.8 million for the 12 months ended December 31, 2014, an increase of 18% from US$44 million for the same period in 2013. The growth was accounted for by the growth of the Company's Multichip and Hermetics Divisions and contribution from the CATS business.

Sales per division

IN US$ 000	For the 12 months ended December 31		
	2014	**2013**	**% Inc / (Dec)**
CEC			
Discrete	10,800	11,506	(6)
Multichip	9,629	8,878	8
IC	8,556	9,903	(14)
QFN	3,848	5,097	(25)
New Products	5,221	6,704	(22)
Hermetics	2,008	1,896	6
CATSI			
Cougar	121	-	-
ORD	6,436	-	-
EMS	831	-	-
Bridgewave	1,233	-	-
IRFU	811	-	-
Service Income	2,298	-	-
Total	**51,792**	**43,984**	**18%**

Cost of Sales and Gross Margin

The Company's cost of sales (COS) is composed of: raw materials, spare parts, supplies; direct salaries, wages, and employees' benefits; depreciation and amortization; utility expenses directly attributable to production, freight and duties; and changes in finished goods and work-in-process inventories. The Company's cost of sales increased by 25% to US$44.3 million in the 12 months ended December 31, 2014 from US$35.5 million for the same period in 2013. The increase was mainly due to a rise in raw materials expenses as a result of higher sales, as well as higher salaries and wages, utilities and depreciation due to the acquisition of a new operating company.

- Raw materials, spare parts, supplies and other inventories grew by 24% to US$28.4 million for the 12 months ended December 31, 2014 from US$23 million for the same period in 2013.
- Salaries, wages and employees' benefits increased by 10% to US$7.8 million for the 12months ended December 31, 2014, from US$7.1 million for the same period in 2013.
- Depreciation and amortization increased by 26% to US$2.8 million for the 12 months ended December 31, 2014 from US$2.3 million for the same period in 2013.

- Utility expenses amounted to US$3.6 million for the 12 months ended December 31, 2014, from US$3.4 million for the same period in 2013, an increase of 4%.
- Freight and duties increased by 4% to US$739 thousand for the 12 months ended December 31, 2014 from US$709 thousand for the same period in 2013. Other cost of sales increased by 327% to US$1.6 million for the 12 months ended December 31, 2014 from US$378 thousand for the same period in 2013.

The Company's gross margin was 15% for the 12 months ended December 31, 2014, four percentage points lower than the gross margin recorded for the same period in 2013.

Operating Expenses

The Company's operating expenses for the 12 months ended December 31, 2014 amounted to US$3.3 million, 37% higher compared to the US$2.4 million recorded during the same period in 2013.

Income Before Income Tax

For the 12 months ended December 31 2014, the Company recorded a net income before income tax of US$6.1 million, an increase of 24% compared with US$4.9 million recorded for the same period in 2013. The increase can be attributed to the gain from the excess of the fair market value of net assets over the acquisition cost (RBWI acquisition).

Provision for Income Tax

Provision for income tax for the 12 months ended December 31 2014 amounted to US$207 thousand compared with US$260 thousand for the same period in 2013, a decrease of 20%. The decrease was due to the lower taxable income of CEC in 2014.

Net Income

The Company's net income for the 12 months ended December 31 2014 amounted to US$5.8 million, an increase of 26% compared with US$4.6 million for the same period in 2013.

As of December 31, 2014 compared to December 31, 2013

Assets

The Company's cash and cash equivalent as of December 31, 2014 amounted to US$12.6 million, compared with US$7 million as of December 31, 2013, an increase of US$5.6 million or 79%. The increase was mainly due to proceeds from the corporate notes issued by the Company in December 2014.

Trade and other receivables as of December 31, 2014 amounted to US$14.9 million, compared with US$4 million as of December 31, 2013, a 268% increase. The increase was mainly due to the effect of consolidation of a subsidiary's trade and other receivables.

Inventory levels as of December 31, 2014 amounted to US$10.8 million, 43% higher compared with US$7.5 million as of December 31, 2013. This was mainly due to the effect of consolidation of a subsidiary's inventory.

Financial assets at fair value through profit and loss refer to short-term investments of the Company. As of December 31, 2014, short term investments amounted to US$702 thousand compared with US$8.1 million as of December 31, 2013, a 91% decline. The proceeds from the short term investment were used to fund the Company's recent acquisition.

Other current assets as of December 31, 2014 totaled US$1.9 million, compared with US$1.8 million as of December 31 2013, an increase of 4%. The change was mainly due to security deposit and prepaid expenses.

Non-current assets comprised of Property, plant and equipment (PPE), held-to-maturity investments, deferred tax assets, and other noncurrent assets as of December 31, 2014 amounted to US$19.1 million compared with US$16.6 million as of December 31, 2013, an increase of 16%. The increase in was due to consolidation of a subsidiary's noncurrent assets.

Liabilities

The Company's current liabilities are comprised of trade and other payables, current portion of long-term debt, short-term loan, amounts owed to related parties, income tax payable, deferred revenues, provision for warranty, and derivative liability. As of December 31, 2014, current liabilities were at US$16.4 million compared with US$6.2 million as of December 31, 2013, a 166% increase. This can be mainly attributed to increase in trade and other payables, short-term loan and current portion of long-term debt.

As of December 31, 2014, the Company's non-current liabilities, comprised of long-term debt – net of current portion and retirement benefit obligation, amounted to US$25.3 million, a 140% increase compared to US$10.6 million as of December 31, 2013. The increase was mainly due to increase in long-term debt.

Equity

The Company's shareholders' equity as of December 31, 2014 amounted to US$35 million compared with US$30.5 million as of December 31, 2013, a 15% increase. The increase in equity was due to profits recorded by the Company in 2014, less cash dividends paid out during the year.

Liquidity and Capital Resources

For the 12 months ended December 31, 2014, the Company's principal sources of liquidity were cash from sales of its products, IPO proceeds, bank credit facilities and proceeds from its 5-year corporate notes issuance. The Company expects to meet its working capital, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from the proceeds of the Company's IPO, proceeds of the Company's corporate notes issuance, short-term credit facilities and cash flows from operations. It may also from time to time seek other sources of funding, which may include debt or equity financings, including dollar and peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

For the next 12 months, the Company plans to increase its production further by increasing volume deliveries to existing customers, entering into new production agreements, and expanding its customer base by intensifying its sales and marketing activities.

The following table sets out the Company's cash flows for the years ended December 31, 2014 and 2013:

In US$ Thousands	**For the 12 months ended December 31 (Audited)**	
	2014	**2013**
Net cash flows provided by/ (used for) operating activities	3,851	8,605
Net cash flows provided by/ (used for) investing activities	(1,642)	(11,496)
Net cash flows provided by/ (used for) financing activities	3,321	(3,099)
Effect of exchange rate changes on cash and cash equivalents	49	(97)
Net increase (decrease) in cash equivalents	5,579	(6,087)

Net Cash Flows from (used in) Operating Activities

Net cash flow provided by operating activities was US$3.9 million for the 12 months ended December 31, 2014, compared with US$8.6 million for the same period in 2013.

For the 12 months ended December 31, 2014, net income before tax was US$6.1 million. After adjustments for depreciation and amortization, unrealized foreign exchange gain/losses, interest income/expense, change in fair value of financial assets at FVPL, mark-to-market loss on forward contracts, retirement benefit obligationand excess of the fair value of net assets acquired over the aggregate consideration transferred, operating income before change in working capital was US$7.8 million. Changes in working capital reduced operating income by US$3.9 million. This was mainly due to increase in trade and other receivables.

Net Cash Flows from (used in) Investing Activities

Net cash used in investing activities amounted to US$1.6 million for the 12 months ended December 31, 2014. Investing activities mainly involved payment of consideration for a company acquired, purchase of production-related machinery and equipment, and proceeds from financial assets at FVPL. For the same period in 2013, cash used in investing activities totaled US$11.5 million, the bulk of which was spent on production-related machinery and equipment and facility and production tools.

Net Cash Flows from (used in) Financing Activities

Net cash flow used for financing activities for the 12 months ended December 31, 2014 amounted to US$3.3 million. Major financing activities involved payment of cash dividends, payment of short-term and long-term loans, interest and proceeds from availment of short-term loan and long term debt. For the same period in 2013 financing activities amounted to US$3.1 million and mainly involved payment of cash dividends, interest payments, payments of short term and long term loan and proceeds from short-term bank facilities.

Material Changes to the Company's Audited Consolidated Statement of Comprehensive Income for the year ended December 31, 2014 compared to the Audited Consolidated Statement of Comprehensive Income for the year ended December 31, 2013 (increase/decrease of 5% or more)

- 18% increase in net sales
  Growth of Multichip and Hermetics Divisions, and net sales contribution of new subsidiary

- 25% increase in cost of sales
  Increase in net sales

- 37% increase in operating expenses
  Consolidation of a subsidiary's operating expenses

- 24% increase in Net Income Before Tax
  Gain from the excess of the fair market value of net assets over the acquisition cost (RBW acquisition).

- 20% decrease in Provision for Income Tax
  Lower taxable income of CEC

- 26% increase in Net Income After Tax
  Gain from the excess of the fair market value of net assets over the acquisition cost (RBW acquisition) and other comprehensive income

Material Changes to the Company's Audited Consolidated Balance Sheet as of December 31, 2014 compared to the Audited Consolidated Balance Sheet as of December 31, 2013 (increase/decrease of 5% or more)

- 79% increase in Cash and Cash Equivalent
  Proceeds from corporate notes issued by the Company

- 268% increase in Trade and Other Receivables – Net
  Consolidation of a subsidiary's trade and other receivables

- 43% increase in inventories
  Consolidation of a subsidiary's inventories

- 91% decrease in Financial assets at fair value through profit or loss
  Proceeds used to fund acquisition of new company

- 40% increase in Other Non-current Assets
  Consolidation of a subsidiary's noncurrent assets

- 166% increase in Current Liabilities
  Increase in trade and other receivables, short-term loan and current portion of long-term debt

- 140% increase in Non-current Liabilities
  Increase in long-term debt

- 15% increase in Total Equity
  Increase in retained earnings

KEY PERFORMANCE INDICATORS

The Company's top five (5) key performance indicators are listed below (Amounts in US$ thousands, except ratios, and where indicated):

Amounts in thousands US$, except ratios and where indicated	**December 2012**	**December 2013**	**December 2014**
EBITDA	7,659	7,492	9,474
EBITDA Margin	19%	17%	18%
Sales Growth	9%	8%	18%
Current Ratio (x)	5.1x	5.0x	3.5x
Earnings per share (US$)	0.018	0.014	0.017

Note: Earnings per share was calculated using CHPC's average outstanding common shares for the years 2012, 2013 and 2014

- EBITDA and EBITDA Margin

EBITDA provides an indication of the rate of earnings growth achieved.

The EBITDA margin shows earnings before interest, tax, depreciation and amortization as a percentage of revenue. It is a measure of how efficiently revenue is converted into EBITDA.

EBITDA and EBITDA Margin are not measures of performance under PFRS, and investors should not consider EBITDA and EBITDA Margin in isolation or as alternatives to net income as an indicator of our Company's operating performance or to cash flow from operating, investing and financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various EBITDA and EBITDA Margin calculation methods, the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies.

The following table sets out the Company's EBITDA after consolidation entries.

	For the years ended December 31		
In US$ 000	2012	2013	2014
Net income	4,407	4,637	5,844
Add back:			
Interest expense/income-net	60	285	523
Provision for income tax	155	260	207
Depreciation and amortization	3,037	2,310	2,901
EBITDA	7,659	7,492	9,474

The table sets forth a reconciliation of the Company's consolidated EBITDA to consolidated net income.

	For the years ended December 31		
In US$ 000	2012	2013	2014
EBITDA	7,659	7,492	9,474
Deduct:			

	For the years ended December 31		
In US$ 000	2012	2013	2014
Interest expense/(income)	(60)	(285)	(523)
Provision for income tax	(155)	(260)	(207)
Depreciation and amortization	(3,037)	(2,310)	(2,901)
Net Income	4,407	4,637	5,844

- Sales growth

  Sales growth is a key indicator of the Company's ability to grow the business

- Current ratio

  Current ratio measures a company's short-term liquidity, i.e. its ability to pay its debts that are due within the next 12 months. It is expressed as the ratio between current assets and current liabilities.

- Earnings per share

  Earnings per share show the Company's attributable profit earned per share. At constant outstanding number of shares, as the Company's earnings increase, the earnings per share correspondingly increase.

FINANCIAL RISK DISCLOSURE

The Company is not aware of any known trends, demands, commitments, events, or uncertainties that will have a material impact on the Company's liquidity.

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

The Company does not have any off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

The Company has allocated up to US$ 15,474,385 for capital expenditure from the proceeds of the Firm Offer and cash flows from operations. It may also from time to time seek other sources of funding, which may include debt or equity financings, including dollar and peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

The Company is not aware of any trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

The Company does not have any significant elements of income or loss that did not arise from its continuing operations.

The Company does not have any seasonal aspects that had a material effect on the financial conditions or results of operations.

COMPANY DESCRIPTION

Company Overview

Cirtek Holdings Philippines Corporation is a fully integrated global technology company focused on wireless communication. It is the holding company of Cirtek Electronics Corporation ("CEC") and Cirtek Electronics International Corporation ("CEIC"), (collectively the "Cirtek Group"). The Company's principal office is located at 116 East Main Avenue, Phase V-SEZ, Laguna Technopark, Biñan, Laguna.

The Company was registered in the SEC on February 10, 2011 and listed in the PSE on November 18, 2011. On 10 November 2015, the Company then proceeded with a follow on offering of 110,000,000 common shares with an offer price of PHP 20.00 per share which was 1.5 times oversubscribed and raised ₱2.2 billion. The common shares subject to the FOO were listed on the same day. Currently, market capitalization has grown by approximately sixteen times from ₱1.10 billion in 2011 to ₱17.10 billion as of September 30, 2017.

With CEC and CATSI operating for more than 33 years and 21 years respectively, the Cirtek Group harnesses more than 54 years of combined operating track record. The Company's products cover a wide range of applications and industries, including communications, consumer electronics, power devices, computing, automotive, and industrial.

Through its subsidiaries, the Company is primarily engaged in three (3) major activities:

1) the design, development and delivery of the wireless industry's most advanced high-efficiency, high-performance antenna solutions;
2) the manufacture of value-added, highly integrated technology products; and
3) the manufacture and sales of semiconductor packages as an independent subcontractor for outsourced semiconductor assembly, test and packaging services

Quintel Solutions is a leading provider of advanced high-efficiency, high-performance antenna solutions for wireless cellular networks. Quintel is a pioneer of multi-port, multi-frequency wireless tower antennas. These antennas support more frequencies and deliver greater bandwidth, thereby improving customer experience and creating cost-efficiencies and quicker roll-out for mobile operators.

CEIC sells integrated circuits principally in the US and assigns the production of the same to CEC. CEIC acquired Remec Broadband Wireless Inc. ("RBWI") in July 30, 2014, renamed Cirtek Advanced Technologies and Solutions, Inc, ("CATSI"), a proven Philippine-based manufacturer of value added, highly integrated technology products. CATSI offers complete "box build" turnkey manufacturing solutions to RF, microwave, and millimeterwave products used in the wireless industry such as telecommunication, satellite, aerospace and defense, and automotive wireless devices.

CEC provides turnkey solutions that include package design and development, wafer probing, wafer back grinding, assembly and packaging, final testing of semiconductor devices, and delivery and shipment to its customers' end users. CEC has over 64 regular customers spread out in Europe, the US and Asia.

Cirtek Delaware is a Delaware corporation which is wholly-owned by Cirtek Electronics International Corporation. Cirtek Delaware was established to implement the Agreement and Plan of Merger under which Quintel Cayman Ltd. will be a wholly- owned subsidiary of Cirtek Delaware.

Quintel Cayman Ltd is the holding corporation of Quintel Technology Limited and Quintel Usa. Inc.

Quintel Technology Limited designs, develops, and delivers antenna solutions for the wireless industry in the United States and internationally. Quintel Technology Limited is based in Rochester, New York with additional offices in North America, Europe, and Asia.

Quintel USA, Inc. is a privately held company in Rochester, New York. Quintel USA, Inc. designs, develops and delivers advanced high-efficiency, high-performance antenna solutions that help mobile operators to increase efficiency, enhance quality-of-service, slash costs and accelerate returns.

The Philippine Branch is the extension of Cirtek Advanced Technologies and Solutions, Inc. (CATSI), a BVI company, in the Philippines. CATSI is wholly-owned by Cirtek Electronics International Corporation. CATSI, through its Philippines Branch is a proven Philippine-based manufacturer of value added, highly integrated technology products. CATSI offers complete "box build" turnkey manufacturing solutions to RF, microwave, and millimeterwave products used in the wireless industry such as telecommunication, satellite, aerospace and defense, and automotive wireless devices.

RBW Realty and Property, Inc. is a real estate developer located in Muntinlupa, Philippines.

Cirtek Business & Technology Solutions, Inc. was established to provide wireless infrastructure solutions to large Philippine enterprises using internally-manufactured multi-gigabit, millimeterwave, high capacity wireless backhaul and access technologies.

CloundMondo is a Silicon Valley software company, which designs a network management system for one of the global social media companies. It is a start-up company based on Palo Alto, California that seeks to enable superfast Wi-Fi connectivity. It was founded by its Chairman, Diosdado P. Banatao, a renowned Silicon Valley engineer and entrepreneur.

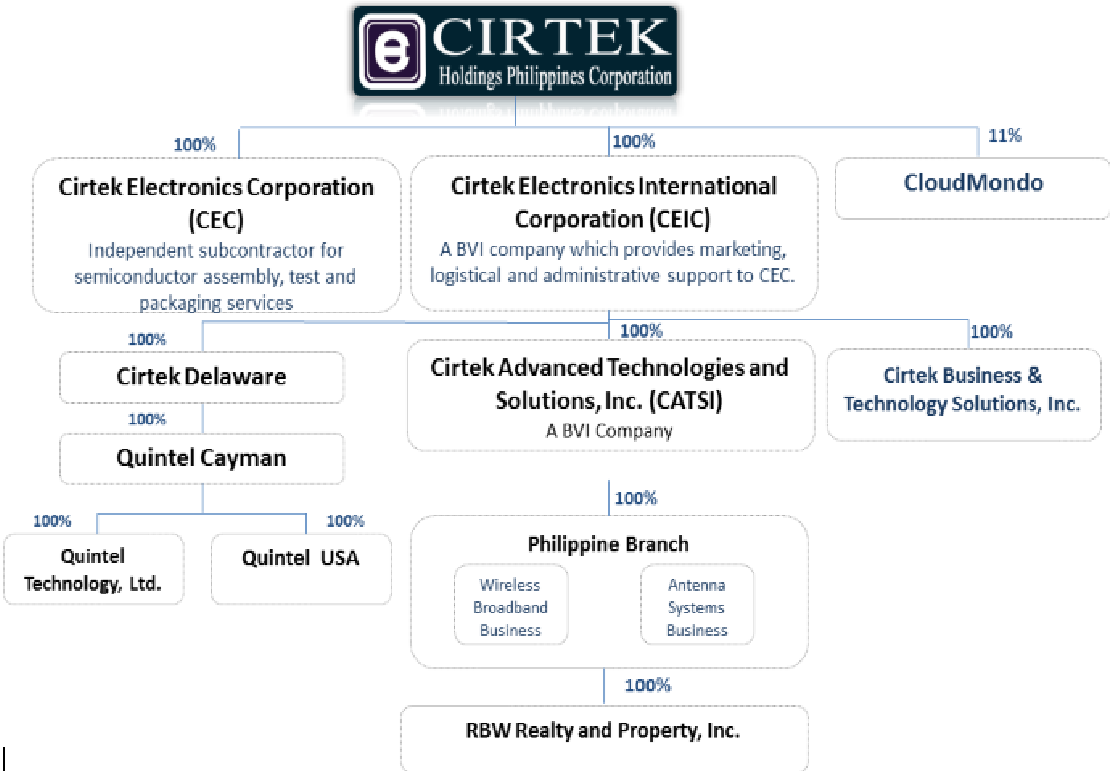
Beginning in 1984 with only three customers, the Cirtek Group has significantly grown its customer base to over 70 major and regular customers across Europe, U.S. and Asia, with the bulk of revenues contributed by customers located in Europe and the U.S.

The Cirtek Group has earned a strong reputation with its customers for its high-quality products, production flexibility, competitive costing, and capability to work with customers to develop application and customer specific packages. The Cirtek Group has been accredited and certified by several international quality institutions, such as TÜD SÜD Management Service GmbH and Defense Supply Center of Columbus for the latest quality system standards, which include ISO9001, ISO14001, and QS9000/TS16949.

From 2014 to 2016, Cirtek Group's consolidated net sales grew from US$51.8 million to US$74.3 million at a CAGR of 19.8% while consolidated net income grew from US$5.8 million to US$7.6 million at a CAGR of 14.1%. For the six months ended 30 June 2017, the Cirtek Group reported consolidated net sales and consolidated net income of US$42.2 million and US$4.4 million at a year-on-year growth of 29.9% and 25.1%, respectively. As of 30 June 2017, the Cirtek Group had total consolidated assets of US$145.5 million and total consolidated liabilities of US$83.9 million.

Corporate Structure

As of the date of the Prospectus, the corporate structure of the Company and its Subsidiaries are as follows:



All of the Company's subsidiaries are wholly owned. As of September 30, 2017, details of these subsidiaries are as follows:

		Percentage of Ownership	
Subsidiaries	**Country of incorporation**	**Direct**	**Indirect**
CEC	Philippines	100	-
Cirtek Delaware	United States of America	-	100
Quintel Cayman	Cayman Islands	-	100
Quintel Technology, Ltd.	United States of America	-	100
Quintel USA	United States of America	-	100
CEIC	British Virgin Islands (BVI)	100	-
Cirtek Business & Technology Solutions Inc.*	Philippines	-	100
CATSI (formerly known as RBWI)	British Virgin Islands (BVI)	-	100
CATSI (Phil. Branch)	Philippines	-	100
RBW Realty and Property, Inc.	Philippines	-	100
CloudMondo	Philippines	11	-

Shares of Cirtek Business & Technology Solutions Inc. are still in the process of being transferred to CEIC

Competitive Strengths

The Company believes that its principal strengths are the following:

Industry-leading Technology

The Company, through Quintel, designs, develops and delivers advanced high-efficiency, high-performance antenna solutions that help mobile operators to increase efficiency, enhance quality-of-service, slash costs and accelerate ROI.

Quintel is radically transforming wireless infrastructure with feature-rich antenna technologies that make networks more efficient and more profitable. An innovator in low-impact and high-output solutions, Quintel simplifies rollout complexity with practical antenna solutions that quickly boost capacity and coverage

Reputation for High-Quality, Innovative Products

The Cirtek Group has a strong reputation for producing and delivering high-quality, innovative products to the market.

Significant Proprietary IP

The Company's proven record of innovation and over 60 years of combined experience in manufacturing and developing robust technology products are supported by 21 patent families, over 50 approved patents and patent applications worldwide.

Offers a Complete Range of Turnkey Solutions and Vertically Integrated Services

The Company, through its subsidiaries, provides a full range of turnkey solutions. For the semiconductor business, these would include package design and development, wafer probing, wafer back grinding, assembly and packaging, final testing of semiconductor devices, and delivery and shipment to its customers' end users. CATSI also offers full turnkey solutions, including product and process design and development, transition from R&D to full scale manufacturing, integrated manufacturing processes, and delivery to end customers.

Of particular importance to the Company, however, is its ability to adapt and adjust to the specific needs and demands of its customers through its technical capabilities. The Company's customers are given the flexibility to contract for the entire process flow, or just a portion thereof. In addition, the Company also works with its customers to develop application and customer specific packages. These have given Cirtek the ability to adapt to its customers' needs, which in turn, helps build a stronger relationship with its customers.

Furthermore, the Company's vertically integrated manufacturing solutions enable it to shorten lead times. This results in savings for Cirtek's customers for non-essential product costs and faster time to market for their products.

Global and Diversified Customer Footprint

Cirtek Group's products have multiple end-user applications that serve a diverse range of industries including telecommunications, automotive, consumer electronics, industrial, medical, satellite communication, and aerospace and defense. The table below illustrates the breakdown of the Company's revenues by industry for the for the quarter ended June 30, 2017:

Industry	Revenue Contribution (%)
Communication	75
Computing	9
Consumer Electronics	9
Industrial	4
Automotive	3
Total	**100**

Since its incorporation, the Cirtek Group has slowly built a global customer base of over 70 customers based in three major regions in the world, namely, Asia, Europe and the U.S. The table below shows the breakdown of revenue contribution of its customers per region for the quarter ended June 30, 2017:

	Revenue Contribution (%)
U.S.	72%
Europe	17%
Asia	11%
Total	**100%**

Because of the diversified revenue base of the Cirtek Group, it is not dependent on a single market or customer and is able to cope with upswings and downswings in demand.

Strong Financial Track Record

Cirtek, through its subsidiaries, has consistently proven its ability to grow the business. Cirtek has grown its consolidated net sales from US$24 million in 2009 to US$74 million in 2016, a 13% CAGR.

The Cirtek Group's ability to create shareholder value is seen in the consistent rise in its profits and EBITDA over the years. As a result, market capitalization has grown by approximately sixteen times since its IPO in November 2011 to ₱17.10 billion as of September 30, 2017.

Highly Experienced Management Team

The Company's senior management is composed of highly experienced individuals from various semiconductor, OSAT, and RF and microwave companies. It has over 200 years of combined management and engineering expertise. It believes that because of management's extensive experience in the industry, the Company is highly equipped in dealing with, responding, and adapting to customer needs, as well as changes in the industry landscape.

Proven Execution Track Record

The Company, through its subsidiaries, harnesses more than 54 years of combined operating track record. It has a well-established reputation in both the assembly and testing segment of the semiconductor industry and in providing complete "box build" turnkey manufacturing solutions to RF, microwave, and millimeterwave products.

CEC is known for its high-quality products, production flexibility, competitive costing, and capability to work with customers to develop applications. It continues to be the preferred supplier of customer- and application-specific semiconductor packages. It has been in business with most of its customers for more than ten years. Moreover, its existing customer base has grown since 1984 from only three customers to over 60 customers to date.

RBWI, now known as CATSI, has over 18 years of experience in producing high quality niche PCBA and Box-build in low/medium/high volume and high-mix products for industrial and consumer applications, such as RF/microwave, emerging products of OEMs and ODMs for commercial, industrial, military and telecommunications applications, and providing related repair services. These unique capabilities and extensive experience in RF and microwave manufacturing and engineering services offer a versatile competitiveness in this field.

Quintel is a market leader in the design, development and delivery of advanced high efficiency, high performance antenna solutions that allow mobile operators to increase efficiency, enhance quality-of-service and reduce costs. The company's core technology, QTilt, which provides variable linear phase slope across the antenna array and as such, increases site output without expanding the site footprint.

The Company has over the years developed excellence in manufacturing. Cirtek's manufacturing practices are designed to be compliant with industry requirements and to exceed customer expectations. This is evidenced by latest quality system standards obtained by the Company, through its subsidiaries, such as TÜD SÜD Management Service GmbH and Defense Supply Center of Columbus, for the latest quality system standards, which include ISO9001, ISO14001, and QS9000/TS16949.

The Company's quality system has evolved from direct dealings with customers, benchmarking and learning from their experiences, and incorporating their best practices into the Company's own quality system. All these have enabled the company to garner several recognition awards from its major customers as presented in the "Company Description" section on page 110.

Key Strategies

FOR QUINTEL

Expand to new geographic markets as the global market for muti-port, multi-frequency base station antennas is expanding rapidly

At present, Quintel is concentrated in North America, in particular the US as its main customers are AT&T and Verizon, the two largest telecom companies in the world.

With the sale of multiband base station antennas rising worldwide, Quintel as a pioneer and leading provider of multi-port and multi-band antenna systems, is moving to expand its presence outside the US and in markets where available frequencies matches Quintel's product frequencies.

Expand Cirtek / Quintel's product portfolio through new product introduction, licensing and white label branding

To continue being a market leader, Quintel will continue to introduce new, innovative technologies and products to address current and emerging market opportunities as well as requirements from its customer.

Quintel will also consider strategic partnerships such as licensing and white label branding. Such strategies will generate revenue, brand recognition and expand the product and services offerings of Quintel.

Improvement in gross margin through lower BOM cost, more efficient outbound logistics, better yield and better quality

Quintel is aggressively pursuing cost reduction initiatives to improve margins and give the Company pricing flexibility in price-sensitive markets. Key areas for cost reduction include lower BOM costs by expanding its supplier base, and lower logistic costs through optimal use of air and sea freight.

FOR CEC

Focus on further expanding the semiconductor business

Improve on customer- and application- specific packages

The Company intends to constantly review and make innovations in its production and assembly techniques and capabilities to improve productivity and efficiency in its use of resources. In addition to that, it plans to continue to work closely with its current and potential customers to understand technology and industry trends that may have an impact on customers' products. Together with the customer, the Company will evaluate how its customer's product can evolve to meet new requirements and standards in order to stay competitive.

Furthermore, the Company will continue to aggressively offer dedicated or captive line models for assembly and test services. This involves dedicating certain capacity to fulfill a customer's mature and stable products with competitive volume break incentives. This arrangement allows customers to increase capacity quickly and minimize the need for additional capital expenditures.

Introduce new products/packages that meet customers' needs

The Company plans to continue to co-develop new technologies with its customers. It will tap into the expertise and strengths of customers in areas where developing it solely would be costly and time consuming. The cooperation with customers assures the availability of a ready market and a faster-to-market introduction of products.

Strengthen presence in high-growth market segments such as wireless communication, consumer electronics, automotive sectors

The Company plans to actively pursue business opportunities in high-growth market segments such as wireless communication, consumer electronics and automotive. Demand for smart phones, tablets and gadgets remain strong. In automotive, demand is being driven by the growing number of cars, as well as the higher electronic content in vehicles as result of enhancements to, convenience and safety features, and environmental concerns. The internet of things (the ability to connect remote and mobile "things" or "machines" or "assets" to the Internet or corporate Intranets through the use of wireless communications and low-cost sensors/computing/storage) will significantly drive the consumer electronics market.

Expand sales network in key markets such as Europe, US and Asia

The Company is increasing its international sales force and sales representatives to establish greater geographic presence and increase its end-customer base.

FOR CATSI

Aggressive growth for RF/Microwave/Millimeterwave Business by at least 45% year on year

The Company expects the demand for its RF/Microwave/Millimeterwave business to grow at a rapid rate as a result of the explosive growth in wireless data traffic and growing application of millimeterwave in imaging, telecommunication, consumer markets, defense and security.

Expand customer base RF/Microwave/Milimeterwave Business

Since it started operations, CATSI has shipped over 1.4 million products worldwide. The Company has produced the most number of millimeter wave radio links among independent manufacturers worldwide. CATSI is aggressively pursuing new customers as demand for microwave and millimeter wave in the upper frequencies increase. The Company is also in the process of increasing its sales coverage by signing up sales representatives in the US and Europe. The Asian market is covered by an in-house team.

Subsidiaries

Cirtek Electronics Corporation

CEC was incorporated with the SEC on May 31, 1984, primarily to engage as an independent subcontractor for semiconductor assembly, test and packaging services.

Prior to the Company's acquisition of CEC in 2011, CEC was majority-owned by Charmview Enterprises, Ltd. ("Charmview"), a holding company incorporated in the British Virgin Islands on November 1, 1994 and is owned by the Liu family, wherein the US$50,000 authorized capital stock is divided equally among Jerry Liu, Nelia Liu, Michael Liu, Justin Liu, and Brian Gregory Liu.

On March 24, 2008, Charmview and CHI entered into a Share Swap Agreement whereby Charmview transferred all of its interest in CEC, constituting 155,511,959 common shares, to CHI in exchange for 50,000 common shares of stock of CHI. As a result of the share swap, CEC became a subsidiary of CHI.

On March 1, 2011, CHI and the Company executed the Deed of Absolute Sale of Shares wherein CHI transferred all of its 155,511,959 shares in CEC in favor of the Company for and in consideration of P130,000,000.00, making CEC a wholly-owned subsidiary of the Company.

CEC owns the manufacturing plants in Technopark as well as machinery such as bonder, auto test handler, optical inspection system, wafer back grinder, mold set, and other machinery necessary for the manufacture, assembly, and testing of semiconductors.

CEC was previously registered with the Board of Investments ("BOI") under Presidential Decree No. 1789, as amended by Batas Pambansa Blg. 391, as a preferred pioneer enterprise for the manufacture and export of integrated circuits. As a registered enterprise, CEC was entitled to certain tax and nontax incentives provided for in PD 1789.

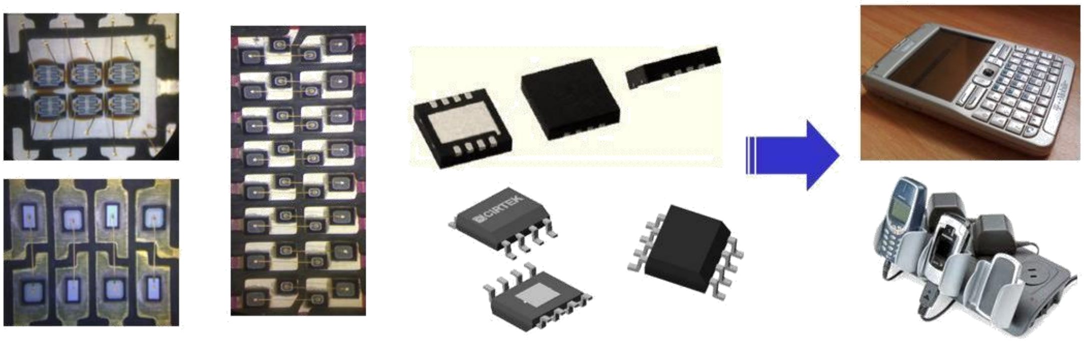
On March 24, 1998, the Philippine Economic Zone Authority ("PEZA") approved CEC's registration as an ecozone export enterprise at the Laguna Technopark for the manufacture of standard integrated circuits, discrete, hybrid, and potential new packages. Beginning October 30 2002, the manufacture and export of integrated circuits, discrete and hybrid transferred to PEZA from BOI. Since its income tax holiday incentive expired in 2003, CEC is subject to tax at the preferential rate of 5% of its gross income in accordance with Republic Act No. 7916, the law creating the PEZA. In order to maximize the incentives granted under Republic Act No. 7916, CEC applied for the registration of its new products and was granted income tax holiday therefor from 2003 to 2005.

On April 27, 2011, PEZA approved CEC's application for the registration of a new project involving the manufacture of devices which will be used as components for smart phones, automotive sensor applications, battery chargers, and industrial applications.

CEC offers a broad range of products that go into various applications. The end application covers a diverse range of industries from consumer products to high reliability industrial and military products. The following are CEC's product lines:

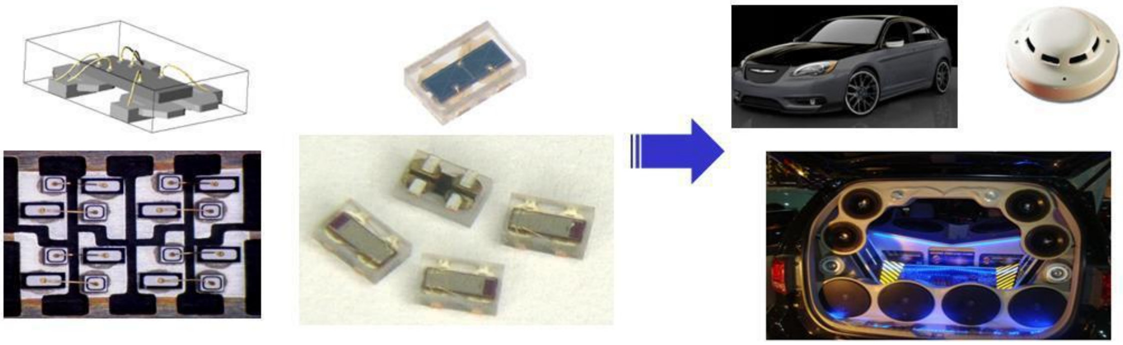
1. Protection products - These products are designed to protect electronic devices from damaging voltage or current spikes. These are in multi-chip Small-outline Integrated Circuit ("SOIC") packages, with up to 32 diodes in a single unit.

INTERNAL CONFIGURATION PACKAGES APPLICATION



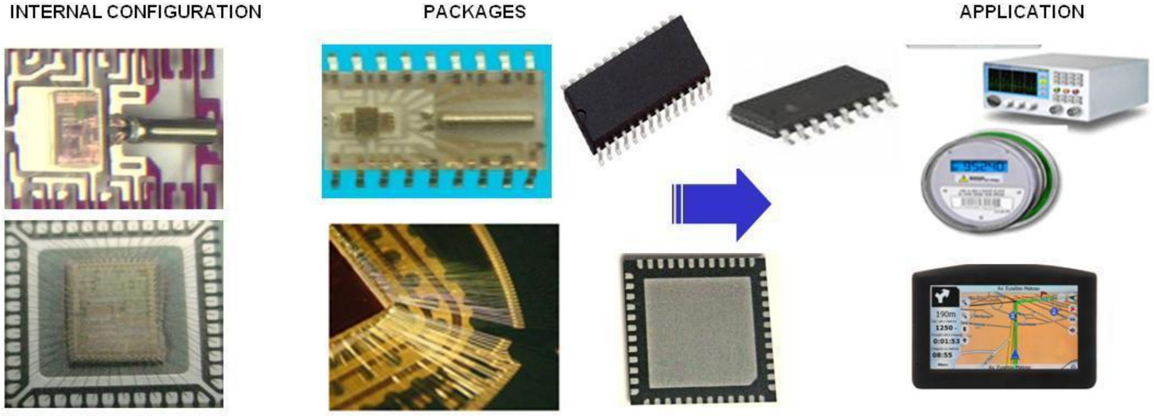
2. Light sensors - These optical devices sense the intensity of light and trigger the automatic switching on and off of headlights and the automatic adjustment of air conditioning settings in cars. The package is a transparent custom-body Quad Flat Pack Leadless Package (“QFN”).

INTERNAL CONFIGURATION PACKAGES APPLICATION

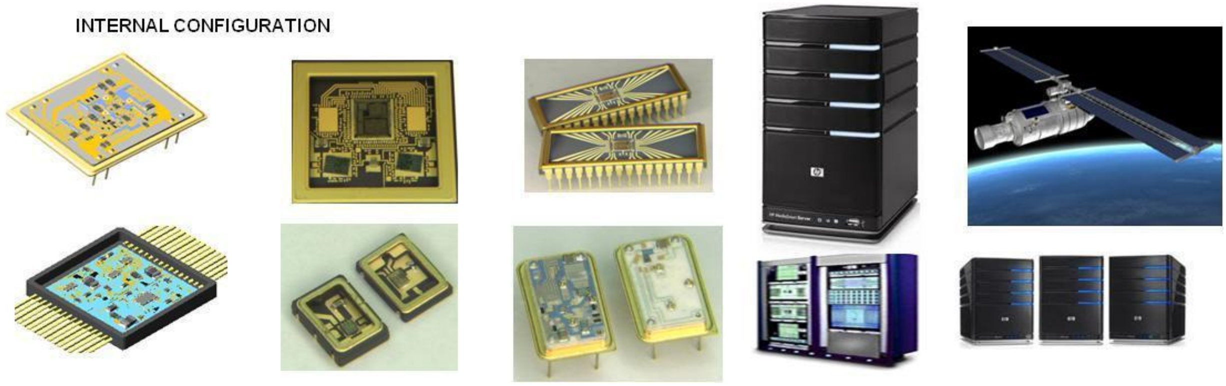


3. Real time clock - These are precision time keeping devices which contain features like calendars, time of day, trickle charger and memory functions. These devices come with tuning fork cylindrical crystals and are packaged in 16/20L SOIC 300mil body version.

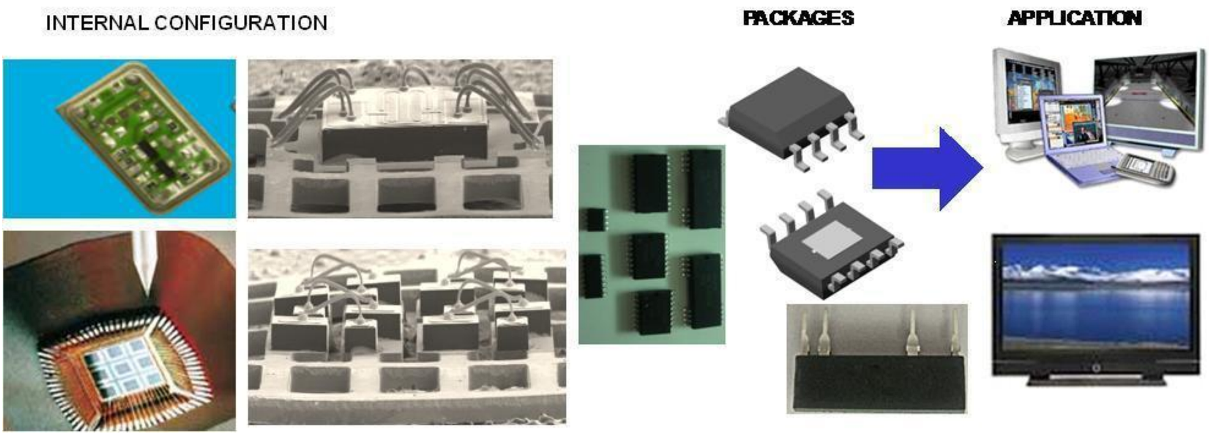
INTERNAL CONFIGURATION PACKAGES APPLICATION



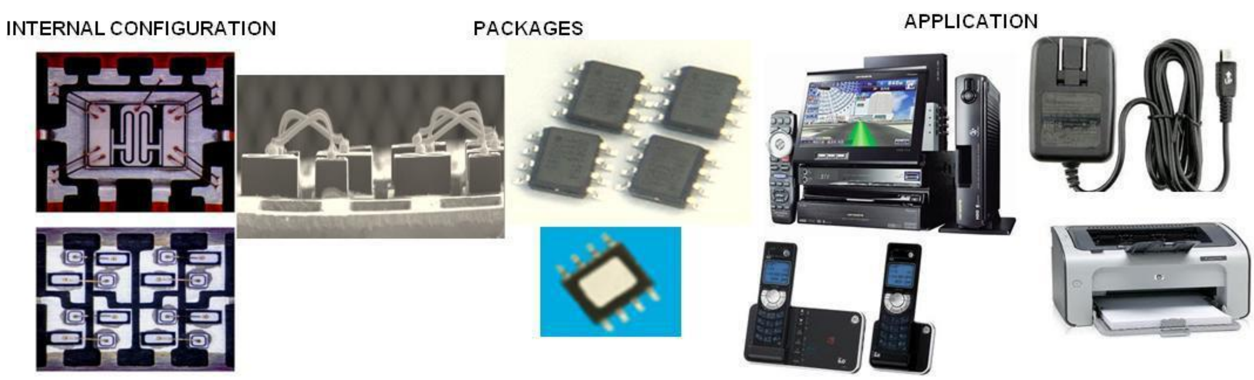
4. Voltage control oscillators (“VCO”) - This is an electronic oscillator that is designed to be controlled in oscillation frequency by a DC voltage input. Signals may also be fed into the VCO to cause frequency modulation or phase modulation.



5. Electronic Relays - These are opto relays that are used in controlling high voltage and high power equipment. The control is achieved through the physical isolation of high voltage output and the low voltage input side of the device protecting the circuit components and the users. These are packaged in Plastic Dual-in-line Package ("PDIP") with an LED and a driver IC coupled together, without electrical connection between them.



6. Power management devices - These devices are used in a wide range of power management applications from telecommunications, industrial equipment, portable devices, computers, and networks. These are packaged in SOIC with the die pad exposed.

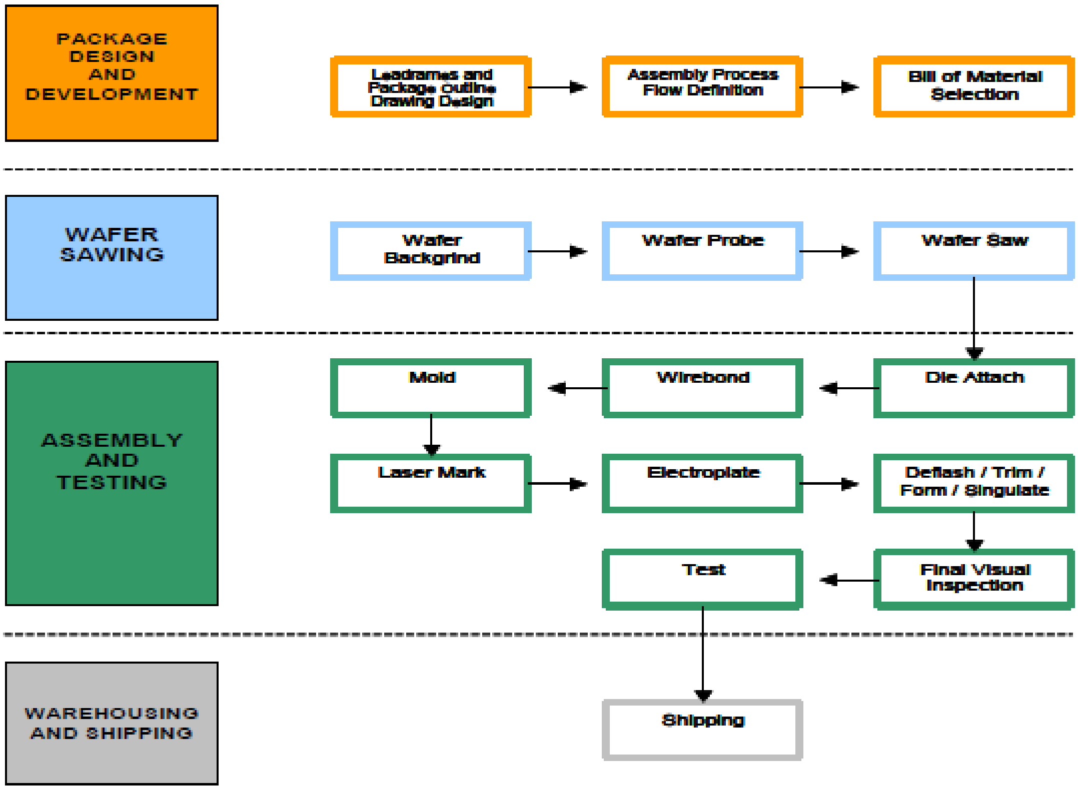


CEC Manufacturing Process Flow

The Company, through its subsidiary CEC, assembles and tests semiconductor devices at its manufacturing complex located on a 12,740 square meter property in Biñan, Laguna. CEC currently leases the property from Cirtek Land Corporation and Cayon Holdings, Inc., both of which are majority owned by Nelia T. Liu, the wife of the chairman of the Board and mother of 3 of the directors. CEC's manufacturing facility is composed of two buildings, with a total floor area of 152,000 square feet.

Process Flow

The figure below illustrates the typical manufacturing process for the back-end production of semiconductor products:



The back end semiconductor operation starts with package design and development. The design phase pertains to a) the determination of the type of package to be used that conforms to industry standards, b) the substrates that will match the intended package, and c) the material set that will be used to meet customer specifications. This is followed by tooling selection and ordering.

The development process follows a systematic approach which takes into account the standards required by the end user product. Advanced quality planning is made part of the process to ensure that the critical quality characteristics are fully understood, characterized and tested. Customers are involved as they have to approve the design and any changes that will happen later in the development stage.

The development is only deemed complete once critical processes are proven capable and qualification units and lots are produced and tested for reliability internally and or by the customers.

The fundamental package assembly process starts after the Company receives the wafer silicon from customers. Pre-assembly, the wafers are back grinded to the desired thickness, probed for electrical performance and then sawn to dice the wafers to its individual chip size following customer requirements. The individually sawn dies are then mounted on a copper substrate typically using epoxy adhesives. Other packages made by the Company however, may require other mounting adhesives for enhanced functional performance. Examples of these include, E0201 dual flat leadless package

("DFN") (used in smart phones) which requires a gold eutectic process or the Power Quad Flat No leads ("PQFN") (used in charges) which requires solder paste.

The interconnection between die to leads is normally done using gold fine wire. Power packages however use copper clips for higher electrical conductivity. The parts are then encapsulated by an epoxy moulding compound, which are usually opaque.

The parts are then electroplated for protection of the metal leads, trimmed and formed into its final shape or sawn into its final dimensions in the case of 0201 DFN, Optical Dual Flat No lead ("ODFN") and PQFN.

These assembled units are electrically tested for functional screening. The good parts are then packed per customer specifications and shipped to its intended destination.

Customers may opt to contract for the entire process flow or for portions thereof, as well require changes, subject to mutual consent to suit the customers' product needs.

CEC Customers

Beginning in 1984 with 3 customers, the Cirtek Group has significantly grown its customer base to over 50 regular customers as of September 30 2017. Cirtek, through CEC, aims to broaden its existing customer base, as well as its geographic coverage to mitigate the volatility in the semiconductor industry. The figure below lists the CEC's major customers:

The table below illustrates the geographic distribution of customers by revenue contribution per region, for the years 2014, 2015, and 2016.

	2014	2015	2016
Asia	21%	24%	20%
Europe	33%	40%	40%
U.S.	46%	36%	40%

The Company is not dependent upon a single customer or a few customers or industry, the loss of any of which would have a material adverse effect on the Company. The Company has no single customer contributing more than 20% of the Company's total revenues in the last three years of operation. The top customer accounts for only 12% of total revenue while the top 10 customers collectively account for less than 70% of total revenue. Neither is the Company reliant on any specific industry since its products have varied applications in different industries.

Most of the Cirtek Group's customers have been clients of the company for more than 10 years. For most of these clients, no formal supply or manufacturing contract is executed, and the orders are governed by purchase orders which provide the specification of the products to be sold, delivery schedule and terms of payment, among others. Customers are required to submit order forecasts ranging from 3-6 months, which the Company uses to project its supply requirements. Depending on the relationship with the particular customers, payment terms can be on a cash-on-delivery basis or credit term of between 30 to 45 days.

CEC Competition

The assembly and testing segment of the semiconductor industry is highly competitive. The Company's competitors in the semiconductor space include IDM's with their own in-house assembly and testing capabilities, and similar independent semiconductor assembly and test subcontractors, located in the Philippines and in the Asia-Pacific region. Among the Company's competitors are Amkor Technology in Korea and in the Philippines; Advanced Semiconductor Engineering, Inc. or ASE, a Taiwanese company and one of the largest OSAT companies in the world, with branches in Korea and China; Orient Semiconductor Electronics, Ltd. and Siliconware Precision Industries Co. Ltd. in Taiwan; Unisem and Carsem Semiconductor in Malaysia; Hana Microelectronics in Thailand; STATS Chip Pac Ltd. in Singapore, and other Chinese subcontractors such as Diodes, Inc. and Chiang Jiang Electronic Technology or JCET.

Aside from Cirtek Group, there are two (2) active companies in the semiconductor industry that are listed in the PSE. These are Integrated Micro-Electronics, Inc. ("IMI") and SFA Semicon Philippines Corporation ("SSP"). The table below presents a side by side comparison between and among Cirtek, PSPC and IMI of each one's relative size and financial performance (As of and for the six months ended 30 June 2017, Amounts in US$ thousands unless as indicated):

	TECH	**SSP**	**IMI**
Market Capitalization (PHP millions)	**17,097.78**	**5,672.36**	**34,538.34**
Revenue	**42,181.57**	**99,887.80**	**501,024.00**
EBITDA	**7,169.00**	**10,354.91**	**36,431.00**
Net Income	**4,414.78**	**459.35**	**17,599.00**
Total Assets	**145,470.07**	**167,547.73**	**813,176.00**
Total Liabilities	**83,923.34**	**60,666.39**	**552,574.00**
Total Stockholders' Equity	**61,546.73**	**106,881.34**	**260,602.00**

Note: Market Capitalization is as of September 30, 2017

The principal areas of competition are pricing and product quality. The Company believes however, that it has an advantage over its competitors not only in the above-mentioned areas but also because of the following reasons: advanced packaging technology in multiple component products; retooling and configuration capabilities that focus on jointly developed application-specific packages; dedicated line services; and quick turnaround time on customer requirements.

Cirtek Electronics International Corporation

CEIC was incorporated under the International Business Companies Act of the British Virgin Islands on April 4, 1995. CEIC was incorporated with the primary purpose of selling integrated circuits principally in the U.S. CEIC subcontracts the production of the same to CEC.

Beginning June 8, 1995, CEIC, after securing the sales from its customers abroad, would subcontract the assembly, testing, and/or packaging of the devices to CEC, pursuant to a Master Subcontractor Agreement. Under said agreement, CEIC issues purchase orders to CEC stating therein the type of product it will require, the quantity, delivery date, and destination, together with such other instructions the former may have. In consideration for its services, CEC is paid a service fee depending on the services contracted for a particular purchase order.

Prior to the Company's acquisition of CEIC in 2011, CEIC was majority-owned by Charmview. On March 24, 2008, Charmview and CHI entered into a Share Swap Agreement whereby Charmview transferred all of its interest in CEIC, constituting 50,000 common shares, to CHI in exchange for 50,000 common shares of stock of CHI. As a result of the share swap, CEIC became a subsidiary of CHI.

On March 1, 2011, CHI and the Company executed the Deed of Absolute Sale of Shares wherein CHI transferred all of its 50,000,000 shares in CEIC in favor of the Company for and in consideration of P130,000,000.00, making CEIC a wholly-owned subsidiary of the Company.

Acquisition of Remec Broadband Wireless International, Inc.

On July 30, 2014, CEIC entered into a sale and purchase agreement with REMEC Broadband Wireless Holdings ("REMEC"), for the purchase of 100% of the shares of REMEC's manufacturing division, REMEC Broadband Wireless International, Inc. ("RBWI"), a Philippine-based manufacturer of value added, highly integrated technology products. Based on the terms of the sale: (i) REMEC and its remaining subsidiaries will continue to design and market its top-of-class telecommunications products globally under its "REMEC" brand; and (ii) REMEC will enter into a manufacturing agreement with Cirtek to manufacture REMEC's products under a long term contract manufacturing relationship. CEIC acquired RBWI for a consideration of $7.5 million. CHPC funded the acquisition through a combination of available cash on hand and proceeds from a corporate notes issuance.

At the time of the acquisition, RBWI had over 18 years of experience in producing high quality niche PCBA and Box-build in low/medium/high volume and high mix products for industrial and consumer applications, such as RF/microwave, emerging products of OEMs and ODMs for commercial, industrial, military, and telecommunications applications, and providing related repair services. These unique capabilities and extensive experience in RF and microwave manufacturing and engineering services offer a versatile competitiveness in this field.

RBWI's contract manufacturing capabilities range from component level (transceivers, synthesizers, oscillators, mixers, filters switches, microwave devices), sub-system and module level (power amps, transceivers, filters, diplexers, mixers, mixed signal, PCBA), system level (spread spectrum radios, power amplifiers, repeaters, modem, Outdoor RF Radios (ODU, IP Radio), 6GHz to 42GHz, broadband radios - 60GHz to 80GHz , and indoor RF Radios (IRFU, IDU).

RBWI has shipped more than 1,000,000 finished products (ODUs, IP radios, transceivers and amplifiers) with field-proven MTBF of over 100 years, to over 30 customers globally. RBWI is also PEZA-registered with 'Pioneer Status', and owns a world-class manufacturing facility (ISO 9001 and 14001 certified) located in Carmelray Industrial Park 1, Laguna. RBWI has received numerous awards from top global microwave OEMs, and recorded sales revenues worth $43 million for fiscal year 2013.

CEIC's acquisition of RBWI allows the Cirtek Group to expand its existing manufacturing capacity and capability into the high-growth wireless segment via a proven player with a strong customer base. It also allows Cirtek Group to provide customers with vertically integrated solutions that offer the Company higher margins and the customer more flexibility.

Through RBWI, the Cirtek Group will be able to cater to the strong demand for electronic products and applications, such as smartphones and media streaming in the telecommunications industry, wireless health monitors in the medical industry, and connectivity applications in the automotive industry, among others.

RBWI was renamed to Cirtek Advanced Technology Solutions, Inc. ("CATSI") on 21 November 2014 in the British Virgin Islands. On February 18, 2015, the Philippine SEC approved the change in corporate name.

Acquisition of Quintel Cayman Ltd. and its subsidiaries.

On July 31, 2017, Cirtek Holdings Philippines Corporation (CHPC) and Trillium International I, GP, as shareholder representative of Quintel Cayman, Ltd. announced the signing of a definitive agreement under which CHPC, through its subsidiary CEIC, will acquire 100% of Quintel, a leading provider of advanced high-efficiency, high-performance antenna solutions. Upon closing, the transaction will immediately give CHPC a significant presence in the large and rapidly growing base station antenna market, estimated to be more than US$14 billion by 2020.

Quintel is a leading innovator of spectrum and space-efficient base station antennas for wireless networks. Among Quintel's major customers include two of the top 5 telecom carriers in North America.

Quintel recently expanded its industry-leading MultiServ™ Slimline Antennas portfolio. In addition to the 12-Port Multiband Antenna, Quintel now has 10 Port antennas, both of which come in 4, 6 and 8 foot lengths. This latest Slimline Antenna utilizes the same 12"/300mm wide form factor that all Quintel antennas use providing the industry's only "One Size Fits All" portfolio of 6, 8, 10 and 12-Port antennas in the same single form factor.

The acquisition of Quintel is consistent with the Cirtek Group's positioning to expand its business portfolio vertically and to compete in high-growth market segments, such as wireless communication. By moving up the value chain, the Company will be able to accelerate its revenue trajectory and improve profit margins.

The transaction also complements the Group's wireless product portfolio since Cirtek's subsidiary, CATSI, is already a leading independent global manufacturer of RF, microwave, and millimeterwave radio systems, deploying over 1.5 million radio units and systems worldwide.

With the Cirtek Group as the sole Contract Manufacturer of Quintel, the acquisition will bring about significant synergies through value engineering, research and development collaboration as well as cost reduction, resulting in high-quality, reliable and cost-competitive products.

Cirtek Advanced Technologies and Solutions, Inc.

CATSI offers a broad range of microwave products that go into various applications. The end application covers microwave/wireless solutions for carrier and private data networks catering mobile backhaul, service provider, education, enterprise, government/municipalities and healthcare.

The following are CATSI' microwave products:

1. CTT Out Door Unit ("ODU") - The CTTH ODU is available in 6L, 6U, 7GHz, 8GHz, 11GHz, 13GHz, 15GHz, 18GHz, 23GHz, 26GHz, 28GHz, 32GHz and 38GHz. The CTT ODU supports QPSK to 256QAM modulation and 7MHz to 56MHz channel bandwidth.

2. Indoor Radio Frequency Unit ("IRFU") - The IRFU is available in L6, U6, 7GHz, 8GHz, and 11GHz frequency bands. The channel spacing supported for North American ANSI rates is between 3.75 MHz and 60 MHz. The channel spacing supported for ETSI rates is between 7 MHz and 56 MHz.

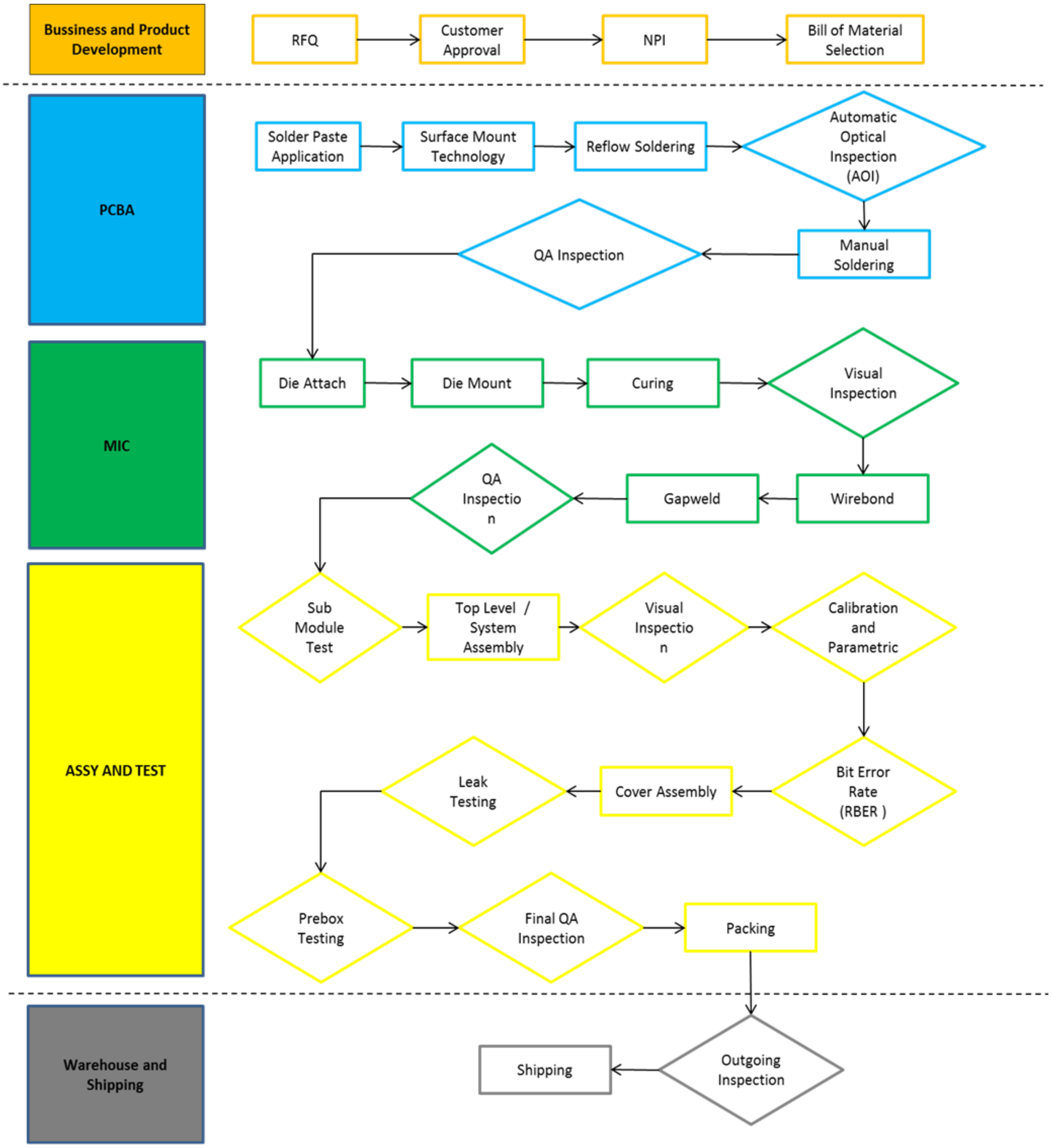
3. Outdoor Internet Protocol Radio ("OIPR") - The OIPR is available in 6L, 6U, 7GHz, 8GHz, 11GHz, 13GHz, 15GHz, 18GHz, 23GHz, 26GHz, 28GHz, 32GHz and 38GHz. The supported modulation is QPSK to 256QAM. The channel spacings supported for North American ANSI rates is between 10MHz and 50 MHz. The channel spacings supported for ETSI rates are 7MHz, 14MHz, 28-30MHz, 40MHz and 56MHz.

4. FLEX4G-Ultra High Availability ("UHA") - Flex4G-UHA-UHA operates in the 71-76/81-86 GHz frequency range in compliance with ECC/REC 05/07 Recommendations and is subject to use based on each EU member country's individual regulations for operation in this band. The FLEX4G-UHA uses Binary Phase Shift Keying ("BPSK") modulation and supports a maximum data rate of 1,000 Mbps in a 1,250 MHz channel.

CATSI Manufacturing Process Flow

CATSI assembles and tests microwave products at its manufacturing complex located on a 12,740 square meters property in Biñan, Laguna. It currently leases the property from Cirtek Land Corporation and Cayon Holdings, Inc., both of which are majority owned by Nelia T. Liu, the wife of the chairman of the Board and mother of 3 of the directors. The manufacturing facility is composed of two buildings, with a total floor area of 152,000 square feet.

The figure below illustrates the typical manufacturing process flow for the production of microwave products:



The manufacturing process starts with business and product development. The business development pertains to a) Request for Quote ("RFQ") from customer; and b) customer approval. Once the customer approves the quote, product development proceeds. The product development pertains to a) New Product Introduction ("NPI") and b) bill of materials selection. During NPI, the factory will qualify the product and the process (to manufacture the product). The NPI process is considered completed once critical processes are proven capable and qualification units are produced and tested for reliability internally and or by the customers. If NPI is successful, the bill of materials is finalized. This includes the product BOM, fixtures and packaging. Mass production follows.

The fundamental assembly process starts with a Printed Circuit Board Assembly ("PCBA"). Solder paste is applied to the Printed Circuit Board ("PCB"), followed by placement of components during SMT pick and place. The populated board is then loaded to the reflow oven for solder paste curing. After the oven reflow, the board undergoes Automatic Optical Inspection ("AOI"). All boards with reject (assembly rejects, i.e. missing components, wrong part mounted, tombstone, insufficient solder, mis-oriented, tilted, etc.) during AOI are reworked. All boards without rejects proceed to 2nd operation or manual soldering (if required).

Some modules/sub-assembly boards from PCBA undergo Microwave Integrated Circuit process ("MIC"). During this process, a component (MMIC) is attached or mounted to the board with epoxy, either manually or automated. The board is then cured to the required temperature depending on the type of epoxy used. Wirebond/gapweld is performed depending on the required assembly drawing. Inspection follows to ensure conformance to the assembly drawing.

The modules/sub-assembly boards will then undergo test and tune (if required). All passing modules are then integrated to form the ODU (final product) during Top level assembly. System level testing follows (Calibration and Parametric test, Bit Error Rate ("BER") Test, etc.). The ODUs should conform to the specifications set by the customer.

Finished products are then packed per customer specifications and shipped to the intended destination.

CATSI Customers

Most of the Cirtek Group's customers have been clients of the company for more than 10 years. For most of these clients, no formal supply or manufacturing contract is executed, and the orders are governed by purchase orders which provide the specification of the products to be sold, delivery schedule and terms of payment, among others. Customers are required to submit order forecasts ranging from 3-6 months, which the Company uses to project its supply requirements. Depending on the relationship with the particular customers, payment terms can be on a cash-on-delivery basis or credit term of between 30 to 45 days.

CATSI Competition

The Company's competitors in the RF/Satcom EMS space include large OEMs with international presence such as Benchmark Electronics, Plexus, Flextronics, and MTI Electronics. Among the Company's local competitors for certain product lines are Ionics and IMI.

The Company believes is competitive strength lies in its ability to provide complete turnkey solutions for complex, box build electronic and microwave products. The Company also believes it has unique RF/microwave expertise to deliver vertically integrated products from components to modules and system levels.

Quintel Corporation

Founded in 2007, Quintel designs, develops and delivers advanced high efficiency, high performance antenna solutions that allow mobile operators to increase efficiency, enhance quality-of-service and reduce costs. The company's core technology, QTilt, which provides variable linear phase slope across the antenna array and as such, increases site output without expanding the site footprint. The company corporate offices in Rochester and New York and San Jose California and its sales office is located Bukinghamshire in the United Kingdom.Quintel's team of seasoned professionals understand tower tops better than anyone else in the industry and have pioneered some of the most advanced solutions in the marketplace today. Quintel delivers tremendous value to the industry's leading operators and OEMs, as well as a robust ecosystem of technology and channel partners, across the globe

Quintel is radically transforming wireless infrastructure with feature-rich antenna technologies that make networks more efficient and more profitable. An innovator in low-impact and high-output solutions, Quintel simplifies rollout complexity with practical antenna solutions that quickly boost capacity and coverage within diverse heterogeneous networks. Quintel's innovative MultiServ and SONwav product lines enable mobile operators to quickly and easily grow their networks and not their budgets.

The following are Quintel's antenna products lines:

1. MultiServ - Single Antenna - Multiple Frequency Bands

Under the MultiServ brand, Quintel sells Multi-Band/ Multi-Port Antennas which are designed to maximize site utilization without compromising site design and network optimization freedoms. This product offers independent tilt for different bands for different arrays while supporting up to 4x4 MIMO at high-bands. The technology of Multiserv also minimizes Passive Intermodulation interference and supports different access technologies (4G, LTE, 3G, 2G).

Space Efficient Tower Solutions

PIM Efficient Solutions

Key Highlights of MultiServ product line:

- Smallest form factor (12″ wide x 4′ / 6′ / 8′ lengths)
- Advanced aerodynamic design reduces wind loading
- Field proven best-in-class azimuthal roll-off (C/I) RF performance
- Independent tilt-per-band eliminates band combiners
- Most reliable / all internal "Direct Connect" Remote Electrical Tilt (RET) design
- Highest quality in the industry – used at both tier-1 U.S. carriers nationally
- AISG over RF capability
- Broad portfolio with Hexports and Octoports in 65º and 45º and 10 / 12 port antennas
- World's only 12 port antenna 12″ wide x 72″ or 96″ length with 6′ high-band arrays

2. SONWav - Directional Antenna – Passive Real-Time Beamforming

Through its SONWav brand, Quintel provides Passive Real-Time Elevation Beamforming Antennas which increases throughput and spectral efficiency at low spectrum bands in a single slimline antenna. This product also offers route to double MIMO freedoms.

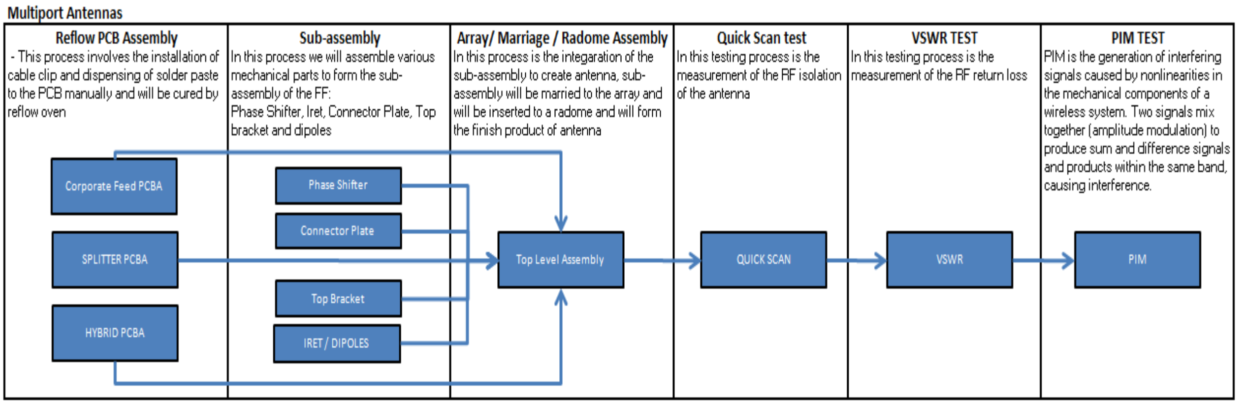
Key Highlights of MultiServ product line:

- SONWav technique designed for Low-Band Serice 700, 800, 850MHz
- Allows Downlink to be Tilt optimized with Power Limited Uplink Services (VoLTE)
- Mitigates Uplink Interference when using IRC in Baseband
- Maximizes Uplink MCS, SINR, CQI and Throughput
- SonWav also has 4x1695-2400MHz Ports (as 2x independent Tilts)
- Optimized Azimuth Patters as per MultiServe Family
- Optimized Rodome&Windload as MultiServe Family

Quintel Manufacturing Process Flow

Cirtek assembles and tests antenna products at its manufacturing complex located in Laguna Technopark in Biñan, Laguna. The manufacturing facility is composed of three buildings, with a total floor area of 22,300 square feet.

The figure below illustrates the typical manufacturing process flow for the production of antenna products:



Quintel Customers

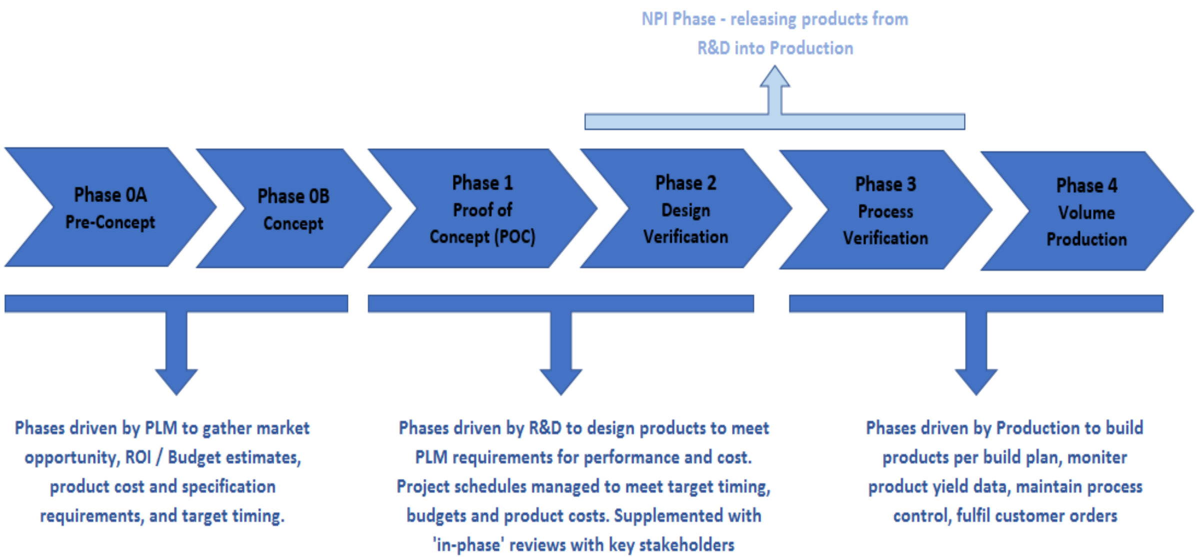
Quintel's current customers are AT&T and Verizon, large telecommunication corporations operating in North America. In order to reduce the concentration risk of a few major customers, Quintel has been actively seeking business opportunities with new potential customers wherein the initial focus will be on large customers in North America and Europe. The company eventually wants to penetrate the Asian market and provide its products to telecommunication companies in countries such as Singapore and the Philippines.

Quintel Competition

Quintel's competitors in the Antenna space are made of up of a number of well-known companies, most of which sell multiple products directly or indirectly to carriers. These competitors are either diversified telecom infrastructure and service companies, telecom system and component vendors or pure-play antenna makers. Below is a diagram of the competitive landscape of the industry:

Quintel Product Development (Research and Development)

The figure below illustrates the New Product Development process within Quintel:



Risks related to CEIC, CATSI and Quintel

For a more detailed discussion of the major risks pertaining to CEIC, CATSI and Quintel, please refer to the section on “Risk Factors”.

Awards and recognition

The Cirtek Group has been presented with several awards by its customers. The table below lists some of the awards and certifications garnered by the Cirtek Group in recent years:

Award	Awarding Body	Year
For Cirtek Electronics Corporation		
Semiconductor Assembly and Test Supplier of the Year	Bourns, Inc	2016
Best New Product Introduction	Cambridge Semiconductor (“Camsemi”)	2013
Plaque of Appreciation Success on New Product Introduction	Camsemi	2012
Technology Partner Award	Camsemi	2010
Most Improved Subcontractor Award	Supertex, Inc.	2009
Top Ranking Subcontractor	Triquit Semiconductor	2008
Excellent Partner Award	Sunpower Corp.	2008
Excellence in Delivery and Service Award	WJ Communications	2008
Delivery and Service Award	International Rectifier	2006
For CATSI		
Silver Core Partner Award	Huawei Technologies Co. Ltd	2011
Gold Core Partner Award	Huawei Technologies Co. Ltd	2010
Silver Core Partner Award	Huawei Technologies Co. Ltd	2009

Marketing

The Company appoints exclusive and non-exclusive sales agents around the globe to promote its products and services. These agents help promote and maintain strong relationships by working closely with customers to address and resolve quality issues and communicate timely responses to specific requirements and delivery issues. The Company through its subsidiaries currently maintains a sales director in the USA and sales agents in the USA, Europe and Asia.

Cirtek also performs marketing research for technology development by working closely with its customers through collaboration, conducting surveys and gathering market trends to keep the Company abreast of new packaging techniques and product introductions.

Suppliers

Direct materials used by the Company in the manufacturing process are leadframes, molding compound, wires (gold and copper) and epoxy adhesives. Silicon wafers are provided by Cirtek’s customers.

These direct materials are sourced abroad, mainly from Hongkong, Singapore, Malaysia and Korea. Shipment is mostly by air, except for the molding compound, which is by sea because of its weight. In order to mitigate the risk of shortage of these direct materials, the Company has at least two suppliers for each material. The table below lists the Company's major suppliers for each direct material as of the date of the Prospectus:

CEC

Direct Material	Major Suppliers
Lead frames	-Rokko Leadframes Pte Ltd -ASM Technology Singapore Pte Ltd., Singapore -Poongsan Microtec Philippines. -PSMC Co. Ltd. , Korea -Dai Nippon Printing Co. Ltd -Dongguan Possehl SEG Elec. Co. Ltd.,China -QPL Limited, Hongkong.
Moulding Compound	-Sumitomo Bakelite Singapore Pte.Ltd, Singapore. -Panasonic Electric Works Electronic Materials -Shinetsu -Hitachi Chemical Asia –Pacific Pte. Ltd, Singapore
Epoxy	-Ablestik (Shanghai) Ltd, China -Henkel Corporation, USA -Sumitomo, Japan
Wires	-Hereaus Oriental Hitec Co. Ltd, Korea. -Heraeus Materials Malaysia SdnBhd

CATSI

Items	Major Supplier
Adaptor / Conectors for PIM source	Changzhou Amphenol
Radome support -- UBB 8 Port; U-Pin rail; Motor assembly cover	New-First Plastics, Co., Ltd.
Dual high-band diplexer; BRKT (LTE700/Cellular 850	Pivotone Communication Technologies
Mounting kit; lightning rod; connector plate; M6 fixings, UBB, BIA	Suzhou Dingshan Precision Mfg Co., Ltd.

The Company is not dependent on one or a limited number of suppliers for essential raw materials, energy or other items.

Material Agreements

The financing and credit facility agreements discussed below are subject to representations and warranties, covenants and events of default standard for similar agreements. A comprehensive discussion of the agreements below is provided in the Company's consolidated financial statements and related notes. Outstanding principal balances disclosed below are exclusive of interest payable and deferred financing costs.

1. Agreements with Metropolitan Bank & Trust Company ("Metrobank")

Long-term Debt

On December 18, 2014, the Company entered into a US$10 million Note Facility Agreement with Metrobank as Initial Noteholder, Metrobank – Trust Banking Group as Facility Agent and Paying Agent, and First Metro Investment Corporation as Arranger (the "Notes"). The Notes were first issued on December 22, 2014 (the "Issue Date") with an interest rate of 3.75%. The maturity date is on November 26, 2019. As of September 25, 2017, the outstanding principal balance of the Notes is US$8.25 million.

The Company will repay 30% of the loan in 12 equal consecutive quarterly installments in the amount equivalent to 2.50% of the Notes, commencing at the end of the 5^{th} quarter until the end of the 16^{th} quarter from the Issue Date. The Company will repay the remaining 70% of the Notes in four equal consecutive quarterly installments in the amount equivalent to 17.50% of the loan commencing at the end of the 17^{th} quarter from the Issue Date until the Maturity Date.

The Company used the net proceeds of the issuance of the Notes to finance acquisition of RBWI and other general corporate requirements.

Under this Notes Facility Agreement, the following financial ratios must be maintained:

- debt to equity ratio shall not, at any time, exceed 2:1;
- debt service coverage ratio shall not, as of relevant testing date, be less than 1.5; and
- current ratio shall not at any time be less than 1:1, provided however, this ratio shall not apply after the fourth anniversary of the issue date.

The Company is in compliance with the debt covenants as of June 30, 2017 and December 31, 2016.

Short Term Loan

The Company has a revolving loan facility with Metrobank, evidenced by a promissory note, which has a payment term of 180 days. The facility is unsecured and charged an interest of 3.00% per annum paid quarterly. As of September 25, 2017, the outstanding principal balance of the revolving loan facility is US$1.90 million.

The revolving loan facility was used for the working capital requirements and other general corporate requirements of the Company.

2. Agreements with the Bank of the Philippine Islands ("BPI")

Long-term Debt

On September 20, 2016, the Company entered into a US$30 million Note Facility Agreement with BPI as Initial Noteholder, BPI – Asset Management and Trust Group as Facility Agent and Paying Agent, and BPI Capital Corporation as Arranger (the "Notes"). The Notes were issued on September 21, 2016 with an interest rate of 3.60%. The Maturity Date is on August 26, 2021. As of September 25, 2017, the outstanding principal balance of the Notes is US$30 million.

The Company will repay 30% of the Notes in 12 equal consecutive quarterly installments in the amount equivalent to 2.50% of the Notes, commencing at the end of the 5^{th} quarter until the end of the 16^{th} quarter from the issue date. The Company will repay the remaining 70% of the Notes in four (4) equal consecutive quarterly installments in the amount equivalent to 17.50% of the Notes commencing at the end of the 17^{th} quarter from the issue date until the Maturity Date.

The net proceeds of the issuance of the Notes were used by the Company to refinance capital expenditures, working capital requirements, and partially finance the acquisition of Quintel.

Under this Notes Facility Agreement, the following financial ratios must be maintained:

- debt to equity ratio shall not, at any time, exceed 2:1;
- debt service coverage ratio shall not, as of relevant testing date, be less than 1.5; and
- current ratio shall not at any time be less than 1:1, provided however, this ratio shall not apply after the fourth anniversary of the issue date.

The Company is in compliance with the debt covenants as of June 30, 2017 and December 31, 2016.

Short Term Loan

The Company has a revolving loan facility with BPI, evidenced by various promissory notes issued on different dates, which have payment terms of 180 days. The facility is unsecured and charged an interest of 1.80% per annum paid quarterly. As of September 25, 2017, the outstanding principal balance of the revolving loan facility is US$5.77 million.

The revolving loan facility was used for the working capital requirements and other general corporate requirements of the Company.

On July 31, 2017, BPI extended a bridge loan facility amounting to US$20 million, with a term of 360 days. The facility is unsecured and charged an interest of 3.60% per annum paid quarterly. As of September 25, 2017, the outstanding principal balance of the bridge loan facility is US$20 million.

The bridge loan facility was used to partially refinance debt and partially finance the acquisition of Quintel.

3. Agreement with Security Bank Corporation ("Security Bank")

Short Term Loan

The Company has a revolving loan facility with Security Bank, evidenced by various promissory notes issued on different dates, which have payment terms of 180 days. The facility is unsecured and charged an interest of 2.22% to 2.54% per annum paid quarterly. As of September 25, 2017, the outstanding principal balance of the revolving loan facility is US$10 million.

The revolving loan facility was used for the working capital requirements and other general corporate requirements of the Company.

4. Agreements with Union Bank of the Philippines ("Unionbank")

Short Term Loan

The Company has a revolving loan facility with Unionbank, evidenced by a promissory note, which has a payment term of 90 days. The facility is unsecured and charged an interest of 4.50% per annum paid quarterly. As of September 25, 2017, the outstanding principal balance of the revolving loan facility is US$2.75 million.

The revolving loan facility was used to partially fund the acquisition of Quintel.

5. Credit Facility Agreements with Rizal Commercial Banking Corporation ("RCBC")

Short Term Loan

The Company has a revolving loan facility with RCBC, evidenced by various promissory notes issued on different dates, which have payment terms of 284 to 360 days. The facility is unsecured and charged an interest of 2.50% to 4.00% per annum paid quarterly. As of September 25, 2017, the outstanding principal balance of the revolving loan facility is US$44.87 million.

The revolving loan facility was used for working capital requirements and to partially fund the acquisition of Quintel.

6. Credit Facility with China Banking Corporation ("Chinabank")

Short Term Loan

The Company has a revolving loan facility with China Bank, evidenced by various promissory notes issued on different dates, which have payment terms of 180 days. The facility is unsecured and charged an interest of 3.75% per annum paid quarterly. As of September 25, 2017, the outstanding principal balance of the revolving loan facility is US$10 million.

The revolving loan facility was used for the working capital requirements of the Company and to partially finance the acquisition of Quintel.

7. Quintel Acquisition Agreement and Plan of Merger

On July 31, 2017, the Company entered into an Agreement and Plan of Merger under which the Company, through its subsidiary CEIC and the latter's subsidiary Cirtek Corporation, a Delaware corporation ("Cirtek Delaware"), will acquire 100% of Quintel Cayman Ltd. ("Quintel Cayman").

The transaction was structured as a reverse triangle merger whereby the Company established Cirtek Cayman Ltd. to merge with Quintel Cayman, with the latter as the surviving corporation. Pursuant to the transaction, all outstanding shares, warrants, and stock options in Quintel Cayman were converted to a right to receive the consideration from the Company and Cirtek Delaware. As a result of the merger, Quintel Cayman will be a wholly-owned subsidiary of Cirtek Delaware. The memorandum of association and articles of association of Quintel Cayman as surviving company shall be amended to conform to the organizational documents of Cirtek Cayman Ltd.

The Company acquired Quintel for at least USD 77 million, subject to the adjustments in the pre- and post- closing statements, setting forth the different amounts comprising the total consideration, prepared by Quintel Cayman and the Company, which statements will be finalized within 60 to 90 days from July 31, 2017.

On August 4, 2017, the Assistant Registrar of Companies for the Cayman Islands issued a Certificate of Merger stating that the companies have merged effective on said date.

Employees

As of 30 September 2017, the Cirtek Group's manpower complement numbered at 2,822.

Position	Total
Managers and Executives	55
Engineers	92
Administration	83
Other Support Groups	402
Rank and File	692
Agency/Contractual	1,498
Total	2,822

Contractual employees of the Company are primarily involved in mechanical functions in the production lines. Employees holding critical or highly technical functions such as management and oversight of the production process, which include engineers and key managers, are regular employees of the Company.

The Company does not expect to significantly increase its manpower requirements in the next twelve months.

Management-Employee Relations

The Cirtek Group is not unionized. However, to foster better employee-management relations, the Cirtek Group has a Labor Management Council ("LMC") composed of committees with representatives from both labor and management. These committees include the committee on employee welfare and benefit, employee cooperative committee, employee discipline committee and sports and recreation committee, among others.

LMCs are established to enable the workers to participate in policy and decision-making processes in establishment, in so far as said processes will directly affect their rights, benefits, and welfare, except those which are covered by collective bargaining agreement or are traditional areas of bargaining. The scope of the council/committee's functions consists of information sharing, discussion, consultation, formulation, or establishment of programs or projects affecting the employees in general or the management.

There is an existing agreement between CEC and the United Cirtek Employees Association, entitled "Collective Bargaining Agreement", pertaining to minimum salary, benefits, emoluments, security of tenure, and other terms and conditions of employment. CATSI does not have a similar agreement with its employees.

Contractual Employees

Approximately 53% of the Cirtek Group's workforce consists of contractual employees (direct employees of the Group's contractors).

The 1,498 contractual employees (as of September 30 2017) are entitled to all the statutory employment rights and privileges vis-à-vis their direct employer, the contractor/agency.

As of the date of this prospectus, the Company is in compliance with all relevant labor laws including laws on contractualization.

Properties

The Company, through its subsidiary, owns the manufacturing plants in the Laguna Technopark as well as machinery such as bonder, auto test handler, optical inspection system, wafer back grinder, mold set, SMT equipment, MIC epoxy dispense, die attach, high-speed wire bonders, automated test stations, and other machinery necessary for the manufacture, assembly and testing of semiconductors and broadband wireless products. All of these properties are free and clear of liens, encumbrances, and other charges, and are not subject of any mortgage or other security arrangement.

CHPC does not own land. Thus, CEC entered into a lease arrangement with CLC and Cayon to lease the land where the manufacturing facility is located. The manufacturing facility is composed of two buildings, with a total floor area of 152,000 square feet and is shared by CEC and CATSI.

The leases with CLC and Cayon will expire on 2021 but are renewable upon mutual agreement of the parties. The Company does not anticipate any issues with the lease renewals.

The Company does not expect to acquire new properties or enter into new leases in the next twelve months.

Please refer to the related discussion on the leases under “Related Party Transactions - Transactions with CLC and Cayon” on page 163 of the Prospectus.

Intellectual Property

Through its subsidiary Quintel, the Company has an Intellectual Property Portfolio a summary of which can be seen below:

Patents

Quintel Patent Family Ref No.	Attorney Patent Family Ref No.	Attorney Patent Case Ref No.	Country	Divisionals	Status	Publication #	Application #	Publication Date (DD/MM/YYY)	Patent #	Grant Date (DD/MM/YYY)	Parent #	Parent Filing Date (DD/MM/YYY)	Parent Country
P3	P7021	P7021-1JP	JAPA	Div-1	GRANTED	JP 2009-50029	2008-305931	3/5/2009	5186343	1/25/2013	2003-539131	9/12/2002	JAPA
P3	P7021	P7021CN	CHIN		GRANTED	CN1575530	02820866.8	2/2/2005	ZL02820866.8	7/1/2009	PCT/GB02/04166	9/12/2002	PCT
P3	P7021	P7021-1CN	CHIN	Div-1	GRANTED	CN 101436711	200810181703.3	5/20/2009	200810181703.3	6/19/2013	02820866.8	9/12/2002	CHIN
P3	P7021	P7021IT	ITAL		GRANTED	EP1442501	502006901446794	8/4/2004	1442501	6/21/2006	PCT/GB02/04166	9/12/2002	PCT
P3	P7021	P7021GB	GBRI		GRANTED	EP1442501	02755364.3	8/4/2004	1442501	6/21/2006	PCT/GB02/04166	9/12/2002	PCT
P3	P7021	P7021FR	FRAN		GRANTED	EP1442501	02755364.3	8/4/2004	1442501	6/21/2006	PCT/GB02/04166	9/12/2002	PCT
P3	P7021	P7021ES	SPAI		GRANTED	EP1442501	02755364.3	8/4/2004	1442501	6/21/2006	PCT/GB02/04166	9/12/2002	PCT
P3	P7021	P7021DE	GERM		GRANTED	DE60212682	02755364.3	6/28/2007	60212682.7	6/21/2006	PCT/GB02/04166	9/12/2002	PCT
P3	P7021	P7021US	USA		GRANTED	2004-0209572	10/492,248	10/21/2004	7,365,695	4/29/2008	PCT/GB02/04166	9/12/2002	PCT
P3	P7021	P7021-1IT	ITAL	Div-1	GRANTED	EP1684378	502012902065081	7/26/2006	1684378	4/4/2012	02755364.3	9/12/2002	EPC
P3	P7021	P7021-1FR	FRAN	Div-1	GRANTED	EP1684378	06006094.4	7/26/2006	1684378	4/4/2012	02755364.3	9/12/2002	EPC
P3	P7021	P7021-1GB	GBRI	Div-1	GRANTED	EP1684378	06006094.4	7/26/2006	1684378	4/4/2012	02755364.3	9/12/2002	EPC
P3	P7021	P7021-1ES	SPAI	Div-1	GRANTED	ES2387128	06006094.4	9/14/2012	1684378	4/4/2012	02755364.3	9/12/2002	EPC
P3	P7021	P7021-1DE	GERM	Div-1	GRANTED	EP1684378	06006094.4	7/26/2006	60242586.7	4/4/2012	02755364.3	9/12/2002	EPC
P3	P7021	P7021-2CN	CHIN	Div-2	GRANTED	CN 101593868	200910203519.9	12/2/2009	200910203519.9	4/22/2015	02820866.8	9/12/2002	CHIN
P4	P7023	P7023US	USA		GRANTED	2004-0252055	10/495,478	12/16/2004	7,230,570	6/12/2007	PCT/GB02/04930	10/31/2002	PCT
P4	P7023	P7023-1JP	JAPA	Div-1	GRANTED	JP2008-178125	2008-036485	7/31/2008	4796595	8/5/2011	2003-544848	10/31/2002	JAPA

Quintel Patent Family Ref No.	Attorney Patent Family Ref No.	Attorney Patent Case Ref No.	Country	Divisionals	Status	Publication #	Application #	Publication Date (DD/MM/YYY)	Patent #	Grant Date (DD/MM/YYY)	Parent #	Parent Filing Date (DD/MM/YYY)	Parent Country
P6	P7155	P7155US	USA		GRANTED	2006-0003808	10/529,589	1/5/2006	7,433,713	10/7/2008	PCT/GB2003/004447	10/15/2003	PCT
P6	P7155	P7155-1US	USA	Con1	GRANTED	2009-0075701	12/201,688	3/19/2009	8,185,161	5/22/2012	10/529,589	10/15/2003	USA
P7	P7240	P7240KR	KORS		GRANTED	10-1130142	10-2005-7018911	3/28/2012	10-1130142	3/19/2012	PCT/GB2004/001297	3/25/2004	PCT
P7	P7240	P7240CN	CHIN		GRANTED		200480014536.3		200480014536.3	6/9/2010	PCT/GB2004/001297	3/25/2004	PCT
P7	P7240	P7240US	USA		GRANTED	2006-0192711	10/551,798	8/31/2006	7,400,296	7/15/2008	PCT/GB2004/001297	3/25/2004	PCT
P7	P7240	P7240-1US	USA	Con1	GRANTED	2008-0211716	12/111,901	9/4/2008	7,868,823	1/11/2011	10/551,798	3/25/2004	USA
P7	P7240	P7240DE	GERM		GRANTED		04723238.4		602004005687.1	4/4/2007	PCT/GB2004/001297	3/25/2004	PCT
P7	P7240	P7240FR	FRAN		GRANTED		04723238.4		1609208	4/4/2007	PCT/GB2004/001297	3/25/2004	PCT
P7	P7240	P7240GB	GBRI		GRANTED		04723238.4		1609208	4/4/2007	PCT/GB2004/001297	3/25/2004	PCT
P7	P7240	P7240IT	ITAL		GRANTED		04723238.4		1609208	4/4/2007	PCT/GB2004/001297	3/25/2004	PCT
P7	P7240	P7240ES	SPAI		GRANTED	2284001	04723238.4		1609208	4/4/2007	PCT/GB2004/001297	3/25/2004	PCT
P7	P7240	P7240JP	JAPA		GRANTED	2006-522519	2006-506022	9/28/2006	4384658	10/2/2009	PCT/GB2004/001297	3/25/2004	PCT
P7	P7240	P7240-2US	USA	Con2	GRANTED	2011-0102262	12/987,874	5/5/2011	8,174,442	5/8/2012	12/111,901	4/29/2008	USA
P8	P7243	P7243SE	SWED		GRANTED	EP1642357	04731959.5	4/5/2006	1642357	11/30/2011	PCT/GB2004/002016	5/10/2004	PCT
P8	P7243	P7243US	USA		GRANTED		10/553,308		7,450,066	11/11/2008	PCT/GB2004/002016	5/10/2004	PCT
P8	P7243	P7243MX	MEXI		GRANTED		PA/a/2005/011801		250524	10/19/2007	PCT/GB2004/002016	5/10/2004	PCT
P8	P7243	P7243GB	GBRI		GRANTED	EP1642357	04731959.5	4/5/2006	1642357	11/30/2011	PCT/GB2004/002016	5/10/2004	PCT
P8	P7243	P7243FR	FRAN		GRANTED	EP1642357	04731959.5	4/5/2006	1642357	11/30/2011	PCT/GB2004/002016	5/10/2004	PCT
P8	P7243	P7243DE	GERM		GRANTED	EP1642357	04731959.5	4/5/2006	602004035511.9	11/30/2011	PCT/GB2004/002016	5/10/2004	PCT
P8	P7243	P7243IT	ITAL		GRANTED	EP1642357	04731959.5	4/5/2006	1642357	11/30/2011	PCT/GB2004/002016	5/10/2004	PCT
P8	P7243	P7243ES	SPAI		GRANTED	EP1642357	04731959.5	4/5/2006	1642357	11/30/2011	PCT/GB2004/002016	5/10/2004	PCT

Quintel Patent Family Ref No.	Attorney Patent Family Ref No.	Attorney Patent Case Ref No.	Country	Divisionals	Status	Publication #	Application #	Publication Date (DD/MM/YYY)	Patent #	Grant Date (DD/MM/YYY)	Parent #	Parent Filing Date (DD/MM/YYY)	Parent Country
P8	P7243	P7243KR	KORS		GRANTED	10-1195778	10-2005-7021962	11/5/2012	10-1195778	10/24/2012	PCT/GB2004/002016	5/10/2004	PCT
P8	P7243	P7243JP	JAPA		GRANTED	JP2007-503783	2006-530483	2/22/2007	4841435	10/14/2011	PCT/GB2004/002016	5/10/2004	PCT
P9	P7315	P7315JP	JAPA		GRANTED	JP2007-511124	2006-537428	4/26/2007	4420928	12/11/2009	PCT/GB2004/004586	10/29/2004	PCT
P9	P7315	P7315KR	KORS		GRANTED	10-1111467	10-2006-7008888	2/21/2012	10-1111467	1/26/2012	PCT/GB2004/004586	10/29/2004	PCT
P9	P7315	P7315US	USA		GRANTED	2007-0080886	10/577,206	4/12/2007	7,420,507	9/2/2008	PCT/GB2004/004586	10/29/2004	PCT
P9	P7315	P7315CN	CHIN		GRANTED	CN1879254	200480032853.8	12/13/2006	200480032853.8	5/9/2012	PCT/GB2004/004586	10/29/2004	PCT
P9	P7315	P7315HK	HONG		GRANTED	HK1099412	07105398.0	8/10/2007	HK1099412	12/14/2012	200480032853.8	10/29/2004	CHIN
P9	P7315	P7315GB	GBRI		GRANTED	EP1680834	04791623.4	7/19/2006	1680834	11/7/2007	PCT/GB2004/004586	10/29/2004	PCT
P9	P7315	P7315FR	FRAN		GRANTED	EP1680834	04791623.4	7/19/2006	1680834	11/7/2007	PCT/GB2004/004586	10/29/2004	PCT
P9	P7315	P7315DE	GERM		GRANTED	EP1680834	04791623.4	7/19/2006	602004009959.7	11/7/2007	PCT/GB2004/004586	10/29/2004	PCT
P9	P7315	P7315ES	SPAI		GRANTED	ES2295944	04791623.4		1680834	11/7/2007	PCT/GB2004/004586	10/29/2004	PCT
P10	P7386	P7386CN	CHIN		GRANTED	CN101023559	200580030385.5	8/22/2007	200580030385.5	12/19/2012	PCT/GB2005/002694	7/7/2005	PCT
P10	P7386	P7386US	USA		GRANTED	2008-0026796	11/632,233	1/31/2008	8,208,962	6/26/2012	PCT/GB2005/002694	7/7/2005	PCT
P14	P7429	P7429US	USA		GRANTED	2009-0058725	12/278,814	3/5/2009	9,118,361	8/25/2015	PCT/GB2007/000348	2/1/2007	PCT
P16	P7511	P7511-1CN	CHIN	Div-1	GRANTED	103337688	201310231868.8	10/2/2013	201310231868.8	8/10/2016	200780030552.5	8/10/2007	PCT
P16	P7511	P7511CN	CHIN		GRANTED	CN 101507143	200780030552.5	8/12/2009	200780030552.5	7/17/2013	PCT/GB2007/003047	8/10/2007	PCT
P16	P7511	P7511EP	EPC		FILED	EP 2052469	07789176.0	4/29/2009			PCT/GB2007/003047	8/10/2007	PCT
P16	P7511	P7511JP	JAPA		GRANTED	JP 2010-506438	2009-524223	2/25/2010	5088902	9/21/2012	PCT/GB2007/003047	8/10/2007	PCT
P16	P7511	P7511US	USA		GRANTED	WO/2008/020178	12/280,813	2/21/2008	8,269,668	9/18/2012	PCT/GB2007/003047	8/10/2007	PCT
P17	P7521	P7521US	USA		GRANTED	2009-0322610	12/514,287	12/31/2009	9,252,485	2/2/2016	PCT/GB2007/004227	8/10/2007	PCT
P17	P7521	P7521CN	CHIN		GRANTED	CN 101578737	200780049659.4	11/11/2009	200780049659.4	8/28/2013	PCT/GB2007/004227	8/10/2007	PCT

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P17	P7521	P7521EP	EPC		FILED	EP2092601	07824462.1	5/15/2008			PCT/GB2007/004227	8/10/2007	PCT
P17	P7521	P7521-1US	USA	Div-1	FILED	2016-0352010	15/012,363	12/1/2016			12/514,287	8/10/2007	USA
P18	P7522	P7522US	USA		GRANTED	2010-0144289	12/514,292	6/10/2010	8,185,162	5/22/2012	PCT/GB2007/004237	8/10/2007	PCT
P19	P1900	P1900US	USA		GRANTED	2011-0199992	13/009,614	8/18/2011	9,190,715	11/17/2015	61/296,394	1/19/2010	USA
P21	P2100	P2100CN	CHIN		GRANTED	103563170	201280024671.0	2/5/2014	201280024671.0	9/14/2016	PCT/US2012/030418	3/23/2012	PCT
P21	P2100	P2100EP	EPC		ALLOWED	EP 2689493	12765944.9	1/29/2014			PCT/US2012/030418	3/23/2012	PCT
P21	P2100	P2100US	USA		GRANTED	2012-0244899	13/429,042	9/27/2012	8,879,997	11/4/2014	61/467,915	3/25/2011	USA
P22	P2200	P2200KR	KORS		FILED	WO 2013/028584	10-2014-7004092	2/28/2013			PCT/US2012/051514	8/18/2012	PCT
P22	P2200	P2200EP	EPC		FILED	EP 2745408	12825400.0	6/25/2014			PCT/US2012/051514	8/18/2012	PCT
P22	P2200	P2200CN	CHIN		GRANTED	CN 103891152	201280050976.9	6/25/2014	201280050976.9	4/27/2016	PCT/US2012/051514	8/18/2012	PCT
P22	P2200	P2200JP DIV	JAPA		DOCKETED						2014-527212	8/18/2012	JAPA
P22	P2200	P2200-1CN	CHIN	Div-1	FILED	105742816	201610185265.2	7/6/2016			201280050976.9	8/18/2012	CHIN
P22	P2200	P2200US	USA		GRANTED	2013-0044650	13/589,121	2/21/2013	9,344,176	5/17/2016	61/525,625	8/19/2011	USA
P22	P2200	P2200JP	JAPA		FILED	2014-524714	2014-527212	9/22/2014			PCT/US2012/051514	8/18/2012	PCT
P22	P2200	P2200-1US	USA	Div-1	FILED	2016-0261326	15/156,018	9/8/2016			13/589,121	8/18/2012	USA
P23	P2300	P2300US	USA		GRANTED	2014-0242930	14/186,524	8/28/2014	9,438,278	9/6/2016	61/767,964	2/22/2013	USA
P23	P2300	P2300CN	CHIN		FILED	CN 105122862	20140022268.3	12/2/2015			PCT/US2014/017808	2/21/2014	PCT
P23	P2300	P2300EP	EPC		FILED	EP 2959710	14753700.5	12/30/2015			PCT/US2014/017808	2/21/2014	PCT
P23	P2300	P2300JP	JAPA		FILED	2016-511598	2015-559018	4/14/2016			PCT/US2014/017808	2/21/2014	PCT
P24	P2400	P2400KR	KORS		FILED	WO 2015/142743	10-2016-7025212	9/24/2015			PCT/US2015/020781	3/16/2015	PCT
P24	P2400	P2400US	USA		FILED	2015-0263435	14/659,123	9/17/2015			61/954,344	3/17/2014	USA

Quintel Patent Family Ref No.	Attorney Patent Family Ref No.	Attorney Patent Case Ref No.	Country	Divisionals	Status	Publication #	Application #	Publication Date (DD/MM/YY Y)	Patent #	Grant Date (DD/MM/Y YY)	Parent #	Parent Filing Date (DD/MM/ YYY)	Parent Country
P24	P2400	P2400EP	EPC		FILED	EP3120416	15765512.7	1/25/2017			PCT/US2015/020781	3/16/2015	PCT
P24	P2400	P2400JP	JAPA		FILED	WO 2015/142743	2016-557243	9/24/2015			PCT/US2015/020781	3/16/2015	PCT
P24	P2400	P2400CN	CHIN		FILED	CN 106170890	201580014482.9	11/30/2016			PCT/US2015/020781	3/16/2015	PCT
P25	P2500	P2500CN	CHIN		FILED	CN 106063233	201580012208.8	10/26/2016			PCT/US2015/010341	1/6/2015	PCT
P25	P2500	P2500EP	EPC		FILED	EP 3092783	15735143.8	11/16/2016			PCT/US2015/010341	1/6/2015	PCT
P25	P2500	P2500JP	JAPA		FILED	WO 2015/105803	2016-545276	7/16/2015			PCT/US2015/010341	1/6/2015	PCT
P25	P2500	P2500KR	KORS		FILED	WO 2015/105803	10-2016-7018336	7/16/2015			PCT/US2015/010341	1/6/2015	PCT
P25	P2500	P2500US	USA		FILED	2015-0195001	14/590,729	7/9/2015			61/924,567	1/7/2014	USA
P26	P2600	P2600JP	JAPA		FILED	WO 2015/117020	2016-549505	8/6/2015			PCT/US2015/013948	1/30/2015	PCT
P26	P2600	P2600CN	CHIN		FILED	WO 2015/117020	201580017564.9	8/6/2015			PCT/US2015/013948	1/30/2015	PCT
P26	P2600	P2600US	USA		FILED	2015-0222025	14/610,987	8/6/2015			61/934,472	1/31/2014	USA
P26	P2600	P2600EP	EPC		FILED	EP3100518	15743325.1	12/7/2016			PCT/US2015/013948	1/30/2015	PCT
P27	P2700	P2700US	USA		FILED	2016-0248151	15/050,312	8/25/2016			62/119,702	2/23/2015	USA
P27	P2700	P2700PCT	PCT		FILED	WO 2016/137902	PCT/US2016/018979	9/1/2016			62/119,702	2/23/2015	USA
P28	P2800L	P2800US	USA		FILED		62/368,364						
P29	P2900	P2900US	USA	-	FILED	–	15/632,443						
P29	P2900	P2900PCT	PCT	-	FILED	–	PCT/US2017/039179						
P30	P3000L	P3000US	USA		FILED		62/434,337						

Note: A patent is genererally granted for 20 years from the date the patent application is filled.

Trademarks Registered

Trademark	***Description***
Quintel	Registered Trademark (USA and European Community)
Multiserv	Trademark of Quintel Technology Limited
QTilt	Trademark of Quintel Technology Limited
SONWav	Trademark of Quintel Technology Limited
New Dimensions in Wireless	Trademark of Quintel Technology Limited

Research and Development

Research and development work is performed by a team of over 100 experienced engineers with skills developed internally and learned from previous work experiences. Skills are brought in through hiring when necessary while training is a continuing concern to hone the skills of the technical staff.

The Company, through CEC and CATSI, has successfully cooperated with customers on many projects, co-developing with them new technology that are customer specific that will ensure continuing engagement by the customers. This approach ties up customer with the Company over a long period of time generating revenues from a captive market.

The Company's technology roadmap covers material development and process improvement to improve on cost and to help maintain the margins. The latest materials are identified to meet ever increasing demand for higher quality and lower cost. These are product-application specific that are jointly co-developed with the customers bringing benefits to both parties.

Although the Company engages in research and development activities, the expenses incurred by the Company incurred in connection with these activities are not material. Expenses related to research and development are usually 2% of the total sales per year.

Government Approval and Permits

All government approvals and permits issued by the appropriate government agencies or bodies which are material and necessary to conduct the business and operations of the Company, were obtained by the Company and are in full force and effect, as certified by Atty. Rachel P. Follosco of Follosco Morallos & Herce in the opinion she issued on October 12, 2017

The list of the permits and licenses of the Company and its subsidiaries are set out below:

Issuing Agency	Title of Permit /License	Date of Issuance	Validity/ Expiration Date	Status/Remarks
For Cirtek Holdings Philippines Corporation				
SEC	Certificate of Incorporation	February 10, 2011	Valid for the entire corporate term	Valid and subsisting.
LGU of Binan, Laguna	Business Permit	January 21, 2017	December 31, 2017	Valid and subsisting.

Issuing Agency	Title of Permit /License	Date of Issuance	Validity/ Expiration Date	Status/Remarks
BIR	Certificate of Registration	March 11, 2011	None stated	Valid and subsisting.
For Cirtek Electronics Corporation				
SEC	Certificate of Incorporation	May 31 1984	Valid for the entire corporate term	Valid and subsisting.
BIR	Certificate of Registration	May 20, 1987	None stated	Valid and subsisting.
PEZA	Certificate of Registration	March 24, 1998	None stated	Valid and subsisting.
PEZA	Certification	January 9, 2017	December 31, 2017	This lists down CEC's incentives under PEZA. Valid and subsisting.
LGU of Binan, Laguna	Business Permit	January 21, 2017	December 31, 2017	Valid and subsisting.
DOLE	Approved Application for Registration	February 4, 2003	None stated	Valid and subsisting.
SSS	Certificate of Membership	January 20, 1999	None stated	Valid and subsisting.
PhilHealth	Certificate of Registration	March 11, 2011	None sated	Valid and subsisting.
HDMF	Certificate	March 24, 2011	None stated	Valid and subsisting.
DENR-EMB Regional Office IV	Environmental Compliance Certificate	March 15, 2017	None stated	Valid and subsisting.
LLDA	Clearance for Development Plan/ Program/Project in the Laguna de Bay Region	June 9, 2017	None stated	Valid and subsisting.
LLDA	Discharge Permit	January 3, 2017	January 15, 2020	Valid and subsisting.
Bureau of Customs	Certificate of Registration	August 7, 2017	August 8, 2018	Valid and subsisting
DENR-EMB	Permit to Operate Air Pollution Source and Control Installations	October 17, 2016	October 29, 2021	Valid and subsisting
For Cirtek Advanced Technologies and Solutions, Inc.				
SEC	Amended License	February 18, 2015	None stated.	Valid and subsisting.

Issuing Agency	Title of Permit /License	Date of Issuance	Validity/ Expiration Date	Status/Remarks
SEC	Certificate of Filing of Substitution of Resident Agent	February 18, 2015	None stated.	Valid and subsisting.
BIR	Certificate of Registration	May 11, 2015	None stated	Valid and subsisting.
PEZA	Certificate of Registration	March 16, 2015	None stated	Valid and subsisting.
PEZA	Certifications (Nos. 2017-1083, 2017-1801)	February 20, 2017/ February 17, 2017	December 31, 2017	Valid and subsisting.
LGU of Binan, Laguna	Business Permit	January 20, 2017	December 31, 2017	Valid and subsisting.
DOLE Regional Office IV-A	Registry of Establishment	May 22, 2015	None stated	Valid and subsisting.
SSS	Certificate of Registration	August 27, 2015	None stated	Valid and subsisting Examined Certificate on Registration No. 04-0988479-1, vis-à-vis Employer Data Change Request to change name from Remec Broadband Wireless International to CATSI
PhilHealth	Certificate of Registration	April 30, 2015	None stated	Valid and subsisting.
HDMF	Certification	July 10, 2015	None stated	Valid and subsisting.
LLDA	Clearance for Development Plan/ Program/Project in the Laguna de Bay Region	Application Pending	Application Pending	Application Pending
DENR-EMB Regional Office IV	Environmental Compliance Certificate	August 13, 2015	None stated	Valid and subsisting.
DENR-EMB	Permit to Operate Air Pollution Source and Control Installations	October 17, 2016	October 25, 2021	Valid and subsisting.

Legal Proceedings

There are no pending legal cases against the Company, its subsidiaries, and their respective management that will have immediate material effect on the financial position and operating results of the Company.

REGULATORY AND ENVIRONMENTAL MATTERS

Philippine Economic Zone Authority

The PEZA is an attached agency to the Department of Trade and Industry and is tasked to promote investments, extend assistance, register, grant incentives to, and facilitate the business operations of investors in export-oriented manufacturing and service facilities located inside selected areas throughout the country proclaimed by the President of the Philippines as PEZA Special Economic Zones. It oversees and administers incentives to developers/operators and locators in Special Economic Zones.

Entities registered with the PEZA are entitled to fiscal and non-fiscal incentives. Fiscal Incentives include income tax holiday; tax and duty free importation of raw materials, capital equipment, machineries and spare parts; VAT zero rating; exemption from payment of local government imposts, fees, licenses, and taxes; and exemption from expanded withholding tax. Non-fiscal incentives include simplified import-export procedures; and special non-immigrant visa with multiple entry privileges for certain officers and employees. PEZA also extends visa facilitation assistance to foreign nationals and their spouses and dependents.

PEZA registered entities are required to maintain distinct and separate books for its operations inside the Special Economic Zones and are mandated to submit financial and other reports/documents to PEZA. Below are some of the periodic reports/documents required to be submitted to PEZA and their respective due dates:

Types of Report	Due Date
Quarterly Reports	45 days after the end of the quarter
Annual Report (For Developer/Operator Enterprises)	90 days after the end of the accounting period
Audited Financial Statements (For Developer/Operator Enterprises)	30 days after filing with BIR
Quarterly Income Tax Returns(For Developer/Operator Enterprises)	15 days after filing with BIR
Annual Income Tax Returns (ITR) (For Developer/Operator Enterprises)	30 days after filing with BIR
Breakdown/Schedule of Sales per Activity	Together with AFS & Annual ITR
Breakdown/Schedule of Other Income	Together with AFS & Annual ITR
Data on Revenues and Taxes Paid	Together with AFS & Annual ITR
Commission on Audit ("COA") Annual Audit Report Audit Certificate (For Developer/Operator owned by the Government)	After the end of the year
Change of Corporate Name & Equity Ownership	30 days after the said change

As PEZA-registered entities, CEC and CATSI are required to submit the periodic reports described above to PEZA. They are also required to submit quarterly, semi-annual and annual reports to the DENR as part of their ECC requirements. The failure to comply with these reports and with any other requirements or regulations of these government agencies could expose CEC and CATSI to penalties and the revocation of their respective registrations.
CEC and CATSI ensure compliance with these requirements by assigning dedicated personnel to monitor, prepare the necessary filings and liaise with the relevant government agencies.

Environmental Laws

Presidential Decree No. 1586 established the Environmental Impact Statement ("EIS") System which is concerned primarily with assessing the direct and indirect impacts of a project or undertaking to the quality of the environment and ensures that these impacts are addressed by appropriate environmental protection and enhancement measures. The EIS system successfully culminates in the issuance of an Environmental Compliance Certificate ("ECC").

The ECC serves as a government certification based on the representations of the proponent that: (i) the proposed project or undertaking will not cause a significant negative environmental impact; (ii) that the proponent has complied with all the requirements of the EIS system and; (iii) that the proponent is committed to implement its approved environmental management plan in the EIS or, Initial Environmental Examination ("IEE"). The ECC also contains specific measures and conditions that a project proponent must undertake before, during, and in some cases, at the abandonment of a project.

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an ECC prior to commencement. The DENR, through its regional offices or through the Environmental Management Bureau (the "EMB"), determines whether a project is environmentally critical or located in an environmentally critical area. As a pre-requisite for the issuance of an ECC, an environmentally critical project must submit an EIS to the EMB while a project in an environmentally critical area is generally required to submit an IEE to the proper DENR regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required. The construction of major roads and bridges are considered environmentally critical projects for which EIS and ECC are mandatory.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the direct and indirect consequences to human welfare and the ecological as well as environmental integrity. The Initial Environmental Examination refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the terms and conditions of an EIS or an IEE may vary from project to project, as a minimum it contains all relevant information regarding the project's environmental effects. The entire process of organization, administration, and assessment of the effects of any project on the quality of the physical, biological, and socio-economic environment as well as the design of appropriate preventive, mitigating, and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a Government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System; and that the proponent is committed to implementing its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property, and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund when an ECC is eventually issued. In any case, the establishment of an Environmental Monitoring Fund must not occur later than the initial construction phase of the project. The Environmental Monitoring Fund must be used to support the activities of a multi-partite monitoring team, which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

CEC and CATSI incur expenses for the purposes of complying with environmental laws that consist primarily of payments for Government regulatory fees. Such fees are standard in the industry and are minimal.

CEC is required to obtain the following environmental certifications and permits from the Department of Environment and Natural Resources Environmental Management Bureau for its operations:

Permit	Issuance	Expiration
Environmental Clearance Certificate (ECC)[5]	Mar. 15, 2017	N/A
Permit to Operate (Air Pollution Source & Control Installations)	Oct. 17 2016	Oct. 29, 2021

CATSI is required to obtain the following environmental permits for its operations:

Permit	Issuance	Expiration
Environmental Clearance Certificate (ECC)	Aug. 13, 2015	N/A
Permit to Operate (Air Pollution Source & Control Installations)	Oct 17, 2016	Oct. 25, 2021

All development projects, installations, and activities that discharge liquid waste into and pose a threat to the environment of the Laguna de Bay region are also required to obtain a discharge permit from the Laguna Lake Development Authority (LLDA). CEC's current discharge permit will be valid until July 20, 2016.

Nationality Restrictions

The Philippine Constitution limits ownership of land in the Philippines to Filipino citizens or to corporations the outstanding capital stock of which is at least 60% owned by Philippine Nationals. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning buildings and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40%.

Republic Act No. 7042, as amended, otherwise known as the Foreign Investments Act of 1991, and the Tenth Regular Foreign Investment Negative List, provide that certain activities are nationalized or partly-nationalized, such that the operation and/or ownership thereof are wholly or partially reserved for Filipinos. Under these regulations, and in accordance with the Philippine Constitution, ownership of private lands is partly-nationalized and thus, landholding companies may only have a maximum of 40% foreign equity.

The Company does not currently own real estate. However, if the Company acquires real estate in the future, it would be subject to nationality restrictions found under the Philippine Constitution and other laws limiting land ownership to Philippine Nationals. The term "Philippine National" as defined under the R.A.

[5]An Environmental Clearance Certificate (ECC) expressly states that it is a planning tool and not a permit. It remains in effect provided the company complies with conditions stipulated under the ECC, and therefor has no expiration date. The DENR/EMB monitors the company/project periodically to ensure compliance with stipulations in the ECC.

No. 7042, as amended, shall mean a citizen of the Philippines, a domestic partnership or association wholly-owned by citizens of the Philippines or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code of which 60% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals.

Labor Code

The Labor Code recognizes subcontracting arrangements, whereby a principal (i.e. CEC or CATSI, as the case may be) puts out or farms out with a contractor the performance or completion of a specific job, work or service within a definite or predetermined period, regardless of whether such job, work or service is to be performed or completed within or outside the premises of the principal. Such arrangements involve a "trilateral relationship" among: (i) the principal who decides to farm out a job, work or service to a contractor; (ii) the contractor who has the capacity to independently undertake the performance of the job, work, or service; and (iii) the contractual workers engaged by the contractor to accomplish the job, work, or service.

On March 16, 2017, the Department of Labor and Employment ("DOLE") issued DOLE Department Order No. 174-17 or *Rules Implementing Articles 106 to 109 of the Labor Code, As Amended* ("D.O. No 174-17"), under the principle that non-permissible forms of contracting and subcontracting arrangements undermine the constitutional and statutory right to security of tenure of workers. D.O. No 174-17 empowered the Secretary of Labor and Employment to regulate contracting and subcontracting arrangement by absolutely prohibiting labor-only contracting, and restricting job contracting allowed under the provisions of the Labor Code. Labor-only contracting refers to arrangement where the contractor or subcontractor merely recruits, supplies or places workers to perform a job or work for a principal, and the contractor or subcontractor does not have substantial capital, or the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee.

The Department Order provides that in the event that there is a finding that the contractor or subcontractor is engaged in labor-only contracting and other illicit forms of employment arrangements, the principal shall be deemed the direct employer of the contractor's or subcontractor's employees. Further, in the event of violation of any provision of the Labor Code, including the failure to pay wages, there exists a solidary liability on the part of the principal and the contractor for purposes of enforcing the provisions of the Labor Code and other social legislations, to the extent of the work performed under the employment contract.

The Philippine Labor Code and other statutory enactments provide the minimum benefits that employers must grant to their employees, which include certain social security benefits, such as benefits mandated by the Social Security Act of 1997 (R.A. No. 8282), the National Health Insurance Act of 1995 (R.A. No. 7875), as amended, and the Home Development Fund Law of 2009 (R.A. No. 9679).

Under the Social Security Act of 1997, social security coverage is compulsory for all employees under 60 years of age. An employer is obligated to deduct and withhold from each employee's monthly salary, wage, compensation or earnings, the employee's contribution, and the employer, for its part, makes a counterpart contribution for the employee, and remits both amounts to the Social Security System ("SSS"). This enables the employees to claim their pension, death benefits, permanent disability benefits, funeral benefits, sickness benefits, and maternity-leave benefits. The Social Security Act of 1997 imposes penal sanctions if an employer fails to remit the contributions to the SSS. For corporate employers, the penalty is imposed on its president and members of the board of directors.

The National Health Insurance Act created the National Health Insurance Program ("NHIP") to provide health insurance coverage and ensure affordable and accessible health care services to all Filipino citizens. Under the law, all members of the SSS are automatically members of the NHIP. pThe NHIP will then subsidize personal health services required by the employee subject to certain terms and conditions under the law. The National Health Insurance Act likewise imposes penal sanctions if an employer does not remit the contributions to PhilHealth. For corporate employers, the penalty is imposed on its president and members of the board of directors.

The Home Development Fund Law (R.A. No. 9679) or the Pag-IBIG Fund Law, created the Home Development Mutual Fund ("HDMF"), a national savings program as well as a fund to provide for affordable shelter financing to Filipino workers. Coverage under the HDMF is compulsory for all SSS members and their employers. Under the law, an employer must deduct and withhold 2% of the employee's monthly compensation, up to a maximum of ₱5,000.00, and likewise make a counterpart contribution of 2% of the employee's monthly compensation, and remit the contributions to the HDMF. The Pag-IBIG Fund Law also imposes penal sanctions if the employer does not remit the contributions to the HDMF.

Philippine Competition Act

R.A. No. 10667, or the Philippine Competition Act ("PCA"), is the primary competition policy of the Philippines. It aims to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities.

The PCA prohibits and imposes sanctions on:

1. Anti-competitive agreements between or among competitors, which restrict competition as to price, or other terms of trade and those fixing price at an auction or in any form of bidding including cover bidding, bid suppression, bid rotation and market allocation and other analogous practices of bid manipulation; and those which have the object or effect of substantially preventing, restricting or lessening competition;

2. Practices which are regarded as abuse of dominant position, by engaging in conduct that would substantially prevent, restrictor lessen competition; and

3. Merger or acquisitions which substantially prevent, restrict or lessen competition in the relevant market or in the market for goods or services.

Moreover, the parties to a merger, acquisition or joint venture are required to comply with the compulsory notification requirements of the Philippine Competition Commission ("PCC"), the agency responsible for the implementation of the PCA, before consummating the transaction where:

1. In a merger or acquisition of assets, the value of the transaction exceeds One Billion Pesos (₱l,000,000,000.00), and the gross revenue and assets of the ultimate parent entity of one of the parties to the transaction exceeds(Pl,000,000,000.00); or

2. As a result of a proposed acquisition of voting shares of a corporation or of an interest in a non-

corporate entity, the acquiring entity, together with its affiliates, would own thirty-five percent (35%) of the voting shares or shares entitled to profits, or increase the said shareholdings to fifty percent (50%);

3. In a notifiable joint venture transaction, if either (i) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds One Billion Pesos (₱l,000,000,000.00) or (ii) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed One Billion Pesos (₱l,000,000,000.00).

An agreement consummated in violation of the compulsory notification requirement shall be considered void, and shall subject the parties to an administrative fine of one percent (1%) to five percent (5%) of the value of the transaction.

Laws on Importation

Republic Act No. 1937 ("R.A. No. 1937") or the "Tariff and Customs Code of the Philippines" provides that all articles, when imported from any foreign country into the Philippines, shall be subject to duty upon each importation, even though previously exported from the Philippines, except as otherwise specifically provided for in this Code or in other laws.

In 2014, the Department of Finance issued DO No. 12-2014 requiring importers to secure an Importer Clearance Certificate ("ICC") from the BIR as a pre-requisite for accreditation with the Bureau of Customs ("BOC"). This is the first stage of the accreditation process that will enable the importers to import and transact business with the BOC. Importers will then present the BIR ICC to the BOC as a final requirement for accreditation and to be able to enter the customs premises.

The BIR then issued Revenue Memorandum Order No. 10-2014 ("RMO 10-2014"), which provides for the requirements and guidelines for ICC applicants, and required ICC applicants to establish a physical and legitimate presence in the Philippines and to demonstrate compliance with existing tax laws and regulations.

Under BOC Memorandum Order No. 14-2015, or the *Revised Regulations for BOC Accreditation of PEZA Locators*, all PEZA locators that have already been registered and approved by PEZA through the Client Profile Registration System (*"CPRS"*) shall be activated immediately by the BOC-Management Information System and Technology Group (*"MISTG"*) after payment of an activation fee of ₱1,000 and presentation of the corresponding official receipt and copy of the CPRS Certificate of Registration to MISTG. The memorandum order was issued with the objective of promoting an effective and efficient customs management by streamlining and simplifying the BOC accreditation procedure for PEZA locators, thereby creating a more business and investor-friendly environment.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The incumbent Directors and Executive Officers of the Company are as follows:

Position	Name	Age	Citizenship
Chairman	Jerry Liu	69	Taiwanese
Vice Chairman and President	Roberto Juanchito T. Dispo	52	Filipino
Director and Vice President	Justin T. Liu	35	Filipino
Director, Treasurer, Chief Financial Officer and Compliance Officer	Anthony S. Buyawe	49	Filipino
Director	Michael Stephen Liu	32	Filipino
Director and Assistant Corporate Secretary	Brian Gregory T. Liu	30	Filipino
Independent Director	Ernest Fritz Server	73	Filipino
Independent Director	Eduardo P. Lizares	60	Filipino
Independent Director	Hector Villanueva	81	Filipino
Corporate Secretary	Tadeo F. Hilado	65	Filipino

Board of Directors and Executive Officers of the Issuer

The overall management and supervision of the Company is vested in its Board of Directors. The Company's officers and management team cooperate with its Board by preparing relevant information and documents concerning the Company's business operations, financial conditions and results of operations for its review and action. At present, the Board consists of nine members, including three independent directors in accordance with the requirements of the SRC and the SEC's New Code of Corporate Governance for Publicly Listed Companies. All the Directors of the Company were elected at the Company's annual stockholders' meeting held on May 26, 2017 and will continue to hold office until the next succeeding annual meeting and until their respective successors have been appointed or elected and qualified.

The Officers were elected by the Board of Directors at the organizational meeting of the Board on May 26, 2017. The Board also elected during the said meeting the chairman and members of the Audit Committee, the Nominations Committee, and the Compensation Committee.

The following are the business experience/s of the company's Directors for the last Five (5) years (or more):

Jerry Liu, 69 years old was elected as the Company's Chairman and President on February 17, 2011. He is concurrently President/CEO of CEC, Director of Cirtek Land and Cayon Holdings, Inc. and Chairman of Silicon Link, Inc., Mr, Liu holds a Bachelor of Science degree in Physics from Chung Yuan University of Taiwan and an MBA from the University of the East.

Roberto Juanchito T. Dispo, 52 years old was elected Vice Chairman and Director of the Company on January 4, 2016. Mr. Dispo is also Vice Chairman of Cosco Capital, and sits on the Board of PB Com Bank and Axa Philippines. Prior to joining the Company, Mr. Dispo was President and Director of First Metro Investment Corporation. Mr. Dispo holds BSC Economics and Business Management from San Sebastian College and Pamantasan ng Lungsod ng Maynila, respectively. He also completed Masters in Business

Administration and Masters in Business Economics from Pamantasan ng Lungsod ng Maynila and the University of Asia & the Pacific, respectively.

Justin T. Liu, 35 years old is President and Director of Figaro Coffee Systems, Inc. Mr. Liu graduated from the De La Salle University with a Bachelor of Science in Business Management and earned his Masters in Finance from the University of San Francisco in 2006.

Anthony Buyawe, 49 years old was elected as the Company's Treasurer and Chief Financial Officer on February 17, 2011. He is concurrently the CFO of CEC, CEIC and the Figaro Coffee Company. Prior to joining the Company, Mr. Buyawe was CFO of ITP Technologies (2003 – 2005) and SMEDC (2008-2009) and Senior Director of Ernst and Young (2005-2008). Mr. Buyawe obtained his BA degree from the University of the Philippines and his MBA from the Asian Institute of Management.

Michael Stephen Liu, 32 years old, was first elected as Director on May 11, 2015. He is currently the General Manager of CATSI. Mr. Liu obtained his degree in Electronics and Communications Engineering from De La Salle University in 2007 and is a licensed Electrical Engineer.

Brian Gregory T. Liu, 30 years old, has been the Assistant Corporate Secretary of the Company since March 2011. He is concurrently a stockholder in CEC, Cirtek Land Corporation, and Turborg Trading. Mr. Liu trained as an Operations Trainee in Dominos Pizza from 2001 to 2002, then as an Analyst in Evergreen Stockbrokerage & Securities Inc. from 2003 to 2005. He obtained his degree in Management in Financial Institutions from De La Salle University in 2009.

Ernest Fritz Server, 73 years old, was elected as an Independent Director of the Company on February 17, 2011 and shall serve as such for one year or until his successor is elected and qualified. Mr. Server serves as the President of Multimedia Telephony Inc., Vice Chairman of RFM Corporation and a director of Philippine Township, Inc. Previously, Mr. Server served as Vice Chairman of the Commercial Bank of Manila, Consumer Bank and Cosmos Bottling Company and President of Philippine Home Cable Holdings, Inc. and Philam Fund. Mr. Server graduated from the Ateneo de Manila University in 1963 with degree in Bachelor of Arts degree in Economics and holds an MBA Major in Banking and Finance from the University of Pennsylvania, Wharton Graduate School.

Eduardo Lizares, 60 years old, was elected as an Independent Director of the Company on May 26, 2017. He is currently a partner at Padilla Law Office and a Professional Lecturer on Constitutional Law at the University of the Philippines. He holds a Bachelor of Arts degree for De La Salle University, Bachelor of Laws degree from the University of the Philippines, and a Master of Laws degree from Harvard Law School, Harvard University.

Hector Villanueva, 81 years old, was elected as an Independent Director of the Company on May 26, 2017.He held senior positions in both private and public sectors. He was Chairman of the Board of First Metro Philippine Equity Exchange Traded Fund, Inc., Postmaster General and CEO of Philippine Postal Corporation, Member of the Advisory Board, First Metro Investment Corporation, and Publisher and Editor-in-Chief, Sun Star Manila, among others. Mr. Villanueva was also Cabinet Secretary from 1995-1998. Mr. Villanueva obtained a Bachelor of Science degree in Economics from the London School of Economics and Political Science, and post-graduate studies from Royal Institute of Bankers, United Kingdom.

Key Officers

Tadeo Hilado, 65 years old, was elected as the Company's Corporate Secretary on February 17, 2011. Atty. Tadeo is a senior partner at the Angara Abello Concepcion Regala & Cruz law offices. He also serves as director and corporate secretary of several companies including Cocoa Specialties, Inc., Nissan Motor Philippines, Inc., Nissan Autoparts Manufacturing Corporation, Sumisetsu Philippines, Inc., and Samsonite Philippines, Inc., among others. Atty. Tadeo holds a Bachelor of Arts degree from the De La Salle University, Bachelor of Laws degree from the University of the Philippines and a Master of Laws degree from the University of Michigan.

Family Relationships

As of the date of this Prospectus, family relationships (by consanguinity or affinity within the fourth civil degree) between Directors and members of the Company's officers are as follows:

Jerry Liu, President, Chief Executive Officer, and Chairman of the Board of Directors, is the father of Justin T. Liu, Director and Vice-President, Michael Stephen T. Liu, Director, and Brian Gregory T. Liu, Director and Assistant Corporate Secretary of the Company. Apart from the foregoing, there are no other family relationships up to the fourth civil degree either by consanguinity or affinity among the directors or officers of the Company.

Executive Compensation

The aggregate compensation during the last fiscal year and to be paid in the ensuing fiscal year to the company's 4 most highly compensated officers and to its officers and directors as a Cirtek Group unnamed is as follows:

Name & Position	Year	Salary	Bonus
• Jerry Liu (Chairman) • Roberto Juanchito Dispo (President) • Anthony Buyawe (CFO) • Rolando Enriquez (Vice President CATSI) • Jorge Aguilar (President CEC)	FY 2017(estimated)	₱ 42.0 million	₱8.4 million
• Jerry Liu (Chairman) • Roberto Juanchito Dispo • Anthony Buyawe (CFO) • Rolando Enriquez (Vice President CATSI) • Jorge Aguilar (President CEC) • Aggregate compensation paid to all officers and directors as a group unnamed	FY 2016	₱40.0 million ₱48 million	₱ 8.0 million ₱12.0 million
• Aggregate compensation paid to all officers and directors as a group unnamed	FY 2015	₱ 45.0 million	₱ 10.0 million

Compensation of Directors

Under the By-Laws of the Company, by resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders.

Standard Arrangements and Other Arrangements

There are no other arrangements for compensation either by way of payments for committee participation or special assignments.

There are no other arrangements for compensation either by way of payments for committee participation or special assignments other than reasonable per diem. There are also no outstanding warrants or options held by the Company's Chief Executive Officer, other officers and/or directors.

Employment Contracts, Termination of Employment, Change-in-Control Arrangements

The Cirtek Group has executed employment contract with some of its key officers. Such contracts provide the customary provision on job description, benefits, confidentiality, non-compete, and non-solicitation clauses. There are no special retirement plans for executives. There is also no existing arrangement for compensation to be received by any executive officer from the Company in the event of change in control of the Company.

Warrants and Options

There are no outstanding warrants and options held by any of the Company's directors, executive officers or any other third person.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

None of the Company's directors, nominees for election as director, or executive officers have, in the five year period prior to the date of this Prospectus: (1) had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time, (2) have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses, (3) have been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or (4) have been found 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 other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, such judgment having not been reversed, suspended, or vacated.

Corporate Governance

The Company has a Manual on Corporate Governance ("Manual") which was approved and adopted by the Board on April 28, 2011 and further revised in 30 May 2017 in compliance with the Code of Corporate Governance for Publicly-Listed Companies SEC Memorandum Circular No. 19Series of 2016.

The Company's policy on corporate governance is based on its Manual. The Manual lays down the principles of good corporate governance in the entire organization. The Manual provides that it is the Board's responsibility to initiate compliance with the principles of good corporate governance, to foster the long-term success of the Company and to secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Company, its shareholders and other stakeholders.

The Corporation is committed to the ideals of good corporate governance. In compliance with the SEC requirement, the Corporation is studying best practices in good corporate governance to further improve the current corporate governance practices of the Corporation and to develop an efficient and effective evaluation system to measure or determine the level of compliance of the Board of Directors and top level management with its Manual of Corporate Governance.

Corporate governance rules/principles were established to ensure that the interest of stakeholders are always taken into account; that directors, officers, and employees are conducting business in a safe and sound manner; and that transactions entered into between the Corporation and related interests are conducted at arm’s length basis and in the regular course of business. There are no incidences of deviation from the Corporation’s Manual of Corporate Governance.

The Corporation has sufficient number of independent directors that gives the assurance of independent views and perspective.

MARKET PRICE OF THE COMPANY'S COMMON STOCK AND RELATED STOCKHOLDERS MATTERS

Market Information

The Company's Common Shares are traded on the PSE under the symbol "TECH".

The following table sets out, for the periods indicated, the high and low sales prices for the Company's Common Shares, as reported on the PSE:

In PhP	High	Low
2014		
1st Quarter	11.98	11.70
2nd Quarter	12.39	11.66
3rd Quarter	14.46	11.88
4th Quarter	17.27	11.36
2015		
1st Quarter	29.09	16.40
2nd Quarter	32.09	24.50
3rd Quarter	27.60	25.75
4th Quarter	26.50	20.05
2016		
1st Quarter	20.75	17.20
2nd Quarter	19.98	16.12
3rd Quarter	25.00	16.24
4th Quarter	23.70	22.85
2017		
1st Quarter	23.90	22.45
2nd Quarter	26.50	23.10
3rd Quarter	40.80	28.00

On September 30, 2017, the closing price of TECH Common Shares on the PSE was PhP 40.80.

Holders

Members of the Liu family, through their control of Camerton, Inc., a private holding company incorporated in the Philippines, are the majority shareholders of and effectively control the Company. As of September 30, 2017, Camerton, Inc. holds or owns 49.85% of the outstanding common shares and 100% of the outstanding voting Preferred A Shares of the Company.

As of September 30, 2017, Cirtek's other principal shareholders was PCD Nominee Corporation at 47.76%.

The following are the top 20 registered holders of the Company's securities as of September 30, 2017:

	Stockholder's Name	Class of Securities	No. Shares	% of Total	Nationality
1.	Camerton, Inc.	Common	208,888,558	49.85%	Filipino
2.	PCD Nominee Filipino	Common	199,483,728	47.60%	Filipino
3.	PCD Nominee Non-Filipino	Common	10,510,409	2.50%	Others
4.	Ambrosio J. Makalintal, Jr. or Maripi A. Makalintal	Common	94,089	0.02%	Filipino

5.	Beant Singh Grewal	Common	37,000	0.01%	Indian
6.	Anna Loraine M. Mendoza	Common	17,500	0.00%	Filipino
7.	Pio Ma. Victor H. Garayblas	Common	15,000	0.00%	Filipino
8.	Raymond Alvin M Mendoza	Common	13,100	0.00%	Filipino
9.	Myra P. Villanueva	Common	2,000	0.00%	Filipino
10.	Eduardo P. Lizares	Common	1,001	0.00%	Filipino
11.	Stephen G. Soliven	Common	389	0.00%	Filipino
12.	Stephen G. Soliven	Common	146	0.00%	Filipino
13.	Julius Victor Emmanuel D Sanvictores	Common	145	0.00%	Filipino
14.	Owen Nathaniel S. Au Itf Li Marcus Au	Common	106	0.00%	Filipino
15.	Joselito C. Herrera	Common	100	0.00%	Filipino
16.	Jesus San Luis Valencia	Common	62	0.00%	Filipino
17.	Dondi Ron R. Limgenco	Common	11	0.00%	Filipino
18.	Anthony S. Buyawe	Common	1	0.00%	Filipino
19.	Roberto Juanchito T. Dispo	Common	1	0.00%	Filipino
20.	Rafael G. Estrada	Common	1	0.00%	Filipino

Holders of Preferred Shares

As of September 30, 2017, Camerton, Inc is the sole holder of the Company’s preferred shares.

Stockholder's Name	Series	No. of Shares	% of Total*	Nationality
Camerton, Inc.	Preferred A	700,000,000	64.76%	Filipino
	Preferred B-1	70,000,000		

*Includes outstanding common and preferred shares

Security Ownership of Directors and Management

As of September 30, 2017, the following table sets forth security ownership of the Company's Directors and Officers:

Title of Class	Name & address of record owner & relationship with Issuer	Name of beneficial owner & relationship with record owner	Citizenship	No. of shares held	% of Total
Common	Jerry Liu[6] Chairman *24 Buchanan St., North Greenhills San Juan Metro Manila, Philippines*	Same as the record owner	Taiwanese	1	00.00%
Common	Roberto Juanchito T. Dispo Vice Chairman and President *124 Guava Drive, Ayala Alabang Village, Muntinlupa City, Philippines*	Same as the record owner	Filipino	1	0.00%
Common	Justin T. Liu Director and Vice President *24 Buchanan St., North Greenhills San Juan Metro Manila, Philippines*	Same as the record owner	Filipino	1	0.00%
Common	Anthony S. Buyawe Director, Treasurer and Chief Financial Officer and Compliance Officer *561 Apricot St., La Merea Hills, San*	Same as the record owner	Filipino	1	0.00%

[6] The family of Messrs. Jerry Liu, Justin T. Liu, Michael Stephen T. Liu and Brian Gregory T. Liu, through Charmview Enterprises, Ltd. and Carmetheus Holdings, Inc., owns Camerton, which in turn is the principal stockholder of the Company.

	Pedro, Laguna 4023, Philippines				
Common	Michael Stephen Liu Director *24 Buchanan St., North Greenhills San Juan Metro Manila, Philippines*	Same as the record owner	Filipino	1	0.00%
Common	Brian Gregory T. Liu Director and Assistant Corporate Secretary *24 Buchanan St., North Greenhills San Juan Metro Manila, Philippines*	Same as the record owner	Filipino	1	0.00%
Common	Ernest Fritz Server Independent Director *319 Chico Drive, Ayala Alabang Village, Muntinlupa City, Philippines*	Same as the record owner	Filipino	1	0.00%
Common	Eduardo P. Lizares Independent Director *12 Planet Street, Bel Air Village, Makati City, Philippines*	Same as the record owner	Filipino	1,001	0.00%
Common	Hector Villanueva Independent Director *4419 Bluebelle Road, Sun Valley Subd., Barangay*	Same as the record owner	Filipino	1	0.00%

	Sun Valley, Paranaque City Philippines				

There is no director or key officer of the Company that directly owns at least 10% of its issued and outstanding shares of common stock.

Voting Trust Holders of 5% or More

There is no voting trust arrangement executed among the holders of 5% or more of the issued and outstanding shares of common stock of the Company.

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

In the normal course of business, the Group has entered into transactions with affiliates. The significant transactions consist of the following:

a. Advances for operating requirements of CHI, former parent of CEC and CEIC;
b. Rental of land and lease deposit with Cirtek Land Corporation (CLC), an affiliate, where the manufacturing building 1 and administrative building is situated;
c. Payments and /or reimbursements of expenses made or in behalf of the affiliates; and
d. Rental of land with Cayon Holdings, Inc. (Cayon), an affiliate, where the building 2 of the Group is situated

The interim consolidated balance sheets and interim consolidated statements of comprehensive income include the following significant account balances resulting from the above transactions with related parties:

a. Amounts owed to related parties

		Transactions		**Balances as of**			
		Six Months Ended June 30					
		(Unaudited)		**June 30, 2017**	December 31, 2016		
		2017	2016	**(Unaudited)**	(Audited)	Terms	Conditions
Other related parties							
CLC	Rental	**US$6,095**	**US**$6,489	**US $453,065**	**US** $446,970	Due on demand; non interest-bearing	Unsecured
Cayon	Rental	**5,539**	5,885	**78,721**	73,182	Due on demand; non interest-bearing	Unsecured
		US$11,634	US$12,374	**US$531,786**	US$520,152		

b. Amounts owed by related parties

		Transactions		Balances as of			
		Six Months Ended June 30 (Unaudited)		**June 30, 2017**	December 31, 2016		
		2017	2016	**(Unaudited)**	(Audited)	Terms	Conditions
Other related parties							
Camerton	Reimbursement of expenses	**US$–**	US$–	**US$111,994**	US$111,994	Due on demand; noninterest-bearing	Unsecured; no impairment
	collection of proceeds from sale of stocks	**4,401,827**	**–**	**4,401,827**	**–**		
CHI	Advances for working capital	**–**	–	**1,809,256**	1,809,256	Due on demand; non-interest-bearing	Unsecured; no impairment
Cayon	Reimbursement of expenses	**388,044**	–	**594,328**	206,284	Due on demand; noninterest-bearing	Unsecured; no impairment
Jerry Liu	Reimbursement of expenses	**1,100,000**	857,446	**11,409,041**	10,309,041	Due on demand; noninterest-bearing	Unsecured; no impairment
		US$5,889,871	US$857,446	**US$18,326,446**	US$12,436,575		

c. Rental deposit

	Transactions		Balances as of			
	Six Months Ended June 30 (Unaudited)		**June 30, 2017**	December 31, 2016		
	2017	2016	**(Unaudited)**	(Audited)	Terms	Conditions
Other related parties						
CLC	**US$–**	US$–	**US$1,131,399**	US$1,131,399	Due on demand; noninterest-bearing	Unsecured; no impairment

The above related parties, except Jerry Liu, are entities under common control of the ultimate parent company. Jerry Liu is a stockholder and the chairman of the Parent Company's BOD.

Transactions with CHI, Charmview Enterprises Ltd (CEL) and officer

The amount owed by an officer amounting to US$7.7 million as of December 31, 2010 was transferred in 2011 to CEL, the former ultimate parent of CEC and CEIC. CEL now owns 40% interest in Camerton, the parent of CHPC.

The amounts owed by and to CHI as of December 31, 2010 represent advances for working capital in the normal course of business when CEC and CEIC were then still subsidiaries of CHI.

For purposes of settling outstanding balances with the Group and as part of corporate restructuring in preparation for the planned Initial Public Offering (IPO) of the Parent Company, on March 17, 2011, CHI, CEL and the officer, with the consent of the Group, entered into assignment agreements whereby CHI absorbed the amounts owed by CEL and by the officer as of March 17, 2011 amounting to US$7.7 million and US$0.8 million, respectively.

The Group, with the consent of the related parties, entered into assignment agreements whereby the Parent Company absorbed the amount owed by CEIC to CHI totaling US$3.6 million representing unpaid advances of US$2.3 million and dividends of US$1.3 million as of March 17, 2011.

Thereafter, on March 18, 2011, the Parent Company and CHI, in view of being creditors and debtors to each other as a result of the assignment agreements above, entered into a set-off agreement for the value of the Group's liability aggregating US$6.8 million. The amount represents the above mentioned total liability of US$3.6 million and the balance outstanding from the Parent Company's purchase of CEC and CEIC amounting to US US$3.2 million, as revalued from the effect of foreign exchange rate.

The amount owed by CHI as of June 30, 2017 and December 31, 2016 pertains to the outstanding receivable arising from the assignments and set-off agreements as discussed above.

Transactions with Camerton

Camerton is the majority shareholder of the Parent Company. Amounts owed by Camerton as of June 30, 2017 pertain mainly to proceeds from sale of CHPC's shares collected on behalf of CEC amount to US$4.4 million. Camerton remitted such proceeds to the Group in August 2017 to pay for the Quintel acquisition.

Amounts owed by Camerton as of December 31, 2016 pertain mainly to working capital advances and advances for incorporation expenses of Camerton.

Transactions with CLC and Cayon

CLC is an entity under common control of the ultimate parent company. CEC had a lease agreement on the land where its manufacturing plant (Building 1) is located with CLC for a period of 50 years starting January 1, 1999. The lease was renewable for another 25 years at the option of CEC. The lease agreement provided for an annual rental of US$151,682, subject to periodic adjustments upon mutual agreement of both parties.

On January 1, 2005, CEC terminated the lease agreement with CLC but has continued to occupy the said land for no consideration with CLC's consent. With the termination of the lease agreement, the Group has classified the rental deposit amounting to US$1.1 million as current asset as the deposit has become due and demandable anytime from CLC.

On January 1, 2011, CEC entered into an agreement with CLC to lease the land where CEC's Building 1 is located. The agreement calls for a ₱640,704 rent per annum for a period of 10 years and renewable thereafter by mutual agreement of the parties subject to such new terms and conditions as they may then be mutually agreed-upon. Total rent expense charged to operations amounted to US$6,096 and US$6,489 for the six months ended June 30, 2017and 2016, respectively.

CEC also entered into an agreement with Cayon starting January 1, 2011 to lease the land where CEC's Building 2 is located. The agreement calls for an annual rental of ₱582,144 for a period of 10 years and renewable thereafter. Total rent expense charged to operations amounted to US$5,539 and US$5,885 for the six months ended June 30, 2017 and 2016, respectively.

PHILIPPINE TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Preferred B-2 Shares. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Preferred B-2 Shares and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Preferred B-2 Shares under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Preferred B-2 Shares in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions or treaties in effect at the date of this Prospectus. The tax treatment applicable to a holder of the Preferred B-2 Shares may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a holder of the Preferred B-2 Shares. Prospective investors of the Preferred B-2 Shares are urged to consult their own tax advisors as to the particular tax consequences of the ownership and disposition of the Preferred B-2 Shares, including the applicability and effect of any local or foreign tax laws.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen of the Philippines, a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines." A non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not doing business in the Philippines." A "resident foreign corporation" is a non-Philippine corporation engaged in trade or business within the Philippines, and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines. The term "dividends" under this section refers to cash or property dividends. "Tax Code" means the Philippine National Internal Revenue of 1997, as amended.

Taxes on Dividends on the Shares

Individual Philippine citizens and resident aliens are subject to a final tax on dividends derived from the Preferred B-2 Shares at the rate of 10%, which tax shall be withheld by the Company.

Non-resident alien individuals engaged in trade or business in the Philippines are subject to a final withholding tax on dividends derived from the Preferred B-2 Shares at the rate of 20% on the gross amount thereof, subject to applicable preferential tax rates under tax treaties in force between the Philippines and the country of domicile or residence of such non-resident alien individual. A non-resident alien individual not engaged in trade or business in the Philippines is subject to a final withholding tax on dividends derived from the Preferred B-2 Shares at the rate of 25% of the gross amount, subject to applicable preferential tax rates under tax treaties in force between the Philippines and the country of domicile or residence of such non-resident alien individual.

The term "non-resident holder" means a holder of the Preferred B-2 Shares:

- who is an individual who is neither a citizen nor a resident of the Philippines or an entity which is a foreign corporation not engaged in trade or business in the Philippines, and
- should a tax treaty be applicable, whose ownership of the Preferred B-2 Shares is not effectively connected with a fixed base or a permanent establishment in the Philippines.

Dividends derived by domestic corporations (i.e. corporations created or organized in the Philippines or under its laws) and resident foreign corporations from the Preferred B-2 Shares shall not be subject to tax.

Dividends received from a domestic corporation by a non-resident foreign corporation are generally subject to final withholding tax at the rate of 30%, subject to applicable preferential tax rates under tax treaties in force between the Philippines and the country of domicile of such non-resident foreign corporation. The 30% rate for dividends paid to non-resident foreign corporations with countries of domicile having no tax treaty with the Philippines may be reduced to a special 15% rate if:

- the country in which the non-resident foreign corporation is domiciled imposes no taxes on foreign sourced dividends, or
- the country in which the non-resident foreign corporation is domiciled allows a credit against the tax due from the non-resident foreign corporation for taxes deemed to have been paid in the Philippines equivalent to 15%.

To avail of tax treaty relief on dividend income, a non-resident holder of the Preferred B-2 Shares must follow the special procedure prescribed by the BIR for the purpose. The non-resident holder must submit a duly-accomplished Certificate of Residence for Tax Treaty Relief ("CORTT") Form to the Company before the dividend is paid/credited. The CORTT Form must be submitted every 2 years (unless the non-resident holder of the Preferred B-2 Shares uses a tax residency certificate, in which case, the validity period of such certificate will apply). The submission of a CORTT Form will entitle the Company to withhold using the applicable treaty rate. The Company should then submit original copies of the CORTT to the International Tax Affairs Division ("ITAD") and Revenue District Office ("RDO") 39 within thirty (30) days from the initial payment of withholding taxes due. Each time a subsequent payment is made within the coverage of the originally filed CORTT Form, the Company must submit an updated Part II of the CORTT Form to ITAD and RDO 39 within thirty (30) days from each subsequent payment of the withholding tax due.

The CORTT Form must be accompanied primarily by a proof of tax residence in the country that is a party to the tax treaty, which must be in the form of a consularized certification from the tax authority of the country of residence of the non-resident holder of Preferred B-2 Shares which states that the non-resident holder is a tax resident of such country under the applicable tax treaty.

Stock dividends distributed pro rata to any holder of shares are not subject to Philippine income tax. Similar to the taxation of sale, exchange or disposition of the Preferred B-2 Shares, the subsequent sale, exchange or disposition of shares received as stock dividends by the holder is subject to either capital gains tax and documentary stamp tax or stock transaction tax, depending on whether or not the sale is made through the PSE.

Tax on Sale, Exchange or Disposition of Shares

Capital gains tax, if sale was made outside the PSE

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 outside the facilities of the PSE, unless an applicable treaty exempts such gains from tax or provides for preferential rates, are subject to tax as follows: 5% on gains not exceeding ₱100,000.00 and 10% on gains over ₱100,000.00. A non-resident alien or non-resident corporation, however, may avail of capital gains tax exemption under an applicable tax treaty.

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	Dividends	Capital Gains Tax Due on Disposition of Preferred B-2 Shares Outside the PSE
	(%)	(%)
Canada	25[1]	Exempt[8]
France	15[2]	Exempt[8]
Germany	15[3]	Exempt[9]
Japan	15[4]	Exempt[8]
Singapore	25[5]	Exempt[10]
United Kingdom	25[6]	Exempt[11]
United States	25[7]	Exempt[12]

Notes:

(1) *15% if the recipient company controls at least 10% of the voting power of the company paying the dividends.*

(2) *10% if the recipient company (excluding a partnership) holds directly at least 10% of the voting shares of the company paying the dividends.*

(3) *5% if the recipient company (excluding a partnership) owns directly at least 70% of the capital of the company paying the dividends; 10% if the recipient company (excluding a partnership) owns directly at least 25% of the capital of the company paying the dividends.*

(4) *10% if the recipient company holds directly at least 10% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six months immediately preceding the date of payment of the dividends.*

(5) *15% 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% of the outstanding shares of the voting shares of the paying company were owned by the recipient company.*

(6) *15% 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% 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% of the outstanding shares of the voting shares of the paying corporation were owned by the recipient corporation. Notwithstanding the rates provided under the Republic of the Philippines-United States Treaty, residents of the United States may avail of the 15% withholding tax rate under the tax-sparing clause of the Tax Code provided certain conditions are met.*

(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.*

(9) *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 –directly or indirectly– principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.*

(10) *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.*

(11) *Under the tax treaty between the Philippines and the United Kingdom, capital gains on the sale of the shares of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.*

(12) *Under the Reservation Clause of the tax treaty between the Philippines and the United States, capital gains on the sale of the shares of Philippine corporations are taxable in the Philippines if its assets consist principally of real property interest located in the Philippines.*

Pursuant to BIR issuances, in order for an exemption under a tax treaty to be recognized, an application for tax treaty relief on capital gains tax on the sale of shares must be filed by the income recipient before the deadline for the filing of the documentary stamp tax return, which is the fifth day from the end of the month when the document transferring ownership was executed. However, on 19 August 2013, the Philippine Supreme Court in *Deutsche Bank AG Manila Branch v. CIR*, G.R. No. 188550, ruled that the period of application for the availment of tax treaty relief should not operate to divest entitlement to the relief as it would constitute a violation of the duty required by good faith in complying with a tax treaty. Thus, the application for a tax treaty relief to be filed with the BIR should merely operate to confirm the entitlement of the taxpayer to such relief.

The requirements for a tax treaty relief application in respect of capital gains tax on the sale of shares are set out in BIR Form No. 0901-C. Among the requirements is proof of residence which consists of a consularized certification from the tax authority of the country of residence of the seller of shares that the said seller is a resident of said country whose tax treaty is invoked. If the seller is a juridical entity, authenticated certified true copies of its articles of incorporation or association issued by the proper government authority should also be submitted to the BIR in addition to the certification of its residence from the tax authority of its country of residence.

The transfer of shares shall not be recorded in the books of the Company unless the BIR certifies that the all corresponding taxes on the transaction, subject to applicable tax treaty exemptions, have been paid.

Taxes on transfer of shares listed and traded at the PSE

A sale or other disposition of shares through the facilities of the PSE by a resident or a non-resident 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 sold or otherwise disposed, unless an applicable treaty exempts such sale from said tax. This tax is required to be collected by and remitted to the BIR by the selling stockbroker on behalf of its client. The stock transaction tax is classified as a percentage tax in lieu of a capital gains tax. Under certain tax treaties, the exemptions from capital gains tax discussed herein may not be applicable to stock transaction tax. In addition, value added tax of 12.0% is imposed on the commission earned by the PSE-registered broker, and is generally passed on to the client.

On November 7, 2012, the BIR issued Revenue Regulations No. 16-2012 which provides that the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the minimum public ownership (“MPO”) requirement after December 31, 2012 will be subject to capital gains tax and documentary stamp tax. It also requires publicly listed companies to submit public ownership reports to the BIR within 15 days after the end of each quarter.

On December 31 2012, the PSE shall impose a trading suspension for a period of not more than six months, on shares of a listed company who has not complied with the Rule on MPO which requires listed companies to maintain a minimum percentage of listed securities held by the public at 10% of the listed companies' issued and outstanding shares at all times. Companies which do not comply with the MPO after the lapse of the trading suspension shall be automatically delisted.

The sale of such listed company's shares during the trading suspension may be effected only outside the trading system of the PSE and shall be subject to capital gains tax and documentary stamp tax. Furthermore, if the adjusted/fair market value of the shares of stock sold is greater than the consideration or the selling price, the amount by which the adjusted/fair market value of the shares exceeds the selling price shall be deemed a gift that is subject to donor's tax under Section 100 of the Tax Code.

Documentary Stamp Taxes on Shares

The original issue of shares is subject to documentary stamp tax of ₱1.00 on each ₱200.00 par value, or fraction thereof, of the shares issued. The sale, barter or exchange of Preferred B-2 Shares listed and traded through the PSE are exempt from documentary stamp tax. However, if the transfer/sale is done outside of the facilities of the PSE, the transfer of shares is subject to a documentary stamp tax at a rate of ₱0.75 on each ₱200.00, or fractional part thereof, of the par value of the Preferred B-2 Shares. The documentary stamp tax is imposed on the person making, signing, issuing, accepting or transferring the document and is thus payable either by the vendor or the purchaser of the Preferred B-2 Shares.

Estate and Gift Taxes

The transfer of the Preferred B-2 Shares upon the death of a registered holder to his heirs by way of succession, whether such an individual was a citizen of the Philippines or an alien, regardless of residence, will be subject to Philippine estate tax at progressive rates ranging from 5% to 20% if the net estate is over ₱200,000.00.

The transfer of shares by gift or donation to a stranger (i.e. a person who is not a brother, sister, spouse, ancestor, lineal descendant or relative by consanguinity within the fourth degree of relationship) will be subject to a donor’s tax at a flat rate of 30.0%. Gifts or donations to non-strangers, however, will be subject to progressive rates ranging from 2.0% to 15.0%, if the net gifts during the calendar year exceed ₱100,000.00, otherwise, such transfer will not be subject to donor’s tax. Corporate registered holders are also liable for Philippine donor’s tax on such transfers, but the rate of tax with respect to net gifts made by corporate registered holders is always at a flat rate of 30.0%.

Estate and gift taxes will not be collected in respect of intangible personal property, such as shares, (1) if the deceased at the time of death, or the donor at the time of 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 (2) if the laws of the foreign country of which the deceased or the donor was a citizen and resident at the time of his death or donation allow 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.

Corporate Income Tax

As a general rule, a domestic corporation is subject to corporate income tax of 30.0% on its taxable income[7] from all sources within or without the Philippines. The exception, among others, would be (i) gross interest income from Philippine currency bank deposits and yields from deposit substitutes, trust funds and similar arrangements, and royalties, which are subject to a final withholding tax rate of 20.0% of the gross amount of such income, (ii) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final 7.5% tax on the gross amount of such income.

Further, in computing the corporate income tax, effective July 6, 2008, companies are given a choice to claim itemized deductions or the optional standard deduction ("OSD"), with the former being presumed unless specific election of OSD is signified in the tax return. The OSD election is irrevocable for the taxable year for which the tax return is made. The OSD is equivalent to an amount not exceeding 40.0% of the company's gross income. For this purpose, "Gross Income" means all income derived from whatever source, including, but not limited to, compensation for service, gross income derived from the conduct of trade or business or exercise of profession, gains derived from dealings in property, interests, rent, royalties, dividends, annuities, prizes and winnings.

A minimum corporate income tax ("MCIT") of 2.0% of gross income would likewise be applicable to the Issuer, beginning on the fourth taxable year from commencement of business operations, whenever the MCIT is greater that the ordinary corporate income tax. For this purpose, "Gross Income" means gross sales less sales returns, discounts and allowances and cost of goods sold. Passive income, such as interest on bank deposits and royalties subject to final withholding tax, shall not form part of gross income for purposes of MCIT.

Nevertheless, any excess of the MCIT over the ordinary corporate income tax may be carried forward and credited against the latter for the three immediately succeeding taxable years. Further, subject to certain conditions, the MCIT may be suspended with respect to a corporation which suffers losses on account of a prolonged labor dispute, or because of force majeure, or because of legitimate business reverses.

THE COMMENTS ABOVE ARE OF A GENERAL NATURE AND, A SUMMARY OF CERTAIN PHILIPPINE TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSAL OF THE SHARES. THEY ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE LEGAL OR TAX ADVICE. 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 PREFERRED B-2 SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.

[7] Taxable income refers to the pertinent items of gross income specified in the National Internal Revenue Code of 1997, as amended (the "Tax Code") less the deductions and/or personal and additional exemptions, if any, authorized for such types of income by the Tax Code or other special laws.

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 and the Underwriters or any of their respective subsidiaries, affiliates or advisors in connection with the Offer.

The Exchange

The PSE is the only stock exchange in the Philippines. It is one of the oldest stock exchanges in Asia, having been in continuous operation since the establishment of the Manila Stock Exchange in 1927. It currently maintains two trading floors, one at the PSE Centre (Tektite), Ortigas Center in Pasig City, and another at its principal office at the Ayala Tower One in Makati City's Central Business District. The PSE is composed of a 15-man Board of Directors with Jose T. Pardo as Chairman.

Trading in the PSE is a continuous session from 9:30AM to 3:30PM daily with a recess from 12:00PM to 1:30PM.

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 Philippine government 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 bid and ask quotations from the bourses.

In June 1998, the SEC granted the PSE a "Self-Regulatory Organization" (SRO) status, which meant that the bourse can implement its own rules and establish penalties on erring trading participants and listed companies. In 2011, Capital Market Integrity Corporation ("CMIC") was incorporated to function as the independent audit, surveillance and compliance arm of PSE. The mandate of CMIC is to ensure that trading participants adhere to all pertinent rules, regulations, and code of conduct of CMIC and PSE, as well as all related legislative and regulatory requirements.

In 2001, one year after the enactment of the SRC, the PSE was transformed from a non-profit, non-stock, member-governed organization into a shareholder-based, revenue-earning corporation headed by a president and a board of directors. The PSE eventually listed its own shares on the exchange (traded under the ticker symbol PSE) by way of introduction on December 15, 2003.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE's Main Board or the Small, Medium and Emerging Board. Previously, the PSE allowed listing on the First Board, Second Board or the Small, Medium and Enterprises Board. With the issuance by the PSE of Memorandum No. CN-No. 2013-0023 dated 6 June 2013, revisions to the PSE Listing Rules were made, among which changes are the removal of the Second Board listing and the requirement that lock-up rules be embodied in the articles of the incorporation of the issuer.

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.

The main index for PSE is the PSEi, which is a capitalization-weighted index composed of stocks representative of the Industrial, Properties, Services, Holding Firms, Financial and Mining & Oil Sectors of the PSE. It measures the relative changes in the free float-adjusted market capitalization of the 30 largest and most active common stocks listed at the PSE. The selection of companies in the PSEi is based on a specific set of public float, liquidity and market capitalization criteria. There are also six sector-based indices as well as a broader all shares index.

The table below sets out movements in the composite index from 1995 to September 30, 2017, and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Year	**Composite Index at Closing**	**Number of Listed Companies**	**Aggregate Market Capitalization (in ₱ billions)**	**Combined Value of Turnover (in ₱ billions)**
1995	2,594.2	205	1,545.7	379.0
1996	3,170.6	216	2,121.1	668.9
1997	1,869.2	221	1,261.3	588.0
1998	1,968.8	221	1,373.7	378.9
1999	2,142.9	223	1,936.5	668.8
2000	1,494.5	226	2,576.5	58.61
2001	1,168.1	228	2,143.3	407.2
2002	1,014.4	232	2,083.2	780.9
2003	1,442.4	235	2,973.8	357.6
2004	1,822.8	236	4,766.2	206.6
2005	2,096.0	237	5,948.4	383.5
2006	2,982.5	240	4,277.8	1,145.3
2007	3,621.6	244	7,977.6	1,338.3
2008	1,872.9	246	4,069.2	763.9
2009	3,052.7	248	6,029.1	994.2
2010	4,201.1	253	8,866.1	1,207.4
2011	4,372.0	253	8,697.0	1,422.6
2012	5,812.7	268	10,850	1,420
2013	5,889.8	257	11,931.3	2,546.3
2014	7,230.6	263	14,251.7	2,130.1
2015	6,952.1	216	13,465.1	2,172.5
2016	7,796.2	264	15,253.5	1,296.6
As of Sept. 30, 2017	8,171.43	268	17,611.3	914.4

Source: Philippine Stock Exchange, Inc.

Trading

Trading: In General

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid 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. 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.

Beginning January 2, 2012, trading on the PSE starts at 9:30 a.m. until 12:00 p.m., when there will be a one and a half hour lunch break. In the afternoon, trading resumes at 1:30 p.m. and ends at 3:30 p.m., inclusive of a 10-minute period during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading days are Monday to Friday, except legal holidays and days when the BSP clearing house is closed.

Minimum trading lots range from 5 to 1,000,000 shares depending on the price range and nature of the security traded. 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% or down by 50% in one day (based on the previous closing price or last posted bid price, whichever is higher), the price of that security is automatically frozen by the PSE, unless there is an official statement from the 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 shall be allowed only when the disclosure of the company is disseminated, subject again to the trading ban.

Trading – DDS

On November 10, 2016, the SEC approved the PSE DDS Rules. The PSE officially released the final PSE DDS Rules on December 2, 2016. The PSE DDS Rules shall govern the listing, trading and settlement of DDS or securities denominated in U.S. dollars which are listed and traded on the PSE. Please refer to Parts C and D of the PSE DDS Rules for the rules on the trading and settlement of DDS in general. The PSE DDS Rules shall be read in conjunction with the SRC and the SRC Rules, existing BSP regulations, and other relevant laws, rules and regulations and shall form part of all rules of the PSE. All rules of the PSE, SCCP and CMIC not inconsistent with the PSE DDS Rules shall apply to the DDS.

As the Preferred B-2 Shares are being applied for listing with the PSE, the PSE DDS Rules will be applicable to such securities.

Requirements for Trading Participants to be Eligible to Trade the Offer Shares; Nominating a Trading Participant which are Eligible Brokers

An applicant subscribing for the Preferred B-2 Shares, or an investor intending to invest in such shares, is required to appoint an Eligible Broker in whose name the shares will be registered.

The PSE DDS Rules provide the following requirements for a Trading Participant to qualify as an Eligible Broker to engage in dollar denominated trades:

1. A Trading Participant must have attended a DDS training session or seminar conducted by the PSE and must be operationally ready to trade DDS, and shall issue a sworn certification to the PSE attesting to its operational readiness. Notwithstanding the said certification, the PSE has the option to assess the operational readiness of a Trading Participant.

2. A Trading Participant shall have a US dollar deposit account with any universal or commercial bank and a separate US dollar cash settlement account with the designated settlement bank.

3. A Trading Participant shall also open a separate cash collateral deposit account for dollar-denominated securities trading with the designated settlement bank for the required cash collateral in US dollars.

4. A Trading Participant shall also obtain the consent of its clients to the disclosure of their names to the SEC, if said information is requested by the SEC in the course of an investigation of a possible violation of the SRC and the SRC Rules and other orders and issuances of the SEC, examination, official inquiry or as part of surveillance procedures, and/or in compliance with other pertinent laws.

5. A Trading Participant shall comply with any other requirements as may be imposed by other regulatory agencies such as, but not limited to, the BSP and SEC.

Pursuant to the PSE DDS rules, the PSE shall restrict Trading Participants that fail to comply with such requirements from trading the dollar-denominated securities.

In view of the foregoing, the Issuer has identified for purposes of the Offer and as of September 30, 2017, the following Trading Participants as the Eligible Brokers for DDS, who will then be eligible to trade the Preferred B-2 Shares subject of the Offer (the "Offer Shares") (in alphabetical order):

1. AP Securities Incorporated
2. Armstrong Securities, Inc.
3. Astra Securities Corporation
4. BA Securities, Inc.
5. BDO Securities Corporation
6. First Metro Securities Brokerage Corporation
7. Mandarin Securities Corporation
8. Philippine Equity Partners, Inc.
9. Sunsecurities, Inc.
10. Venture Securities, Inc.
11. The First Resources Management and Securities Corporation
12. Wealth Securities, Inc.

An applicant shall appoint any of the named Eligible Brokers as its broker for the trading of the Offer Shares.

Even after the commencement of the Offer Period and after Listing Date but subject to applicable laws and regulations and compliance thereof by the relevant Trading Participant, any Trading Participant may apply to the PSE to be named as an Eligible Broker. In other words, there will be a continuing accreditation of Trading Participants as Eligible Brokers for DDS, who will then be eligible to trade the Preferred B-2 Shares.

Notwithstanding the foregoing, neither the Issuer nor any of the Underwriters make any guarantee that additional Trading Participants will be named as Eligible Brokers after the Listing Date or that the Eligible Brokers named above will continue to act as such in respect of the Offer Shares. The PSE DDS Rules, however, currently require as a continuing listing requirement that the Issuer should ensure the availability of at least two Eligible Brokers to trade the DDS.

Non-Resident Transactions

When the purchase/sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three Business Days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Inward foreign investments in PSE-listed securities are registered with the investor's designated custodian bank on behalf of the BSP. Under BSP rules, all registered foreign investments in securities including profits and dividends, net of taxes and charges, may be repatriated.

Settlement

Settlement - In General

The 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. SCCP received its permanent license to operate on January 17, 2002. It is responsible for:

- synchronizing the settlement of funds and the transfer of securities through Delivery versus Payment clearing and settlement of transactions of Clearing Members, who are also Trading Participants of the PSE;
- 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; and
- performance of Risk Management and Monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three trading days after transaction date ("T+3"). The deadline for settlement of trades is 12:00 n.n. of T+3. Securities sold should be in scripless form and lodged under the book-entry system of the PDTC. Each PSE Broker maintains a Cash Settlement Account with one of the five existing Settlement Banks of SCCP, which are BDO Unibank, Inc., Rizal Commercial Banking Corporation, Metropolitan Bank and Trust Company, Deutsche Bank and Unionbank of the Philippines. 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 Central Clearing and Central Settlement system on 29 May 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.

Settlement - DDS

The two immediately preceding paragraphs are specifically applicable to peso-denominated equity securities listed with the PSE. In respect of DDS, trading and settlement shall be governed by the PSE DDS

Rules which are to be read in conjunction with the SRC and the SRC Rules, existing BSP regulations, and other relevant laws, rules and regulations and are to form part of all rules of the PSE. Moreover, all rules of the PSE, SCCP and CMIC not inconsistent with the PSE DDS Rules shall apply to the DDS. Please refer to Parts C and D of the PSE DDS Rules for the rules on the trading and settlement of DDS in general.

Depository-related functions and activities, including the use of NOCD, shall be governed by existing rules and regulations of PDTC.

As the Preferred B-2 Shares are being applied for listing with the PSE, the PSE DDS Rules will be applicable to such securities.

As of the date of this Prospectus, there are only 12 Eligible Brokers for DDS who are eligible to trade the Preferred B-2 Shares. Such Eligible Brokers maintain a Cash Settlement Account with the lone settlement bank for DDS, which is BDO .

Please see discussion under "Requirements for Trading Participants to be Eligible to Trade the Offer Shares; Nominating a Trading Participant which are Eligible Brokers" in this Prospectus for additional information.

Scripless Trading

In 1995, the PDTC (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, BDO Unibank, Inc., Rizal Commercial Banking Corporation, Metropolitan Bank and Trust Company, Deutsche Bank and Unionbank of the Philippines, The Hong Kong and Shanghai Banking Corporation, Maybank Philippines, Inc. and Asia United Bank Corporation. For DDS, only BDO Unibank, Inc. is appointed as settlement bank.

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 in favor of the 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 lodged in the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares in the account of the PCD Nominee through the PDTC Participant will be recorded in the issuing corporation's registry. This trust arrangement between the participants and PDTC through the 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 the 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 (T+3) 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 SCCP Central Clearing and Central Settlement system, 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. In respect of DDS, the foregoing is subject to the PSE DDS Rules. Moreover, please see discussion under "Requirements for Trading Participants to be Eligible to Trade the Offer Shares; Nominating a Trading Participant which are Eligible Brokers" on page 27 under "Terms and Conditions of the Offer".

The difference between the depository and the registry would be on the recording of ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCD Nominee to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of the PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the PCD 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.

In respect of DDS, the foregoing is subject to the PSE DDS Rules and the PDTC's Operating Guidelines and Procedures for Depository Participants (Holding of Dollar Denominated Securities in the Depository) ("**PDTC DDS Guidelines**"). Under the PDTC DDS Guidelines, participants are required to open and maintain segregated clients' securities sub-account under the NOCD facility to lodge their clients' holdings of DDS. The NOCD facility allows a participant to segregate its clients' DDS holdings lodged with the depository into individual client name on central depository account. Each participant should create an NOCD sub-account with an NOCD ID to segregate and hold the DDS of its clients, and the NOCD sub-account should be in the client's own name. Each participant must obtain and warrant to the PDTC that it has obtained its client's consent for the collection, processing and sharing of the client's information/details used to set-up the NOCD sub-account with PDTC. The lodgment, upliftment and transfer of DDS follow the existing process for peso denominated securities.

Moreover, please see discussion under "Requirements for Trading Participants to be Eligible to Trade the Offer Shares; Nominating a Trading Participant which are Eligible Brokers" on page 27 under "Terms and Conditions of the Offer".

Amended Rule on Lodgment of Securities

On 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 the amended rule on Lodgment of Securities of the PSE.

Pursuant to the said amendment, the PDTC issued implementing procedural rules:

- For a new company to be listed at the PSE as of July 1, 2009, the usual procedure will be observed but the transfer agent of the company shall no longer issue a certificate to PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on the listing date.

- On the other hand, for an existing listed company, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of PCD Nominee jumbo certificates and upon such advice the PDTC shall surrender all PCD Nominee jumbo certificates to the transfer agent for cancellation. The transfer agent shall issue a Registry Confirmation Advice to PDTC evidencing the total number of shares registered in the name of PCD Nominee in the listed company's registry as of confirmation date.

Issuance of Stock Certificates for Certificated Shares

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with PDTC through his broker or custodian-participant for a withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his shareholdings from the PDTC System, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are on the account of the uplifting shareholder.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

Amended Rule on Minimum Public Ownership

Under the amended rules on minimum public ownership promulgated by the PSE and approved by the SEC, listed companies are required at all times to maintain a minimum percentage of listed securities held by the public of 10% of the listed companies' issued and outstanding shares, exclusive of any treasury shares, or as such percentage as may be prescribed by the PSE. The determination of whether shareholdings are considered public or non-public is based on: (a) the amount of shareholdings and its significance to the total outstanding shares; (b) purpose of investment; and (c) extent of involvement in the management of the company.

The shares held by the following are generally considered as held by the public: (i) individuals whose shares are not of significant size and which are non-strategic in nature; (ii) PSE trading participants (such as brokers) whose shareholdings are non-strategic in nature; (iii) investment funds and mutual funds; (iv) pension funds which hold shares in companies other than the employing company or its affiliates; (v) PCD Nominee provided that none of the beneficial owners of the shares has significant holdings (i.e., shareholdings by an owner of 10% or more are excluded and considered non-public); and (vi) Social Security funds.

If an investment in a listed company is meant to partake of sizable shares for the purpose of gaining substantial influence on how the company is being managed, then the shareholdings of such investor are considered non-public. Ownership of 10% or more of the total issued and outstanding shares of a listed company is considered significant holding and therefore non-public.

Listed companies which become non-compliant with the minimum public ownership requirement will be suspended from trading for a period of not more than six months and will be automatically delisted if it remains non-compliant with the said requirement after the lapse of the suspension period.

On May 31, 2017, the SEC issued the draft rules and regulations proposing to increase the public float of publicly listed companies, for public comment.

Under the proposal, companies filing a registration statement pursuant to Sections 8 and 12 of the SRC and with intention to list their shares for trading in an exchange shall apply for registration with a public float of at least 20% of the companies' issued and outstanding shares. On the other hand, companies with existing registration statements filed with the SEC and whose shares are listed and traded in an exchange shall increase their public float to at least 15% on or before the end of 2018, to be further increased to 20% on or before the end of 2020. The requirement of minimum public ownership shall also form part of the requirement for the registration of securities. Non-compliance with these requirements shall subject publicly listed companies to administrative sanctions, including suspension and revocation of their registration with the SEC.

LEGAL MATTERS

Certain legal matters as to the Philippine Law relating to the Offer will be passed upon by Angara Abello Concepcion Regala & Cruz, legal counsel to the Company, and Sycip Salazar Hernandez & Gatmaitan, legal counsel to the Underwriters.

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. Other than the appointment of Atty. Tadeo Hilado of Angara Abello Concepcion Regala & Cruz Law Offices, none of the aforementioned counsels has acted or will act as promoter, underwriter, voting trustee, officer, or employee of the Company.

INDEPENDENT AUDITORS

The audited consolidated financial statements of the Company as at 31 December 2016 and 2015 and for each of the three years in the period ended 31 December 2016 have been audited by SGV & Co., independent auditors, in accordance with Philippine Standards on Auditing as set forth in their report thereon appearing elsewhere in this Prospectus. The unaudited interim condensed consolidated financial statements as at 30 June 2017 and for the six-month periods ended 30 June 2017 and 2016 have been reviewed by SGV & Co. in accordance with Philippine Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, as set forth in their report thereon appearing elsewhere in this Prospectus. A review is substantially less in scope than an audit conducted in accordance with the Philippine Standards on Auditing. Consequently, it does not enable the independent auditors to obtain assurance that they would become aware of all significant matters that might be identified in an audit. Accordingly, they do not express an audit opinion on the unaudited interim condensed financial statements.

The unaudited pro forma condensed consolidated financial information of the Company as at 30 June 2017 and 31 December 2016 and for the six-month period ended 30 June 2017 and year ended 31 December 2016, have been reviewed by SGV & Co., independent auditors, in accordance with Philippine Standard on Assurance Engagements 3420, as set forth in their report thereon appearing elsewhere in this Prospectus.

The Company's fiscal year begins on 1 January and ends on 31 December of each year.

SGV & Co. has acted as the Company's independent auditors since inception. Kristopher S. Catalan is the current audit partner and has served the Company since 2016. Prior to Kristopher S. Catalan, Ladislao Z. Avila, Jr. and then Martin Guantes acted as the Partners-in-Charge for the audit years 2011 to 2015. The Company, in compliance with SRC Rule 68, paragraph 3 (b) (iv) re: compliance with the five (5) year rotation requirement for external auditors, has requested for a new Partner-in-Charge from SGV to handle its accounts. Kristopher S. Catalan has been assigned by SGV & Co. as Partner-in-Charge effective 2016 Audit. The Company has not had any material disagreements on accounting and financial disclosures with its current independent auditors for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of the Company. SGV & Co. will not receive any direct or indirect interest in the Company or its securities (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by SGV & Co., excluding fees directly related to the Offer.

In ₱	2016	2015	2014
Audit and Audit-related Fees[a]	2,372,244.00	9,950,169.51	1,725,095.00
All Other Fees[b]	458,000.00	1,104,847.25	689,488.50
Total	**2,830,244.00**	**11,055,016.76**	**2,414,583.50**

a Audit and Audit-Related Fees. This category includes the audit of annual financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years. This is exclusive of out-of-pocket expenses incidental to the independent auditors' work.

b All Other Fees. This category includes other services rendered by SGV & Co. such as agreed upon procedures and tax compliance services.

In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual, which was approved by the Board of Directors on December 15, 2010 (revised on 31 July 2014), provides that the audit committee shall, among other activities, (i) evaluate significant issues reported by the independent auditors in relation to the adequacy, efficiency, and effectiveness of policies, controls, processes, and activities of the Company, (ii) ensure that other non-audit work provided by the independent auditors are not in conflict with their functions as independent auditors, and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

The following pages set forth the Company's financial information as of 31 December 2016 and 2015 and for the years ended 31 December 2016, 2015, 2014 (audited), and as of 30 June 2017 and for the six months ended 30 June 2017 and 2016 (unaudited) and the unaudited pro forma consolidated financial information of the Company as of and for the six-month period ended 30 June 2017 and as of and for the year ended 31 December 2016.

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