



## **SL AGRITECH CORPORATION**

### **Php 2,000,000,000 Commercial Paper Issue Issue Price: Discount to face value**

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SL Agritech Corporation (“SLAC”, the “Company” or the “Issuer”) is seeking authority from the Securities and Exchange Commission to issue up to Php 2,000,000,000 worth of commercial papers (the “CPs”). The Initial Issuance of Series M and N will carry Discount Rates of 4.25%, and 4.75%, respectively, calculated on a true-discount basis. (See “Terms and Description of the CPs – Discount Rate”). The Initial Issuance will have the following tenors: 182 days and 364 days for Series M and N, respectively.

The CPs shall be offered to the public (the “Offer”) at discount to face value and in one lump sum or in tranches through the Underwriter and the Selling Agents as may be designated subject to certain conditions in the Issue Management and Underwriting Agreement executed between the Issuer and the Issue Manager/Underwriter. The CPs are intended to be listed at the Philippine Dealing & Exchange Corp. (PDEX) for secondary trading of the CPs and upon such listing, all secondary trading may be coursed through eligible PDEX Trading Participants. AB Capital and Investment Corp. – Trust Department is the Facility Agent for the Offer. The Issuer has been assigned a credit rating of PRS Aa (Corp.) with a Stable Outlook by the Philippine Ratings Services Corporation (“PhilRatings”) on January 16, 2020. A credit rating is not a recommendation to buy, sell, or hold the securities and may be subject to revision, suspension, or withdrawal at any time by PhilRatings.

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*Sole Arranger/ Lead Underwriter/ Market Maker*

### **Multinational Investment Bancorporation**

November 24, 2020

**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.**

**SL AGRITECH CORPORATION**  
**STERLING PLACE 2302 PASONG TAMO EXTENSION**  
**MAKATI CITY 1231, PHILIPPINES**  
**+632 813 7828**

**SL AGRITECH CORPORATION** (the “Issuer” or the “Company”) is offering Commercial Papers (the “CPs”) in the aggregate principal amount of ₱2,000,000,000.00 (the “Offer”). The CPs, which may be issued in lump sum or in tranches, shall have an interest rate fixed prior to issuance. The succeeding tranches, if any, may be issued within three (3) years from the date of effectivity of the registration statement.

After the close of the Offer and within three (3) years following the issuance of the CPs, the Company may, at its sole discretion, offer any or all of the remaining balance of the face value of the CPs covered by such registration statement, in one or more subsequent tranches under Rule 12.1.2.5 of the Implementing Rules and Regulations of the Securities Regulation Code. Such registration provides the Company with the ability to take advantage of opportunities in a volatile debt capital market, as these occur, and to issue CPs depending on its financing needs. Subsequent issuances are subject to a rating by PRS.

The CPs will be unsecured obligations of the Company and will rank *pari passu* without any preference amongst themselves and at least *pari passu* with other unsecured and unsubordinated obligations of the Company, present and future, other than obligations preferred by law. The CPs will be effectively subordinated in right of payment to all secured debt of the Company to the extent of the value of the assets securing such debt and all debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines.

The Company expects the Net Offer proceeds to amount to approximately Php1,877,398,209.87. Such proceeds will be used by the Company to refinance existing debt of the company, and finance working capital requirements. See “*Use of Proceeds*” on page40. The Underwriter will receive 0.50% per annum of the aggregate value of the CPs issued. Such amount shall be inclusive of the underwriting and selling agency fees and shall be deductible from the gross proceeds of the Offering. The Company will also pay the Issue Manager a flat fee of Pesos: Two Million Five Hundred Thousand (Php 2,500,000.00) upon issuance of the Commercial Papers.

The Company was registered with the SEC on September 11, 2000 with an authorized capital stock of Php100,000,000.00 divided into 1,000,000 common shares with a par value of Php100.00. On September 28, 2010, the SEC approved the increase in the Company’s authorized capital stock to Php1,000,000,000.00 divided into 1,000,000,000 common shares with a par value of Php1.00 per share. On July 9, 2012, the SEC approved the increase in the Company’s authorized capital stock to Php2,000,000,000.00 divided into 2,000,000,000 common shares with a par value of Php1.00 per share. On September 4, 2017, the SEC approved the increase in the Company’s authorized capital stock to Php2,070,000,000.00 divided into 2,070,000,000 common shares with a par value of Php1.00 per share. On January 16, 2020, the SEC approved the increase in the Company’s authorized capital stock from Php2,070,000,000.00 divided into 2,000,000,000 common shares with a par value of Php1.00 each and 70,000,000 preferred shares with a par value of Php1.00 each, to

Php6,370,000,000.00 divided into 6,300,000,000 common shares with a par value of Php1.00 each and 70,000 preferred shares with a par value of Php1.00 each.

The Company is the only Philippine producer of SL-8H hybrid rice seeds with fully integrated operations, while the other companies only sell imported hybrid rice seeds from other countries. The Company operates two business segments: the production of hybrid rice seeds and premium quality rice. The majority of the Company's business is currently derived from hybrid rice seeds, after its first product, SL-8H, was successfully developed and distributed. Another objective of the Company is to develop premium quality rice from its hybrid rice seed products. The Company currently conducts research and propagates proprietary hybrid rice seed varieties, and distributes premium rice products under the brand names "Doña Maria", "Cherry Blossom", "SL8H" and "Willy Farms."

SL Agritech Corporation, being a technology and research company, keeps itself abreast with the latest development in agriculture. It continues to maintain its alliance with the Father of Hybrid rice in China, Prof. Huan Long Ping.

To ensure the continuity of its operations, succession planning is in place especially in the technical aspect. There is a continuous transfer of knowledge and technology from the Chinese scientists to the locals. In fact, some of the areas planted are managed by Filipinos who undergone stringent trainings and mentoring from the Chinese scientists.

To further augment our technical capability, local consultants, who have expertise in hybrid rice seed technology has been commissioned.

The Company, on September 2020, has gained approval from the BOI for its application for registration as New Producer of Hybrid (milled) Rice and By-Product on a Non-Pioneer Status under All Qualified Manufacturing Activities including Agro Processing of the 2017 Investment Priorities Plan (IPP) under Book I of E.O. 226; in addition, the Company has been granted as well pioneer status for its seeds production in Matanao, Davao Oriental in May 2017. The Company's main activities are covered under the Investment Priority Plan of the BOI and thereby granted incentives. As a BOI-registered company, the Company is entitled to certain benefits including Income Tax Holiday for a period of four (4) years in general from the date of registration. The Company further avails of BOI benefits under the law as result of the additions and expansion of its production facilities.

The Company's Board of Directors (the "Board") is authorized to declare cash or stock dividends or a combination thereof. A cash dividend declaration requires the approval of the Board and no shareholder approval is necessary. A stock dividend declaration requires the approval of the Board and shareholders representing at least two-thirds of the Company's outstanding capital stock. Holders of outstanding shares on a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares. The Company intends to declare as a policy at least 5% of its prior year's net income as dividends whether in stock or in cash, subject to statutory limitations. See "*Dividend Policy*" on page 106.

Unless otherwise stated, all information contained in this Prospectus has been supplied by the Company. The Company, through its Board, having made all reasonable inquiries, accepts full responsibility for the information contained in this Prospectus and confirms that this Prospectus contains all material information with regard to the

Company, its business and operations and the CPs, which as of the date of this Prospectus is material in the context of the Offer; that, to the best of its knowledge and belief as of the date hereof, the information contained in this Prospectus are true and correct and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held; and, that there are no other facts, the omission of which makes this Prospectus, as a whole or in part, misleading in any material respect. The delivery of this Prospectus shall not, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

Multinational Investment Bancorporation, the Issue Manager and Underwriter / Arranger, warrants that it has, to the best of its ability, exercised the level of due diligence required under existing regulations in ascertaining that all material information contained in this Prospectus are true and correct, and that to the best of its knowledge, no material information was omitted, which was necessary in order to make the statements contained in this Prospectus not misleading. Except for its failure to exercise the required due diligence, the Issue Manager and Underwriter / Arranger assumes no liability for any information supplied by the Company.

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

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

### **Risks relating to the Company and its business**

- Dependence on programs developed or supported by the Department of Agriculture of the Philippines
- Risk that the business may be affected by the Tax Reform for Acceleration and Inclusion (TRAIN) Law
- Risk of non-acceptance of the Company's hybrid rice seed products
- Risk of being affected by changes in the preferences or purchasing power of consumers
- Risks of the Company not executing its sales strategy efficiently
- Dependence on its proprietary rights on hybrid seeds and rice
- The Company's business is affected by seasonality
- Revocation of BOI Registration
- Risk of non-availability of land for the Company's operations.
- Dependence on key personnel, the loss of which could adversely affect its business and growth
- Dependence on certain key managers of Sterling Paper Products Enterprises, Inc.

- The Company's plan of action when high ranking employees and scientists leave
- Reliance on third parties
- Risk of products not meeting customers' requirements
- Risk of failure to renew approval of permits and other regulatory licenses necessary for the business
- Risk that the operations might be disrupted by labor disputes
- Risk brought by climate change
- Increased amount of debt
- Risks relating to the listing of the CPs to the PDEX
- Risk relating to the changes in market interest rates/interest rate risk
- Risk relating to the collateralization of assets for loans obtained
- Risks relating to refinancing

### **General Risks**

- Political or social instability
- Slowdown in the Philippine economy
- Natural catastrophe and calamity
- Unprecedented Health risk

### **Risks Relating to the Commercial Papers**

- Liquidity Risk – the Philippine securities markets are substantially smaller, less liquid and more concentrated than major securities markets
- Price Risk – the CPs market value moves (either up or down) depending on the change in interest rates
- Retention of Ratings Risk – there is no assurance that the rating of the CPs will be retained throughout the life of the CPs

For a more detailed discussion on the risks in investing, see section on "*Risk Factors*" beginning on page 25 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 CPs.

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

The contents of this Prospectus are not to be considered as legal, business or tax advice. Each prospective purchaser of the CPs receiving a copy of this Prospectus acknowledges that he has not relied on the Issue Manager and Underwriter / Arranger

or Selling Agents in his investigation of the accuracy of such information or his investment decision. Prospective purchasers should consult their own counsel, accountants or other advisors as to legal, tax, business, financial and related aspects of a purchase of the CPs.

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

The laws of certain jurisdictions may restrict the distribution of this Prospectus and the offer and sale of the CPs. Persons into whose possession this Prospectus or any of the CPs come must inform themselves about, and observe any such restrictions. Neither the Company, the Issue Manager/Underwriter and the Selling Agents, nor any of its or their respective representatives are making any representation to any prospective purchaser of the CPs as to the legality of any investment in the CPs by such prospective purchaser under applicable legal investment or similar laws or regulations.

**ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED THEREIN IS TRUE AND CORRECT.**

The Company is organized under the laws of the Republic of the Philippines. Its principal office is located at Sterling Place 2302 Pasong Tamo Extension Makati City 1231, Philippines with telephone number **+632 813 7828**. Any inquiry regarding this Prospectus should be forwarded to the Company, or to Multinational Investment Bancorporation.

**SL AGRITECH CORPORATION**

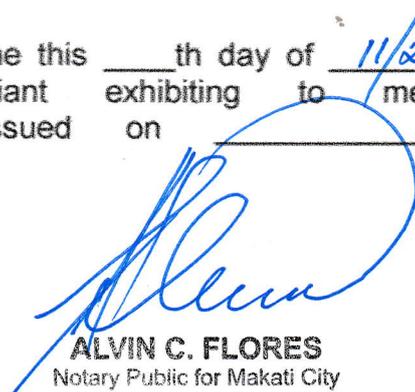
By:



**HENRY LIM BON LIONG**  
Chairman

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ th day of 11/24/  
2020 in **MAKATI CITY** Philippines, affiant exhibiting to me his  
\_\_\_\_\_ issued on \_\_\_\_\_ in

Doc. No 511 ;  
Page No 104 ;  
Book No 1 ;  
Series of 2020.



**ALVIN C. FLORES**  
Notary Public for Makati City  
Until December 31, 2021  
IBP No. 096609, 12/06/2019, Makati City  
PTR No. 8126337, 01/09/2020, Makati City  
MCLE Compliance No. VI-0030637  
Attorney's Roll No. 40866

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## DEFINITION OF TERMS

A to B Market Segment.....	This refers to market segment related to one of the socio-economic class of population of the country e.g. Philippines. AB is the socio-economic class referring to Rich and upper income class.
Banking Day.....	A day (except Saturdays, Sundays and holidays) on which banks in the Philippines are open for business
BIR.....	Bureau of Internal Revenue
BOI.....	Board of Investments
BPI.....	Bureau of Plant and Industry
BSP.....	Bangko Sentral ng Pilipinas, the central bank of the Philippines
Company.....	SL Agritech Corporation
Corporation Code.....	Batas Pambansa Blg. 68, otherwise known as “The Corporation Code of the Philippines”
CP.....	The Commercial Papers, an evidence of indebtedness registered with the SEC with maturity of three hundred and sixty five (365) days or less
CP Holder.....	A purchaser of the CPs
C to E Market Segment.....	This refers to market segment related to one of the socio-economic class of population of the country e.g. Philippines. C to E is the socio-economic class referring to Middle Income class and low-income class.
DA.....	Department of Agriculture
DENR.....	Philippine Department of Environment and Natural Resources
Directors.....	The members of the Board of Directors of the Company
Government.....	The Government of the Republic of the Philippines
GRT.....	Gross receipts tax
Initial Issuance.....	The first issuance of the Commercial Paper

Issue Date.....	A date at which the CPs or a portion thereof shall be issued by the Issuer, which date shall be set by the Issuer in consultation with the Issue Manager and Underwriter / Arranger. For the avoidance of doubt, an Issue Date shall at any time be a date which is within the validity of the SEC Permit to Sell.
Listing Date.....	The date at which the CP shall be listed with PDEX
Lim Family.....	Mr. Henry Lim Bon Liong, Mr. Joseph Lim Bon Huan, Mr. Gerry Lim Bon Hiong, Mr. Ruben Lim Bon Siong and Ms. Evelyn Lim.
MAO.....	Municipal Agriculture Office
NFA.....	National Food Authority
Offer.....	Up to Php2,000,000,000 Commercial Papers
Offer Price.....	Discount to face value
₱ or P.....	Philippine Pesos, the lawful currency of the Republic of the Philippines
PDEX.....	Philippine Dealing & Exchange Corp.
BVAL.....	Bloomberg Valuation benchmark reference rates as reported in the Bloomberg system
PDTC.....	The Philippine Depository and Trust Corporation
PFRS.....	Philippine Financial Reporting Standards
Philratings.....	Philippine Ratings Services Corporation
Prospectus.....	This Prospectus together with all its annexes, appendices and amendments, if any
SEC.....	The Philippine Securities and Exchange Commission
SLAC or SL Agritech.....	SL Agritech Corporation
Subsequent Issuance.....	Issuances subsequent to the Initial Issuance
Issue Manager and Underwriter / Arranger .....	Multinational Investment Bancorporation
SRC.....	Republic Act No. 8799, otherwise known as “The Securities

Regulation Code”

Term Deposit Facility....	The Term Deposit Facility (TDF) is a key liquidity absorption facility, commonly used by central banks for liquidity management. Due to the BSP’s inability to issue its own debt instruments, the TDF will be tasked to withdraw a large part of the structural liquidity from the financial system to bring market rates closer to the BSP policy rate.
Underwriter.....	Multinational Investment Bancorporation
Underwriting Agreement.....	The agreement entered into by and between the Company and the Underwriter, indicating the terms and conditions of the Offer and providing that the Offer shall be underwritten by the Underwriter on a best efforts basis
USD.....	U.S. Dollars, the lawful currency of the United States of America
VAT.....	Value Added Tax

## EXECUTIVE SUMMARY

*The following summary does not purport to be complete and is taken from and qualified in its entirety by the more detailed information including the Company's financial statements and notes relating thereto, appearing elsewhere in this Prospectus. For a discussion of certain matters that should be considered in evaluating any investment in the CPs, see the section entitled "Risk Factors" beginning on page 25 of this Prospectus.*

### OVERVIEW OF THE COMPANY

SL Agritech Corporation, incorporated in 2000, is the only Philippine producer of hybrid rice seeds with fully integrated operations. The Company operates two business segments: the production of hybrid rice seeds and premium quality rice. The majority of the Company's business is currently derived from the hybrid rice seeds business, after its first product, SL-8H, was successfully developed and distributed. Another objective of the Company is to develop premium rice from its hybrid rice seed products. The Company currently conducts research and propagates proprietary hybrid rice seed varieties, and distributes premium quality rice products under the brand names "Doña Maria", "Cherry Blossom", "SL8H Rice" and "Willy Farms."

The Company's fully integrated operations, which begins with hybrid rice seed research and ends with the sale of premium quality rice products, provides an advantage over traditional rice producers. This structure enables the Company to develop its proprietary hybrid rice seed varieties to either sell to local and international markets or to mass produce as premium rice. Having a fully integrated operation allows the Company to utilize its technology while simultaneously maximizing volume production with consistent quality.

The Doña Maria brand of rice is positioned as premium quality rice targeting the high- and middle-income consumers. The Company's other brands, Cherry Blossom, SL8H Rice and Willy Farms aim to attract the lower middle-income consumers. All of the Company's rice products also originate from its proprietary hybrid rice seeds. The premium quality rice business currently has five (5) Doña Maria variants, one (1) Cherry Blossom variant and three (3) Willy Farms variants. The Doña Maria products currently compete in the market against the Thai Jasmine rice varieties, while Cherry Blossom, SL8H Rice and Willy Farms aim to compete against the local varieties.

The Company was founded by the Lim Family and is affiliated with Sterling Paper Products Enterprises, Inc. which is simultaneously headed by Mr. Henry Lim Bon Liong, as Chairman. The Company is positioning itself to be the Philippines' leading proponent of hybrid rice farming technology and industry model for sound farm management practices. Its objectives are to help the country to achieve rice self-sufficiency and improve the livelihood of local farmers.

## **COMPETITIVE STRENGTHS**

The Company believes that its strengths lie in the following:

- Innovation of high yielding rice technology
- Superior and consistent product quality
- Fully integrated operations
- Attractive growth prospects
- Strong market position

Additional information on the Company's Competitive Strengths may be found in the "*The Company*" beginning page 65.

## **BUSINESS STRATEGY**

The Company plans to further strengthen its position as the only local producer of high-yielding hybrid rice seeds and increase its market share of its premium rice products. The Company intends to achieve this by pursuing the following strategies:

- Increase brand awareness
- Improve operational efficiency
- Maintain product leadership
- Improve customer and market knowledge
- Develop new products
- Expand market share

## **RISKS OF INVESTING**

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

### ***Risks relating to the Company and its business***

- Dependence on programs developed or supported by the Department of Agriculture of the Philippines
- Risk that the business may be affected by the Tax Reform for Acceleration and Inclusion (TRAIN) Law
- Risk of non-acceptance of the Company's hybrid rice seed products
- Risk of being affected by changes in the preferences or purchasing power of consumers
- Risks of the Company not executing its sales strategy efficiently
- Dependence on its proprietary rights on hybrid seeds and rice
- The Company's business is affected by seasonality
- Revocation of BOI Registration
- Risk of non-availability of land for the Company's operations.
- Dependence on key personnel, the loss of which could adversely affect its business and growth
- Dependence on certain key managers of Sterling Paper Products Enterprise, Inc.
- Reliance on third parties

- Risk of products not meeting customer's requirements
- Risk of failure to renew approval of permits and other regulatory licenses necessary for the business
- Risk that the operations might be disrupted by labor disputes
- Risk brought by climate change
- Increased amount of debt
- Risk relating to the listing of the CPs in the PDEX
- Risk relating to the changes in market interest rates/interest rate risk
- Risk relating to the collateralization of assets for loans obtained
- Risks relating to refinancing

### ***Risks relating to the Commercial Papers***

- Liquidity Risk
- Price Risk
- Retention of Ratings Risk

### ***General Risks***

- Political or social instability
- Slowdown in the Philippine economy
- Natural catastrophe and calamity
- Risk of non- availability of land
- Unprecedented Health Risk

Please refer to the section entitled "*Risk Factors*" beginning on page 25 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 CPs.

## **CORPORATE INFORMATION**

The Company's principal place of business is at Sterling Place, 2302 Pasong Tamo Extension, Makati City 1231, Philippines with telephone number +632 813 7828. The information and prospectus of the Company may be obtained at <http://www.sl-agritech.com/> and at <http://www.sl-agritech.com/myslagri/files/slacprospectus/> respectively.

## SUMMARY FINANCIAL INFORMATION

*The selected financial information set forth in the following table has been derived from the Company's Consolidated Audited financial statements for fiscal years ended May 31, 2020, 2019, 2018. These should be read in conjunction with the financial statements and notes thereto contained in this Prospectus and the section entitled "Management's Discussion and Analysis of Financial Condition" and other financial information included herein.*

*The Company's financial statements were prepared by SyCip Gorres Velayo & Co. (SGV) a member practice of Ernst & Young Global, in accordance with PFRS. The summary 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.*

<b>INCOME STATEMENT DATA (IN PHP)</b>			
	<b>May 31, 2020</b>	<b>May 31, 2019</b>	<b>May 31, 2018</b>
Revenues	5,294,197,161	4,851,769,557	4,436,307,382
Cost of Sales	3,405,694,327	3,115,894,392	2,924,725,708
Other Income/ (Expenses)	(1,359,905,769)	(1,175,870,850)	(986,395,326)
<b>Income/ (Loss) Before Tax</b>	<b>528,597,065</b>	<b>560,004,315</b>	<b>525,186,348</b>
Tax Income (Expense)	1,523,099	5,695,341	627,378
<b>Net Income</b>	<b>527,073,966</b>	<b>554,308,974</b>	<b>524,558,970</b>

<b>FINANCIAL POSITION DATA (IN PHP)</b>			
	<b>May 31, 2020</b>	<b>May 31, 2019</b>	<b>May 31, 2018</b>
<b>ASSETS</b>			
Current Assets	12,783,212,731	9,453,183,397	7,780,953,596
Non-current Assets	3,979,095,135	3,028,180,689	3,105,700,459
<b>Total Assets</b>	<b>16,762,307,866</b>	<b>12,481,364,086</b>	<b>10,886,654,055</b>
<b>LIABILITIES AND EQUITY</b>			
Current Liabilities	11,982,232,836	8,549,660,235	7,523,329,330
Non-current Liabilities	764,052,337	437,356,642	413,535,627
Total Liabilities	12,746,285,173	8,987,016,877	7,936,864,957
Total Equity	4,016,022,693	3,494,347,209	2,949,789,098
<b>Total Liabilities and Equity</b>	<b>16,762,307,866</b>	<b>12,481,364,086</b>	<b>10,886,654,055</b>

## THE OFFER

*The following do not purport to be a complete listing of all the rights, obligations and privileges of the CPs. Some rights, obligations or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective note holders are enjoined to perform their own independent investigation and analysis of the Issuer and the Commercial Papers. Each prospective note holder must rely on its own appraisal of the Issuer and the proposed financing 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 financing 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 note holder's independent evaluation and analysis.*

*The following overview should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Prospectus. This overview may not contain all of the information that prospective investors should consider before deciding to invest in the CP. Accordingly, any decision by a prospective investor to invest in the CPs should be based on a consideration of this Prospectus as a whole, which provides the material rights, obligations and privileges of a CP Holder. Should there be any inconsistency between the summary below and the final documentation, the final documentation shall prevail.*

The following are the terms and conditions of the Offer:

Issuer	SL Agritech Corporation
Sole Arranger	Multinational Investment Bancorporation
Lead Underwriter	Multinational Investment Bancorporation
Instrument	Registered Commercial Paper
Issue Size	Up to Two Billion Pesos (Php 2,000,000,000) to be issued in one lump sum or multiple tranches; at the determination of the Issuer in consultation with the Issue Manager and Underwriter / Arranger.
Use of Proceeds	: Finance working capital requirements and refinance existing debt

Tenor / Initial Issuance	The tenor for the initial issuance shall be as follows:  Series M: One Hundred Eighty Two (182) days from Issue Date  Series N: Three Hundred Sixty Four (364) days from Issue Date
Denomination	For Series M:  Minimum of Pesos: Five Million (P5,000,000.00) face value and increments of Pesos: One Hundred Thousand (P100,000.00)  For Series N:  Minimum of Pesos: Five Hundred Thousand (P500,000.00) face value and increments of Pesos: One Hundred Thousand (P100,000.00)
Issue Price	Discount to face value
Issue Date	The CPs may be issued in either lump sum or tranches on a when and as needed basis in consultation with the Issuer upon approval by the SEC and issuance of the Permit to Offer and Sell Securities any time within three (3) years following the RS effectivity date
Discount Rate for Initial Issuance	Series M: 4.25%  Series N: 4.75%
Discount Rate for Subsequent Issuance/s	The discount rate for the subsequent issuance/s shall be set by the issuer in consultation with the arranger which may be determined based on the corresponding Benchmark Rate plus Spread
Minimum Denomination for Secondary Trading	: Minimum of Pesos: One Hundred Thousand (Php 100,000) face value and increments of Pesos: Ten Thousand (Php 10,000)

Benchmark Rate	The higher of the three-day average PHP BVAL benchmark rate of the corresponding tenor or the closest tenor of the latest auction of the Term Deposit Facility of the Bangko Sentral ng Pilipinas or its successor benchmark.
Tenor of Subsequent Issuance/s	The tenor of succeeding issues may range from thirty (30) days up to the maximum tenor allowed by the Securities and Exchange Commission (SEC) under the relevant provisions of the Securities Regulation Code (SRC)
Interest Computation	The Interest / Discount Rate and Rollover Interest / Discount Rate will be calculated on a true-discount basis
Principal Repayment	<p>The principal amount of the CPs will be repaid in full at their respective Maturity Dates, unless the investor provides written instruction to rollover the entire amount or a portion thereof.</p> <p>If such principal repayment is due on a day that is not a business day, the principal repayment date shall be made on the immediately succeeding business day. No additional interest will be paid in such case.</p>
Status	The CPs will constitute direct, unconditional, unsubordinated, general and unsecured obligations of the Issuer ranking at least pari passu in all respects and without preference or priority (except for any statutory preference or priority applicable in the winding-up of the Issuer) with all other outstanding unsecured and unsubordinated obligations (contingent or otherwise, present and future) of the Issuer.
Form	The CPs shall be issued scripless and will be maintained in electronic form with the Registrar to be appointed for the purpose

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Taxation

Interest paid on the CPs shall be subject to a 20% final withholding tax.

A CP Holder who is exempt from or is not subject to the aforesaid withholding tax shall be required to submit a tax exemption certificate and other applicable documents.

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Registrar

Philippine Depository & Trust Corp.

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Paying Agent

Philippine Depository & Trust Corp.

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Facility Agent

AB Capital and Investment Corporation – Trust Department

The Facility Agent has no direct relations with the issuer.

The Facility Agent is required under the Facility Agency Agreement to act on behalf of the CP Holders in calling for and/or attending meetings of the CP Holders.

A meeting of CP Holders may be called at any time and from time to time pursuant to the provisions of the Schedule 2 of the Facility Agency Agreement for the purpose of taking any action authorized to be taken by or on behalf of the CP Holders of any specified aggregate principal amount of CPs under any other provisions of this Agreement or under any other applicable law.

The Facility Agent may at any time call a meeting of the CP Holders on its own accord or upon the request by the Issuer or CP Holders holding at least twenty percent (20%) of the aggregate outstanding principal amount of the CPs to take any action specified in Clause 1 of this Schedule 2, to be held at such time and at such place as the Facility Agent shall determine. Notice of every meeting of CP Holders, setting forth the time and the place of such meeting in Metro Manila and the purpose of such meeting

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in reasonable detail, shall be sent to the Issuer and to each of the CP Holders and published in two (2) newspapers of general circulation in Metro Manila, Philippines not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date of the meeting; Provided, that all reasonable costs and expenses incurred by the Facility Agent for the proper dissemination of required information on the requested meeting shall be paid or reimbursed, as applicable, by the Issuer within five (5) Business Days from receipt of the duly supported billing statement.

The above discussion is qualified by the more detailed information as contained in the Facility Agency Agreement. The said Agreement is available for inspection at the Facility Agent's office by the CP Holders upon their request.

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Other Material Provisions  
Giving or Limiting the Rights of  
CP Holders

: In a CP Holders Meeting, the presence of the Majority CP Holders personally or by proxy shall be necessary to constitute a quorum to do business at any meeting of the CP Holders.

The Facility Agent shall, by an instrument in writing, appoint a temporary chairman and secretary of the meeting from among the CP Holders then present or represented during the meeting, unless the meeting shall have been called by the Issuer or by the CP Holders as provided in Clause 3 of this Schedule, in which case the Issuer or the CP Holders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman and secretary of the meeting from among the CP Holders then present or represented during the meeting. Any meeting of the CP Holders duly called pursuant to the provisions of this Section may be adjourned from time to time for a period or periods not to exceed in the aggregate one (1) year from the date for which the meeting shall originally have been called, and the meeting so adjourned may be held on another date without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the CPs represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

To be entitled to vote at any meeting of the CP Holders, a person must be a registered holder of

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the CPs or a person appointed by an instrument in writing as proxy by any such CP Holder as of the date of such meeting. The only persons who shall be entitled to be present or to speak at any meeting of the CP Holders shall be the persons entitled to vote at such meeting and any representative of the Issuer and its counsel.

All matters presented for resolution by the CP Holders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the majority of the CP Holders present or represented in a meeting at which there is a quorum, except as otherwise provided in this Agreement. Any resolution of the CP Holders which has been duly approved with the required number of votes of the CP Holders as herein provided shall be binding upon all the CP Holders and the Facility Agent as if the votes were unanimous.

Notwithstanding any other provisions of this Agreement, the Facility Agent may make such reasonable regulations as it may deem advisable for any meeting of the CP Holders, in regard to proof of ownership of CPs, the appointment of proxies by registered holders of CPs, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidences of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem fit.

Wherever in this Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of CPs may take any action (including the making of any demand or request, the giving of any notice or consent, or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by:

- any instrument executed by the CP Holders in person or by the agent or proxy appointed in writing;
  - the duly authenticated record of voting in favor thereof at the meeting of the CP Holders duly called and held in accordance with this clause; or
  - a combination of such instruments and any such record of meeting of the CP Holders.
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Secondary Trading	The CPs are intended to be listed at the Philippine Dealing & Exchange Corp. (PDEX) for secondary trading of the CPs and upon such listing, all secondary trading may be coursed through eligible PDEX Trading Participants
Market Maker	Multinational Investment Bancorporation
Manner of Purchase	: The CPs will be available for sale from the Underwriter / Arranger and Selling Agents, if any, subject to minimum purchase amount and denomination.
Acceptance / Rejection of the Application	: The Issuer and the Issue Manager and Underwriter / Arranger reserve the right to accept or reject any application for CPs. In case of over-subscription, the Issuer and the Issue Manager and Underwriter / Arranger reserve the right to allocate the CPs available to the investors in a manner they deem appropriate.
Delivery of CP	: Delivery of the CPs will be made upon full payment of the Offer Price to the Underwriter / Arranger and/or Selling Agents
Liabilities	: The Company as the CP issuer is liable and responsible for any and all obligations arising from the sale of the CP as provided under pertinent sections of the Negotiable Instruments Law, the SRC and applicable laws of the Philippines as well as in the Underwriting Agreement and related agreements. In addition, the Issuer is responsible for complying with all reportorial requirements of the SEC in connection with the issuance of the CP.
Credit Rating	: The Issuer has a rating of PRS Aa (Corp.) with a Stable Outlook as assigned by Philratings effective January 16, 2020.  Philratings assigned an issuer credit rating of PRS Aa (corp.) with a Stable Outlook for SL Agritech Corporation based on the following considerations:  Competitive market position locally supported by proprietary technology and vertically integrated operations;  Potential growth given the company's

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international business expansion; and  
Opportunities for growth for the local Hybrid Rice Industry given the current rice supply situation.

The assigned rating is subject to regular annual reviews, or more frequently as market developments may dictate, for as long as the CPs are outstanding.

On September 10, 2020, Philratings reconfirmed the credit rating of PRS Aa (corp.) with a Stable Outlook for SL Agritech Corporation.

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Security : Negative pledge on the Company's existing and future assets, except (i) to secure statutory obligations, (ii) to enable the Company to continue to enter into its usual transactions in the ordinary course of business, (iii) those imposed by law or arising out of pledges or deposits under workmen's compensation laws or other social security or retirement benefits or similar legislation, and (iv) those created for the purpose of paying current taxes, assessments or other governmental charges which are not delinquent or remain payable without any penalty, or the validity of which is contested in good faith by appropriate proceedings upon stay of execution of the enforcement thereof.

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Cross Default : The Company shall be considered to be in default in case the Company fails to pay or defaults in the payment of any installment of the principal or interest relative to, or fails to comply with or to perform, any other obligation, or commits a breach or violation of any of the terms, conditions or stipulations, of any agreement, contract or document with any persons to which the Company is a party or privy, whether executed prior to or after the date hereof, or under which the Company has agreed to act as guarantor, surety or accommodation party, which, under the terms of such agreement, contract, document, guaranty or suretyship, including any agreement similar or analogous thereto, shall constitute a default thereunder after allowing for all applicable grace periods.

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Other Terms and Conditions : The CPs will not be convertible to any other security or equity of the Issuer.

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The Issuer will not set up any sinking fund for the redemption of the CPs.

Substitution of the CP with another type of security will not be permitted.

Other terms and conditions as may be agreed upon among the Issuer, the Issue Manager and Underwriter / Arranger.

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# **RISK FACTORS**

## **GENERAL RISK WARNING**

*The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, 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 issued by smaller companies. There may be a big difference between the buying price and the selling price of these securities.*

*Investors deal in a range of investments each of which may carry a different level of risk.*

## **PRUDENCE REQUIRED**

*The risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. Investors should undertake independent research and study on the trading of these securities before commencing any trading activity. Investors may request publicly-available information on the CPs and the Company from the SEC and PDEX.*

## **PROFESSIONAL ADVICE**

*An investor should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially high risk securities.*

## **RISK FACTORS**

*An investment in the CPs described in this Prospectus involves a certain degree of risk. A prospective purchaser of the CPs should carefully consider the following factors, in addition to the other information contained in this Prospectus, in deciding whether to invest in the CPs. This Prospectus contains forward-looking statements that involve risks and uncertainties. SLAC adopts what it considers conservative financial and operational controls and policies to manage its business risks. The Company's actual results may differ significantly from the results discussed in this Prospectus. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of SLAC, in particular, and those that pertain to the over-all political, economic, and business environment, in general. These risk factors and the manner by which these risks shall be managed are presented below. The risk factors discussed in this section are of equal importance and are only separated into categories for easy reference.*

*Investors should carefully consider all the information contained in this Prospectus including the risk factors described below, before deciding to invest in the CPs. The Company's business, financial condition and results of operations could be materially adversely affected by any of these risk factors.*

## **RISKS RELATING TO THE COMPANY AND ITS BUSINESS**

*The following discussion is not intended to be a comprehensive description of all applicable risk considerations, and is not in any way meant to disclose all risk considerations or other significant aspects of participation in the CPs. Prospective participants are encouraged to make their own independent legal, financial, and business examination of the Company.*

### **EXTERNAL SOURCES**

***The Company's business may be affected by any program developed or supported by the Department of Agriculture of the Philippines.***

The Company currently derives the majority of its profits from sales of hybrid rice seeds in the Philippines. Any agricultural program that the Department of Agriculture develops for the farmers of the country may affect the Company's business. The Department of Agriculture creates programs that affect certain inputs required for rice planting, such as irrigation, subsidies, and financial support. In the event that the Government is unable to effectively implement its programs, this might result in a slowdown of the Company's business as farmers might not have the required resources to purchase the Company's products. There is no guarantee that the Philippine government will not change or prioritize these programs in the coming years.

The Philippines may also opt to support the importation of rice, which would make it difficult for the Company's products to compete in both the hybrid rice seed and premium rice markets. In this event, the Company may have difficulty in selling its hybrid rice seed products to farmers as their use is not supported by the Government. The demand for the Company's premium rice products may also diminish as cheaper imported substitutes may be made available to the market. In the past years, the Philippine government has been supporting rice importation, but the Company has been able to grow its business despite having little support. In 2019, Rice Tariffication Law has been enacted which has removed quantitative restrictions on rice importation but imposed higher tariff rate at least 35% which where fund for Rice Competitiveness Enhancement Fund (RCEF) amounting to P10B will be created to assist farmers with seeds, farm machineries, credit and technical expansion. With this law, importation of a cheap rice has increased and thus has an impact on local producers as well balanced by RCEF to make Filipino farmers also competitive. The market segment affected is the C to E market. The Company's premium products is normally sold in AB Market which is not price sensitive hence we see this a risk with low impact.

To mitigate this risk, the Company communicates regularly with the Department of Agriculture regarding any policies or programs developed for the rice industry. This allows the Company to take an active participation in Government programs which promote the use of hybrid rice as a means of obtaining rice self-sufficiency. It also enables the Company to express its opinions on the DA's ongoing or future policies or programs.

The Company also conducts its own marketing activities to promote the use or consumption of its products. These marketing activities are done in order to introduce the products and to convince customers of either the usefulness of the hybrid rice seeds or the superior quality of the premium rice products. The Company intends to strengthen its marketing efforts in the event that the Government does not actively support the use of hybrid rice technology or the cause of rice self-sufficiency. In

addition, the Company continuously improve on its facilities to lower cost of production as part of the marketing strategy for price sensitive markets.

***The Company's business may be affected by the Tax Reform for Acceleration and Inclusion (TRAIN) Law.***

The company's business is mainly driven by its sale of hybrid seeds and rice. With TRAIN Law, the prices of consumer goods are bound to increase. With the TRAIN Law's imposition of higher tax on gasoline, there was gradual effect on the petroleum cost for transportation and production. Since the implementation of the Tax Reform for Acceleration and Inclusion (TRAIN) law, the Philippine Rice Research Institute (PhilRice) said that fuel cost, which accounts for 30 percent of a farmer's total production cost, had risen by P2,014 per hectare (ha) due to higher petroleum prices. In 2018, rates for diesel and gasoline have risen by P2.50 and P7 a liter, respectively. In 2020, the average diesel price has increased up to P40.00 per liter while gasoline has increased up to P50.00 per liter based on the NCR prevailing retail pump price as of November 12, 2020.

To mitigate this risk, the company has its research team to continuously monitor the prices in the market. Furthermore, the company will assess steps on how it can reduce its cost through advances in its processes.

***There is no guarantee that the Company's hybrid rice seed technology will be accepted by Filipino farmers.***

The Philippines has had access to hybrid rice seed varieties since its inception in the 1970s. However, the technology was not adapted by local farmers as the earlier varieties were not as high yielding or adaptive to Philippine conditions. Some farmers were also unwilling to forego old habits and processes which utilize more traditional ways of farming. In 2009, area planted to hybrid rice of the total arable land of the Philippines is only 4.2%. The Company however, is presenting a new variety to the market, one that is high yielding and adaptable to the tropical conditions of the Philippines. Along with the Company's sales efforts to promote the use of hybrid rice seeds, the Company provides seminars to local farmers to explain the proper cultivation and effects of planting hybrid rice seeds. In 2020, the total area allocated by the Department of Agriculture to plant hybrid seeds is about 750,000 hectares which indicates the acceptance by the government on the role of the hybrid seeds in ensuring food security of the country. This is more than 10% of the arable land area of the country. Details on the Company's products and marketing, sales, and distribution may be found beginning page 78.

***The Company's business and operations may be affected by any changes in the preferences or purchasing power of consumers.***

The Company's ability to increase or maintain sales is dependent on the public's acceptance of its products. Changes in demographic, social or health proclivity may alter the demand for the Company's products. For its hybrid rice seed products, demand for specific types of rice may dictate the planting trend of farmers. Likewise, for its premium rice products, consumer preferences may change due to the influence of social trends or perceptions of health. Young and health conscious consumers,

particularly those afraid of diabetes, may opt to shift to organic rice or rice with lower sugar and carbohydrate content vs. those with the usual content, instead of the Company's products.

In addition, the price of premium rice may not be as inelastic as the price of ordinary rice. Any adverse downturn in the economy of the Philippines may cause consumers to opt for cheaper or more affordable types of rice. Cheaper alternatives are supplied by the Government and the private sector, both of which are readily available in the market. SLAC launched affordable yet quality rice to provide more options to the Philippine mass consumers. This market is believed to be less sensitive to price fluctuations, as consumers belonging to this demographic are willing to spend for quality products. The Company also provides options for its products, such as varying sizes and varieties, which may attract a loyal following from certain niche markets.

The variety of hybrid rice seeds that the Company produces is considered to be of high quality, and thus demands a higher price than inbred seeds. The yield of the Company's hybrid rice seeds may conservatively yield 5 tons per hectare which is equivalent to 100 cavans (cav) of palay or 5,000 kl. The technology may provide a substantial increase in farmers' production and income. The potential increase in income is what encourages farmers to select the Company's product over the local inbred varieties.

An individual's decisions are influenced by personal factors such as a buyer's age and life cycle state, occupation, economic situation, lifestyle, and personality and self-concept. Consumers' change during their life and buying of products alter depending on age and stage of life. Similarly, consumers' decision to purchase goods change overtime. The preference of purchasing power of consumers will affect the Revenues of the company and so as the company's profitability. This is inherent to consumers and therefore has to be managed. To mitigate this risk, the company continues to increased brand awareness and market leadership through its extensive marketing activities. The company also do marketing research and do product innovation as necessary to tap new markets and new consumer preferences. The company also has a variety of products which will tap most of the socio-economic class of the population in the Philippines.

***The Company may not efficiently execute its strategy to increase sales volume.***

The Company intends to grow its sales in both hybrid rice seeds and premium rice products through continuous research on higher-yielding hybrid rice seeds, release of new products, increased exportation, additional tie-ups, and aggressive marketing activities. The success of these strategies cannot be guaranteed. As discussed earlier, farmers in the Philippines are used to traditional methods of farming rice, thus they may not be susceptible to the change presented by hybrid-rice production. Similarly, many rice consumers purchase other brands due to its affordability. The Company must be able to convince a portion of this market to purchase its products in order to grow its premium rice business. Failure to change the mindset of its target market may hinder the Company's growth in both the hybrid rice seeds and premium rice products.

The Company employs innovative marketing and sales activities in order to encourage customer loyalty and patronage. These initiatives include promos, sampling, and

booting for both the hybrid rice seed and premium rice products. To ensure its continuous growth and strength in sales, the Company intends to hire additional manpower for its sales and marketing team. Details on the Company's marketing, sales, and distribution may be found beginning page 80.

***The Company's business is dependent on its proprietary rights on hybrid rice seeds and premium rice products. The infringement on the proprietary rights of these products may lead to the loss of the Company's advantage over its competitors.***

The Company has obtained Certificates of Plant Variety Protection from the Bureau of Plant Industry for its hybrid rice varieties to protect their biological features from any infringement. The Company's continued success is dependent on the research and development initiatives of its breeding program. Failure to ensure the secrecy of the breeding program could be detrimental to the Company's success. The production of the hybrid rice seeds is dependent on the hybrid rice seed formula, which was discovered and known only to the Company's researchers and scientists. In the event that competitors are able to gain access to this particular line of rice plants, they may develop similar hybrid rice seeds that could lessen the Company's current market share. In order to circumvent this risk, researchers and scientists employed were professionally trained and were made to sign confidentiality agreements, thus guaranteeing the protection of the Company's hybrid rice seed formula.

The Company also packages its hybrid rice seeds in specially designed sacks that are marked with the brand names "Doña Maria", or "Willy Farms" and the Company's name. Competitors may copy the design of the sacks, which may lead to market confusion amongst hybrid rice seeds or premium rice buyers. Unscrupulous individuals may also obtain the Company's old or discarded sacks, repack them with non-hybrid or low yield seeds, and then sell them to farmers. This event may damage the reputation of the product and the Company in the particular area the fraud was committed, and cause an adverse effect on the Company's sales and revenue targets. The Company has obtained the necessary certifications and trademarks for both its hybrid rice technology and its marketing materials. It shall be responsible for filing the necessary court documents pertaining to the infringement of its products.

The Company has also obtained the necessary registration of its Plant Variety Trademarks from the Intellectual Property Office. These serve as protective measures which give the Company the exclusive rights to produce and reproduce its products and marketing materials. If there is an attempt to infringe on any of the Company's intellectual properties, the Company is prepared to take the proper legal action to protect itself and its products.

In addition, the Company also continues to conduct research and development initiatives for both its hybrid rice seed and premium rice business. It has advanced in its research efforts, and in the future may discover better products. The presence of a strong research and development team to develop products may mitigate the risk of losing its business in the event that a competitor reproduces one of the Company's products.

***The Company's performance is affected by weather and seasonality.***

The Company's sales and production of hybrid rice seeds are affected by the seasonality of the *palay* planting process. In the Philippines, farmers are limited to two planting seasons, as the climate dictates a 120-day cultivation time on the crops. Typically, rice yield is higher during the dry season, which in the Philippines occurs on the first half of the year, from January to May. Output during the second half of the year is less due to less sunlight resulting to lower photosynthesis.

In order to mitigate the effects of unexpected seasonality or weather changes, the Company has broadened its operation areas to different areas within and outside the Philippines. The Company has strategically located its breeding and/or production hubs in Laguna, Nueva Ecija, and Davao to produce both its hybrid rice seed and premium rice products. The weather in Davao is milder as rainfall in this area of the Philippines is evenly distributed throughout the year, as compared to the weather in Luzon which may experience pronounced dry and wet seasons. As typhoons and other adverse weather conditions normally follow a northwesterly direction, Mindanao is normally not hit directly by the majority of typhoons or other phenomena that enter the Philippines. The locations of the Company's operations are essential to ensure the continuity of its business. In the event that one of its hybrid rice seed production sites is damaged, the other will still be able to sustain the business.

***The Company currently benefits from income tax holidays due to its BOI registration.***

The Company is currently enjoying Income Tax Holidays which is subject to compliance with regular requirements. If it ceases to have this benefit, profitability might be affected as it will have to pay regular income tax at the prevailing rates. This is mitigated by faithfully complying with the conditions of the Income Tax Holiday. So far, compliance to these conditions are being met which makes this risk low.

***Risk of non-availability of land for the Company's operations.***

Non-availability of agricultural land may impact the Company's operations. Risk of agrarian reform and non-renewal of leased land will make it difficult for the Company to produce the amount of rice needed to meet demand from a growing population.

In the event of non-renewal of lease contracts of land, SLAC can do contract farming as a substitute, ensuring steady supply of rice products. The Company has entered into a seed production agreement with a Bangladesh government-owned agricultural company. SLAC also has agreements in place with private companies from Myanmar for the cultivation of rice and rice seeds and also has a seed supply agreement with a private company from Papua New Guinea.

***The Company depends on key personnel, the loss of which could adversely affect its business and growth.***

The Company's future growth is largely anchored on the continuous development of new varieties of hybrid rice seeds. The Research and Development Department of the Company is dependent on key researchers and scientists. The resignation of these personnel could disrupt the normal business operations of the Company, and finding replacements could be difficult. The head researcher and scientist of the Company was trained by Professor Yuan Longping, the scientist considered as the father of hybrid

rice. The Company currently has an exclusivity contract with the researchers and scientists with a non-compete clause that bars researchers and scientists from joining competitor firms in the future.

***The Company's operation is dependent on certain key managers of Sterling Paper Products Enterprise, Inc.***

Some departments and employees of the Company are currently being shared with its affiliate, Sterling Paper Products Enterprise, Inc. The Management Information System and Human Resources departments are currently being shared by both Companies, while the Chairman is concurrent for both the Company and Sterling Paper Products Enterprise, Inc. In the event that Sterling Paper Products Enterprise, Inc. is not able to provide the necessary services to the Company, there is no guarantee that the Company will be able to immediately employ the required employees. Business and operations may be affected if the shared employees will be unable to fulfill their duties to the Company.

To ensure the continuity of its operations, the Company banks on a succession planning strategy. SLAC created a development process in order to fill management positions with required competencies. This will promote sustainability of services required to keep business operations in place.

***The Company's plan of action when high ranking employees and scientists leave.***

SL Agritech Corporation, being a technology and research company, keeps itself abreast with the latest development in agriculture. It continues to maintain its alliance with the Father of Hybrid rice in China, Prof. Huan Long Ping.

To ensure the continuity of its operations, succession planning is in place especially in the technical aspect. There is a continuous transfer of knowledge and technology from the Chinese scientists to the locals. In fact, some of the areas planted are managed by Filipinos who undergone stringent trainings and mentoring from the Chinese scientists.

To further augment our technical capability, local consultants, who have expertise in hybrid rice seed technology has been commissioned.

***The Company's reputation, business, and financial condition will be affected if the products do not meet customer requirements***

Meeting customer expectations determines the Company's ability to provide quality products to the market. There is a risk that the Company may not consistently meet market standards, as well as adhere to regulatory requirements.

The business of the Company is reliant on the quality of the hybrid rice seeds or premium rice products that it produces. The hybrid rice seeds are expected to be substantially higher yielding as compared to the in-bred seeds, while the premium rice products must be of higher palate quality than that of ordinary rice. Any negative effect on the Company's reputation or its brand could also affect the Company's ability to reduce its capital outlays from internally generated funds. The Company cannot

provide any assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition.

To mitigate this risk, SLAC implements strict quality control standards to consistently exceed customer expectations. Internal control standards and ISO standards are applied in order to maintain the quality of the Company's products.

***The Company may not always be able to employ reliable third parties to provide its various service requirements.***

The Company relies on independent third parties such as contract growers, farmers, transport service providers, local cooperatives, and distributors to provide various services, including planting, harvesting, deliveries, distribution, and sales of the Company's hybrid rice seeds and premium rice products. Failure to find or engage reliable third parties for a particular planting season may result in additional costs or lesser output. There can be no assurance that the services rendered will always be satisfactory or match the Company's requirements for quality. Third party service providers may also experience financial or other difficulties, and shortages or increases in the cost of their inputs, any of which may decrease the output of either seeds or rice for the Company. Any of these factors could have a material adverse effect on the Company's business, financial condition, and results of operations. The Company mitigates this risk by ensuring proper documentation that states the expected output is in place. The Company also selects third party service providers based on experience, financial resources, previous relationship with the Company, reputation for quality, and track record. Finally, the Company has reduced its dependence on such third parties by embarking on its own production and distribution system.

***The Company may fail to renew approval of permits and other regulatory licenses necessary for the business.***

The Company is required by law to secure certain permits and regulatory licenses in order to conduct business. There is no assurance that all would be obtained and renewed within the timeframe required by the business. Failure to do so might result to restrictions to the Company's operations. To mitigate this risk, SLAC ensures that it abides by the rules and programs set forth by the respective agencies. To the best of the Company's knowledge, it has complied with all applicable environmental laws.

***The Company's operations might be disrupted by labor disputes.***

In the event that the Company's employees decide to go on strike, its operations would be impeded. To mitigate this risk, SLAC's management has maintained over the years a harmonious relationship with the employees through overall compliance with Labor requirements especially where wages, employee welfare, and other statutory prescriptions are concerned. Furthermore, the Human Resource team, in coordination with the Operations and other support teams, continues to roll out programs that are aimed at developing the competencies and skills of each individual employee, not only to be excellent professionals in their own fields but more so to be relevant members of society.

***Risk brought by Climate Change***

Climate change has the potential to disrupt crop productivity, and in turn affect domestic agricultural production, consumption, and food security. Moreover, the global impact of climate change could stimulate changes in international and domestic commodity prices, ultimately having negative effects on both Philippine agriculture and the country's overall economy. Developing agricultural adaptation and growth strategies is of utmost importance, not only to maintain domestic agricultural production, but also to underpin broader economic growth and structural transformation. The company acknowledge this risk brought by climate change. This is an inevitable risk. Nevertheless, the company has continuously monitor this and as part of its research and development strategies to include characteristics of hybrid seeds that can cope or adapt with this climate change.

### ***Increased amount of debt***

In fiscal year 2020, there was increase in debt of about P3B vs. fiscal year 2019. The increase in debt is mainly short-term in nature for the purpose of working capital requirements.

The increase in debt of the Company could have certain adverse consequences. For example it could:

- reduce the Company's ability to service its existing debt obligations, including the CPs;
- limit the Company's ability to obtain additional financing for working capital, capital expenditures, debt service and other purposes;
- require the Company to divert a substantial portion of its cash flow from operations to debt service; or
- place the Company at a competitive disadvantage to its competitors that have less debt.

The Company's ability to refinance or repay its debt depends on its successful financial and operating performance, which will be affected by a number of factors, many of which are beyond its control. If the Company is unable to refinance its debt, obtain necessary waivers or obtain new financing under these circumstances, the Company would have to consider various other financing options such as sale of assets, procuring additional capital and other options available to the Company under applicable law. The Company might also have to modify, delay or abandon its development and expansion plans. See "Management's Discussion and Analysis of Financial Condition and Results of Operation."

Some of the Company's short-term debts are partially secured by current inventories and real estate mortgage. See Annex A for the list of SLAC's assets that were made as collateral for short-term obligations.

The Terms and Conditions for the CPs and agreements for certain of the Company's other debt contain covenants that may limit its ability to, among other things:

- incur additional debt to the extent that such additional indebtedness results in a breach of a required financial ratio;
- materially change its nature of business;
- merge, consolidate, or dispose of substantially all its assets;
- materially change its ownership and control of its capital stock; and

- encumber, mortgage or pledge certain of its assets.

Complying with these covenants may cause the Company to take actions that it otherwise would not take or not take actions that it otherwise would take. The Company's failure to comply with these covenants would cause a default, which, if not waived, could result in the debt becoming immediately due and payable. In this event, the Company may not be able to repay or refinance such debt on terms that are acceptable to the Company or at all. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Description of Certain Debt" and "Description of CPs."

The triggering of certain events of default under the Company's other debts could make it difficult for the Company to repay the CPs.

A significant portion of the debt of the Company contains terms which allow a lender to accelerate the Company's debt if any event or change in circumstances occurs which, in the sole opinion of such lender, would materially impair the Company's ability to repay its debt. If any amount outstanding were to be accelerated, it could potentially trigger a cross-default under substantially all of the Company's debt, in which case the Company may not be able to perform its payment obligations under the CPs.

The CPs will be effectively subordinated in right of payment to all secured debt of the Company to the extent of the value of the assets securing such debt and all debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines. Debt notarized under Philippine law could have effective priority over the CPs.

Under Philippine law, in the event a borrower submits to insolvency or liquidation proceedings in which the borrower's assets are liquidated, unsecured debt evidenced by a public instrument as provided in Article 2244(14) of the Civil Code of the Philippines will rank ahead of unsecured debt not evidenced by a public instrument. Debt becomes evidenced by a public instrument when it has been acknowledged by the creditor and the debtor before a notary or any person authorized to administer oaths in the Philippines.

To date, the company has complied with all of the debt covenants imposed to it by creditors and the company will continue to comply with this to mitigate the risk

### ***Risk relating to the listing of the CPs to the PDEX***

The CPs will be listed in the PDEX for liquidity and transparency in the pricing of the CPs. However, even if the CPs are listed in the PDEX, trading in securities such as the CPs may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets and the overall market for debt securities among other factors. There is no assurance that the CPs may be easily disposed of at prices and volumes and at instances best deemed appropriate by their holders.

The lack of liquidity and transparency in pricing is a major concern for investors. Hence, this is mitigated by the fact that there is an assigned market maker for the commercial papers.

Should the listing of CPs be disapproved, there may be an issue on liquidity and transparency in pricing which may affect investors' confidence in the security. To address this, all the requirements of PDEX for the listing will be processed and complied with to ensure a smooth listing process.

***Risk relating to the changes in market interest rates / Interest rate risk***

This risk arises from market volatility which may increase or decrease interest rates. Such would have material impact on the Company's interest-bearing obligations, specifically for those with floating rates. A higher rate regime would increase the cost of capital for the Company, reducing profitability. In such a scenario, the Company would leverage its good credit rating to restructure its debt to more manageable levels or refinance existing loans with new ones that carry lower interest rates. To mitigate this risk, the Company, as a policy, works on reducing overall interest expense and minimizing other costs of borrowing.

***Risk relating to the collateralization of assets for loans obtained***

Collateralization of assets refers to the assigning and pledging of certain assets against loans which a lender would have a claim to in the event of a default. Currently, different parcels of land and building were used as collateral for the Company's loans. This means that should the Company fail to settle the subsequent, maturing obligations which constitutes a default situation, the collateralized assets can be taken and sold. To mitigate this, the Company ensures that it has sufficient liquidity to cover its loan obligations.

***Risk relating to refinancing***

The Company may not be able refinance through additional borrowings its existing debt. Such a scenario would entail liquidity problems. This is being mitigated by the maintenance of what is currently a good current ratio all throughout to ensure the Company remains liquid.

**RISKS RELATING TO THE PHILIPPINES**

***A slowdown in the Philippine economy could adversely affect the Company.***

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

In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine Peso and debt restructuring, and has been significantly affected by economic volatilities in the Asia-Pacific region. The Company cannot assure prospective investors that one or more of these factors will not negatively impact Philippine consumers' purchasing power, which could materially and adversely affect the Company's financial condition and results of operations.

In addition, global financial, credit and currency markets have, since the second half of 2007, experienced, and may continue to experience, significant dislocations and liquidity disruptions. There is significant uncertainty as to the potential for a continued downturn in the U.S. and the global economy, which would be likely to cause economic conditions in the Philippines to deteriorate.

A slowdown in the Philippine economy may adversely affect consumer sentiment and lead to a reduction in demand for the Company's products. There is also no assurance that current or future Government administrations will adopt economic policies conducive to sustaining economic growth.

To mitigate this risk, the Company continues to adopt a conservative financial and operational set of controls and policies within the context of the prevailing business, economic, and political environment taking into consideration the interest of its customers, stakeholders, and creditors.

***Political or social instability could adversely affect the financial results of the Company.***

The Philippines has experienced political and military instability in the past. Good thing that the current Administration under President Rodrigo Roa Duterte, this has been managed very well with majority of the Filipinos and that of the military loyalty in his side. In the past decade, political instability has been observed headlined by impeachment proceedings against former presidents Joseph Estrada and Gloria Macapagal-Arroyo, and public and military protests arising from alleged misconduct by previous administrations. There is no assurance that acts of election-related violence will not occur in the future and such events have the potential to negatively impact the Philippine economy. An unstable political environment, whether due to the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting, could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company mitigates this risk by maintaining positive and supportive relationships with the national and local governments as well as to other government entities and regulators. It is important to note that due to the livelihood it provides localities and the fact that it is a Filipino staple that is its main product, the Company's business is apolitical. Therefore, it enjoys strong, continuous support from the government through project assistance.

***The occurrence of natural catastrophes may materially disrupt the Company's operations.***

The Philippines has experienced a number of major natural catastrophes over the years, including droughts, typhoons, volcanic eruptions and earthquakes, which may materially disrupt and adversely affect the business operations of the Company. While The Company maintains a comprehensive business insurance against natural catastrophes, there can be no assurance that it will be adequately compensated for all damages and economic losses resulting from natural catastrophes. The company conducts due diligence on all land (which includes environmental scanning) and equipment being purchased to identify exposures and risks.

***The occurrence of an unprecedented world health crisis and evolving impacts may disrupt the Company's operations.***

COVID-19 Pandemic, which is unprecedented, has adversely affected businesses of various countries around the world including the Philippines. It has restricted mobility as a result of health quarantine protocols imposed by the government and thus, movement of goods from one place to another slowed down if not completely restricted.

The Company is no exception but it has continuously managed the pandemic's impact by its consistently complying with rules and regulations. It also has established health protocols that are strictly implemented in the company so as to prevent spread of the virus and minimize the risk that business activities will be hampered.

SLAC belongs to Agriculture Industry which remains strong this crisis. Since ECQ last March 2020 until as of this writing, the operation of SLAC continues to be unimpeded since we cater essential products and is one with the government in ensuring food security of the country. SLAC has faced challenges due to the varying quarantine protocols imposed by the National government and Local Government Units but was addressed already by simply complying with the needed requirements so as not to hamper any deliveries to our clients of our Hybrid Seeds and Premium Rice. Another, challenge is the closure of some business establishments in HORECA (Hotel, Restaurant, Canteen) segments. This challenge however has been covered by increasing opportunities on food due to crisis from other market segments such as in our Hybrid Seeds Market.

Philippines, in the early months of the ECQ has been faced with the challenges brought about by temporary stoppage of import of Rice from Vietnam and neighboring ASEAN countries, simply for the reason that they have to ensure food security of their respective countries first before they continue to export once more to the Philippines and other countries. To address this, the government, through its Department of Agriculture (DA), has launched its Plant, Plant, Plant Program. Part of the program is the Rice Resiliency Project which added allocation of about P2.18 B by DA for the expansion and improvement of hybrid rice in the Philippines on top of its P2 B regular budget. This program is expected for several years even after the pandemic is gone to ensure food security of the country. SLAC is one with the government in this mission and thus this recent development has been an opportunity for us to seize which we did. We have joined various biddings in the many regions of the country and we did win majority of those bids basically with the quality of our hybrid seeds and after Sales services that we provide.

To summarize the foregoing statements, while SLAC was affected by the pandemic, the operation continues unimpeded being a company that provides essential goods i.e. Hybrid Seeds and Premium Rice. The Company has addressed the challenges of the quarantine protocols imposed by National government and Local Government as it complies with those. There are segments that were adversely affected but these have been offset by other opportunities from other segments. One major opportunity is the DA launching the Rice Resiliency project, majority of the contracts for which were won by SLAC over its competitors, basically, due to the quality of its hybrid seeds and the after sales services that it provides.

As mentioned, SL Agritech Corporation despite pandemic and varying quarantine protocols in place is “Business as Usual”. Its products, being essential, are unimpeded. Even with the impact of the pandemic, it has managed to maintain more or less same level of revenue and profitability vs. last year with the offsetting impact of lower Premium Rice Sales and higher hybrid seeds Sales compared to last year. SLAC continues with its business development plans while addressing the impact of the pandemic.

## **RISKS RELATING TO THE COMMERCIAL PAPERS**

### ***Liquidity Risk***

The Philippine securities markets are substantially smaller, less liquid and more concentrated than major securities markets. The Company cannot guarantee that the market for the CPs will always be active or liquid. Even if the CPs are listed in the PDEX, trading in securities such as the CPs may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets and the overall market for debt securities among other factors. There is no assurance that the CPs may be easily disposed of at prices and volumes and at instances best deemed appropriate by their holders. This is mitigated by the fact that there is an assigned market maker for the CPs.

### ***Price Risk***

The CP’s market value may move (either up or down) depending on the change in interest rates in the market. The CPs when sold in the secondary market may be worth more if interest rates drop. In such instance, an investor faces possible gain if he decides to sell. Conversely, if the prevailing interest rates rise, the CPs may be worth less when sold in the secondary market. In such instance, an investor faces possible loss if he decides to sell.

### ***Retention of Ratings Risk***

There is no assurance that the rating of the Issuer will be retained throughout the life of the CPs. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization. The rating normally considers various factors in the Company’s business and financials. The consideration includes the business’ industry characteristics and prospects, market and competitive position, operating efficiency and management quality and shareholders’ strength. Financial factors will consider profitability, cash flow and liquidity, capital adequacy and financial flexibility. To mitigate this risk, SLAC’s Management Committee monitors these underlying factors by covering them as part of the agenda of regular meetings. Given that it is the said committee that is ultimately responsible for directing the activities of SLAC in all aspects, it has the capacity to take actions as required to be able to retain the rating. So long as the Company remains to manage these factors, credit rating shall remain unchanged if not upgraded.

## **MANAGEMENT OF RISKS**

In general, the Company believes that the risk factors discussed herein are mitigated by its competitive strengths and business strategies. See discussion on Competitive Strengths on page 86 and Business Strategy on page 87 of this Prospectus.

## USE OF PROCEEDS

The Company estimates that its net proceeds from the Offer is expected to be approximately **Php 1,877,398,209.87** after deducting the applicable fees and expenses.

Expenses related to the Offer, all of which will be for the account of the Company, are broken down as follows:

### Estimated Net Proceeds from the CP Issuance

<b>Face Value of the Offerde</b>	<b>PHP 2,000,000,000.00</b>
Discount (based on 4.75% and 364 days assuming true discount computation)	(91,653,635.13)
Gross Proceeds	1,908,346,364.87
Less:	
SEC Filing and Legal Research Fees	1,073,155.00
Documentary Stamp Tax (maximum assuming P2 billion is issued for one year)	15,000,000.00
Underwriting and Selling Fees (maximum assuming P2 billion is issued for one year)	10,000,000.00
Issue Management Fee	2,500,000.00
Philratings credit rating report fees	1,260,000.00
PDTC Registry fees*	150,000.00
PDEX listing maintenance fees*	50,000.00
Facility agency fees	100,000.00
Estimated Costs of Printing and Publication	65,000.00
Professional Fees	750,000.00
Total expenses	PHP (30,948,155.00)
<b>Net Proceeds**</b>	<b>PHP 1,877,398,209.87</b>

\* Discount, DST, Underwriting, Selling, PDTC and PDEX fees are estimates

\*\*The actual net proceeds will depend on the amount issued per tranche

In the event that the actual expenses relating to the Offer differ from the above estimates, the actual net proceeds to the Company from the Offer may be higher or lower than the expected net proceeds set forth above. Any increase or decrease in the net proceeds to the Company shall be addressed by making a corresponding increase or decrease, as the case may be, to the Company's provision for refinancing short-term debt. Further, should the net proceeds be lower than estimated, the Company will use internally-generated funds in order to finance the necessary working capital requirements as well as refinancing measures, if any. In effect, the proceeds to be generated from the Offer is essentially a supplement for the funds already available.

The Company intends to use the proceeds from the Offer to finance working capital requirements and refinance existing debt. More specifically, they will use the net proceeds of the Offer 1) to payout some of its short-term obligations maturing in Q4 2020 and Q1 2021, and 2) to purchase *palay* and seed inventories from contract

growers (see “Production Process” on page 77 for the contract growing model). The following table provides a breakdown of the use of proceeds.

Purposes*	Amount (PHP)
<b>To finance Working Capital Requirements:</b>	
To purchase seed inventories from contract growers	1,000,000,000.00
To purchase rice inventories from contract growers	377,398,209.87
<b>To refinance short term debts:</b>	
To payout some of its short-term obligations	500,000,000.00
<b>TOTAL</b>	<b>1,877,398,209.87</b>

*\*the purposes are arranged in order of priority*

Presented below is a list of some of the Company's short-term loans maturing in Q4 2020 and Q1 2021.

#### Partial Maturing Short-term obligations of SLAC:

Maturity Date	Funder	Principal	Type of Loan	Interest Rate
12/15/2020	Land Bank of the Philippines	133,000,000.00	Secured	5.25% - 5.50%
01/25/2021	Land Bank of the Philippines	162,000,000.00	Secured	5.25% - 5.50%
01/26/2021	Land Bank of the Philippines	90,000,000.00	Secured	5.25% - 5.50%
02/03/2021	Development Bank of the Philippines	50,000,000.00	Secured	4.35% - 5.00%
02/09/2021	Development Bank of the Philippines	65,000,000.00	Secured	4.35% - 5.00%
	<b>TOTAL</b>	<b>500,000,000.00</b>		

*Note: The Issue Manager and Underwriter / Arranger is not affiliated to the Funders.*

These short-term loans were availed by the Company to finance working capital requirements, particularly for the purchase of rice and seed inventories.

Some of SLAC's assets were made as a collateral for these short term obligations from banks, the proceeds from which, again, were used for working capital. For the comprehensive list of assets that were made as collateral, please see ANNEX A.

#### Breakdown of allocation for SLAC's rice and seed inventory purchase:

Indicative Date	Amount (PHP)	Purpose
March 2021	1,000,000,000.00	Seed Inventory Purchase <sup>4</sup>
	377,398,209.87	Rice Inventory Purchase <sup>4</sup>
<b>TOTAL</b>	<b>1,377,398,209.87</b>	

*Note: Above tables assume that the entire Two Billion Pesos (Php2,000,000,000.00) CP will be fully issued by the Company.*

Issuance of the CPs is opportunistic and fund raising is not "all or nothing". The primary purpose of the short term availments of the company is to finance its working capital

<sup>4</sup> The Company intends to purchase from Farmers.

requirements. See “Liability Subject to Real Estate Mortgage” on page 105. No portion of the proceeds will be used to acquire major assets or finance the acquisition of other business nor will the proceeds be used to reimburse any officer, director, employee or shareholder for service rendered, assets previously transferred, money loaned or advanced or otherwise. The Issue Manager and Underwriter / Arranger shall not receive any amount from the proceeds other than the underwriting and selling fees.

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Company’s current plans and anticipated expenditures. In the event that there is any change in the Company’s disbursement plan, including force majeure, the Company will carefully evaluate the situation and may reallocate the proceeds and/or hold such funds on short term deposit whichever is better for the Company’s and its shareholders’ interest taken as whole. In such event, the Company will issue an announcement if there is any material change in the above proposed use of proceeds.

In the event of any significant deviation, material adjustment or reallocation in the planned use of proceeds, the Company will secure the approval of its Board of Directors for such deviation, adjustment or reallocation and promptly make the appropriate disclosures to the SEC and the PDEX.

## DETERMINATION OF THE OFFER PRICE

The CPs shall be issued at a discount to face value. The discount rates for the issuance were set by the issuer in consultation with the arranger as determined based on the corresponding Benchmark Rate plus Spread

Below is an illustration of the computation of the Offer Price for an Issuance:

	<b>Series M</b>	<b>Series N</b>
Tenor (in Days)	182	364
Discount Rate	4.25%	4.75%
<b>Cost Breakdown</b>		
Face Value	5,000,000.00	500,000.00
Discount	(105,170.84)	(22,913.41)
Tax on Discount	21,034.17	4,582.68
Cost	4,906,197.02	481,669.27
Offer Price	98.32%	96.33%

*The discounts are computed based on the discount rate formula, which sets the base rate as a) the three-day average BVAL Reference Rate of the corresponding tenor; or b) the weighted average accepted yield of the closest tenor of the latest auction of the Term Deposit Facility of the BSP or its successor benchmark.*

## **PLAN OF DISTRIBUTION**

The Company plans to issue the CPs in one lump sum or several tranches, through the designated issue manager, underwriter and selling agents. The first issuance, as the case may be, shall be in the fourth quarter of 2020 for such amount as shall be determined by the Issuer in consultation with the designated issue manager and underwriter.

### **ISSUE MANAGER/UNDERWRITER AND UNDERWRITING OBLIGATION**

The Company has engaged Multinational Investment Bancorporation as its Underwriter pursuant to an Underwriting Agreement (the "Underwriting Agreement"). There is no appointed syndicate or Sub-Underwriter. The Underwriter has agreed to act as the Underwriter for the Offer and as such, distribute and sell the CPs at the Offer Price, and has committed to underwrite the CPs worth up to up to Php 2,000,000,000 on a best-effort basis, in either case subject to the satisfaction of certain conditions and in consideration of certain fees and expenses. There is no breakdown of commercial papers for particular tranche in each series for distribution. Any unsold portion would be sold at a future date, since the issuance is under a three-year validity of registration. There is no contract or other arrangement with the issuer by which the underwriter may put back to the issuer any unsold securities of the offering.

The Underwriter is duly licensed by the SEC since April 1982 to engage in distribution of securities to the public and has never been subjected to any disciplinary action as such. The Underwriter and may, from time to time, engage in transactions with and perform services in the ordinary course of business with the Company and its related companies.

Multinational Investment Bancorporation is the oldest existing independent investment house in the Philippines. It provides a full range of investment banking services that include debt and equity underwriting, loan syndication and financial advisory services for mergers and acquisitions, corporate reorganization and financial restructuring.

The Underwriter and its directors and officers have no direct relations with the Company in terms of ownership. The Underwriter has no right to designate or nominate any member of the Board of the Company.

### **SALE AND DISTRIBUTION**

The distribution and sale of the CPs shall be undertaken by the Underwriter who shall sell and distribute the CPs to third party buyers/investors. Nothing herein shall limit the rights of the Underwriter from purchasing the CPs for its own account. There are no persons to whom the CPs are allocated or designated. The CPs shall be offered to the public at large and without preference. The allocation to the investors will depend on their orders which will be subject to scaling done in case of oversubscription.

Unless otherwise terminated, the engagement of the Issue Manager and Underwriter / Arranger shall subsist so long as the SEC Permit to Sell remains valid.

### **FEES AND COMMISSIONS**

The Company will pay the Underwriter a fee of 0.50% per annum on the aggregate face value of the CPs issued, which is inclusive of the underwriting and the selling agency fees. The fees shall be deductible from the gross proceeds of the Offer for a particular tranche on a relevant Issue Date.

The Company will also pay the Issue Manager a flat fee of Pesos: Two Million Five Hundred Thousand (Php 2,500,000.00) upon issuance of the Commercial Papers.

#### **OFFER PERIOD**

The Offer Period shall commence upon or immediately after approval by the SEC of, and will end on or before the expiry of the license to sell for, the CPs.

## DESCRIPTION OF THE SECURITIES TO BE REGISTERED

Issuer	:	SL Agritech Corporation
Sole Arranger	:	Multinational Investment Bancorporation
Lead Underwriter	:	Multinational Investment Bancorporation
Instrument	:	Registered Commercial Paper
Issue Size	:	Up to Two Billion Pesos (Php 2,000,000,000) to be issued in one lump sum or multiple tranches; at the determination of the Issuer in consultation with the Issue Manager and Underwriter / Arranger.
Issue Price or Offer Price	:	Discount to face value
Use of Proceeds	:	To finance working capital requirements and to refinance existing debt of the company
Bonded Indebtedness	:	The Company currently has no outstanding bonded debt. The issuance of the CPs will create a bonded debt of Php2,000,000,000.00.
Discount Rate for Initial Issuance	:	<p>The sum of the Base Rate and the Credit Spread determined prior to each Issue Date (the "Rate Setting Date")</p> <p>The following rates are based on the discount rate formula.</p> <p>Series M: 4.25%</p> <p>Series N: 4.75%</p>
Discount Rate for Subsequent Issuance/s	:	The interest/discount rate for the subsequent issuance/s shall be set by the issuer in

		consultation with the arranger which may be determined based on the corresponding Benchmark Rate plus Spread
Base Rate	:	<p>The base rate is the higher of a) the three-day average BVAL Reference Rate of the corresponding tenor; or b) the rate of the closest tenor of the of the latest auction of the Term Deposit Facility of the Bangko Sentral ng Pilipinas or its successor benchmark.</p> <p>In the event that the reference rates are replaced by a different calculation methodology, the applicable replacement reference rates shall apply.</p>
Tenor / Initial Issuance	:	<p>The tenor for the initial issuance shall be as follows:</p> <p>Series M: One Hundred Eighty Two (182) days from Issue Date</p> <p>Series N: Three Hundred Sixty Four (364) days from Issue Date</p>
Denomination	:	<p>For Series M:</p> <p>Minimum of Pesos: Five Million (P5,000,000.00) face value and increments of Pesos: One Hundred Thousand (P100,000.00)</p> <p>For Series N:</p> <p>Minimum of Pesos: Five Hundred Thousand (P500,000.00) face value and increments of Pesos: One Hundred Thousand (P100,000.00)</p>
Issue Date	:	The CPs may be issued in either lump sum or tranches on a when and as needed basis in consultation with the Issuer upon approval by the SEC and issuance of the Permit to Offer and Sell Securities any time within three (3) years following the RS effectivity date
Minimum Denomination for	:	Minimum of Pesos: One Hundred Thousand

Secondary Trading		(Php 100,000) face value and increments of Pesos: Ten Thousand (Php 10,000)
Tenor of Subsequent Issuance/s	:	The tenor of succeeding issues may range from thirty (30) days up to the maximum tenor allowed by the Securities and Exchange Commission (SEC) under the relevant provisions of the Securities Regulation Code (SRC)
Interest Computation	:	The Interest / Discount Rate and Rollover Interest / Discount Rate will be calculated on a true-discount basis
Principal Repayment	:	<p>The principal amount of the CPs will be repaid in full at their respective Maturity Dates, unless the investor provides written instruction to rollover the entire amount or a portion thereof.</p> <p>If such principal repayment is due on a day that is not a business day, the principal repayment date shall be made on the immediately succeeding business day. No additional interest will be paid in such case.</p>
Status	:	The CPs will constitute direct, unconditional, unsubordinated, general and unsecured obligations of the Issuer ranking at least pari passu in all respects and without preference or priority (except for any statutory preference or priority applicable in the winding-up of the Issuer) with all other outstanding unsecured and unsubordinated obligations (contingent or otherwise, present and future) of the Issuer.
Form	:	The CPs shall be issued scripless and will be maintained in electronic form with the Registrar to be appointed for the purpose
Taxation	:	Interest paid on the CPs shall be subject to a 20% final withholding tax.

		A CP Holder who is exempt from or is not subject to the aforesaid withholding tax shall be required to submit a tax exemption certificate and other applicable documents.
Registrar	:	Philippine Depository & Trust Corp.
Paying Agent	:	Philippine Depository & Trust Corp.
Facility Agent	:	AB Capital and Investment Corporation – Trust Department
		The Facility Agent has no direct relations with the Issuer
Secondary Trading	:	The CPs are intended to be listed at the Philippine Dealing & Exchange Corp. (PDEX) for secondary trading of the CPs and upon such listing, all secondary trading may be coursed through eligible PDEX Trading Participants
Market Maker	:	Multinational Investment Bancorporation
Manner of Purchase	:	The CPs will be available for sale from the Underwriter / Arranger and Selling Agents, if any, subject to minimum purchase amount and denomination.
Acceptance / Rejection of the Application	:	The Issuer and the Issue Manager and Underwriter / Arranger reserve the right to accept or reject any application for CPs. In case of over-subscription, the Issuer and the Issue Manager and Underwriter / Arranger reserve the right to allocate the CPs available to the investors in a manner they deem appropriate.
Delivery of CP	:	Delivery of the CPs will be made upon full payment of the Offer Price to the Underwriter /

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Arranger and/or Selling Agents

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Liabilities : The Company as the CP issuer is liable and responsible for any and all obligations arising from the sale of the CP as provided under pertinent sections of the Negotiable Instruments Law, the SRC and applicable laws of the Philippines as well as in the Underwriting Agreement and related agreements. In addition, the Issuer is responsible for complying with all reportorial requirements of the SEC in connection with the issuance of the CP.

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Other Material Provisions Giving or Limiting the Rights of CP Holders : In a CP Holders Meeting, the presence of the Majority CP Holders personally or by proxy shall be necessary to constitute a quorum to do business at any meeting of the CP Holders.

The Facility Agent shall, by an instrument in writing, appoint a temporary chairman and secretary of the meeting from among the CP Holders then present or represented during the meeting, unless the meeting shall have been called by the Issuer or by the CP Holders as provided in Clause 3 of this Schedule, in which case the Issuer or the CP Holders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman and secretary of the meeting from among the CP Holders then present or represented during the meeting. Any meeting of the CP Holders duly called pursuant to the provisions of this Section may be adjourned from time to time for a period or periods not to exceed in the aggregate one (1) year from the date for which the meeting shall originally have been called, and the meeting so adjourned may be held on another date without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the CPs represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

To be entitled to vote at any meeting of the CP Holders, a person must be a registered holder of the CPs or a person appointed by an instrument in writing as proxy by any such CP Holder as of the date of such meeting. The only persons who shall be entitled to be present or to speak at any

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meeting of the CP Holders shall be the persons entitled to vote at such meeting and any representative of the Issuer and its counsel.

All matters presented for resolution by the CP Holders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the majority of the CP Holders present or represented in a meeting at which there is a quorum, except as otherwise provided in this Agreement. Any resolution of the CP Holders which has been duly approved with the required number of votes of the CP Holders as herein provided shall be binding upon all the CP Holders and the Facility Agent as if the votes were unanimous.

Notwithstanding any other provisions of this Agreement, the Facility Agent may make such reasonable regulations as it may deem advisable for any meeting of the CP Holders, in regard to proof of ownership of CPs, the appointment of proxies by registered holders of CPs, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidences of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem fit.

Wherever in this Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of CPs may take any action (including the making of any demand or request, the giving of any notice or consent, or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by:

- any instrument executed by the CP Holders in person or by the agent or proxy appointed in writing;
- the duly authenticated record of voting in favor thereof at the meeting of the CP Holders duly called and held in accordance with this clause; or
- a combination of such instruments and any such record of meeting of the CP Holders.

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Credit Rating	:	The Issuer has a rating of PRS Aa (Corp.) with a Stable Outlook as assigned by Philratings effective January 16, 2020.  Philratings assigned an issuer credit rating of
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PRS Aa (corp.) with a Stable Outlook for SL Agritech Corporation based on the following considerations:

Competitive market position locally supported by proprietary technology and vertically integrated operations;

Potential growth given the company's international business expansion; and

Opportunities for growth for the local Hybrid Rice Industry given the current rice supply situation.

The assigned rating is subject to regular annual reviews, or more frequently as market developments may dictate, for as long as the CPs are outstanding.

On September 10, 2020, Philratings reconfirmed the credit rating of PRS Aa (corp.) with a Stable Outlook for SL Agritech Corporation.

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Security : Negative pledge on the Company's existing and future assets, except (i) to secure statutory obligations, (ii) to enable the Company to continue to enter into its usual transactions in the ordinary course of business, (iii) those imposed by law or arising out of pledges or deposits under workmen's compensation laws or other social security or retirement benefits or similar legislation, and (iv) those created for the purpose of paying current taxes, assessments or other governmental charges which are not delinquent or remain payable without any penalty, or the validity of which is contested in good faith by appropriate proceedings upon stay of execution of the enforcement thereof.

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Cross Default : The Company shall be considered to be in default in case the Company fails to pay or defaults in the payment of any installment of the principal or interest relative to, or fails to comply with or to perform, any other obligation, or commits a breach or violation of any of the terms, conditions or stipulations, of any agreement, contract or document with any

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persons to which the Company is a party or privy, whether executed prior to or after the date hereof, or under which the Company has agreed to act as guarantor, surety or accommodation party, which, under the terms of such agreement, contract, document, guaranty or suretyship, including any agreement similar or analogous thereto, shall constitute a default thereunder after allowing for all applicable grace periods.

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Other Terms and Conditions : The CPs will not be convertible to any other security or equity of the Issuer.

The Issuer will not set up any sinking fund for the redemption of the CPs.

Substitution of the CP with another type of security will not be permitted.

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Loan Covenants : The Company does not have any financial ratios that it must meet and maintain

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## **INTEREST OF NAMED EXPERTS AND COUNSEL**

The validity of the CPs and tax matters pertaining thereto were passed upon by Tamayao & Associates, *Attorneys-at-law* (T&A), the independent legal counsel for the issuance. The independent legal counsel has no shareholdings or any interest, direct or indirect, in the Company, or any right, whether legally enforceable or not to nominate persons or to subscribe to the securities of the Company in accordance with the standards on independence required in the Code of Professional Responsibility and as prescribed by the Supreme Court of the Philippines.

The Philippine Depository & Trust Corporation, the Registrar and Paying Agent, has no direct and indirect interest in the Company.

The financial statements of the Company for the periods ended May 31, 2020, 2019 and 2018 appearing in this Prospectus have been audited by SyCip Gorres Velayo & Co., independent auditor, as set forth in their report thereon appearing elsewhere herein. The partner-in-charge for the periods ended May 31, 2020, 2019 and 2018 is Ms. Jennifer D. Ticlao, CPA.

Pacis and Reyes, Attorneys is the legal counsel for the Company. The legal counsel for the Company has no shareholdings or any interest, direct or indirect, in the Company, or any right, whether legally enforceable or not to nominate persons or to subscribe to the securities of the Company.

Atty. Mariel Jasmine M. Molon is the legal counsel of the Underwriter. Atty. Molon has no shareholdings or any interest, direct or indirect, in the Company.

There is no arrangement that experts shall receive a direct or indirect interest in the Company or was a promoter, underwriter, voting trustee, director, officer, or employee of Company.

# INDUSTRY OVERVIEW AND COMPETITIVE OVERVIEW

*The information and data contained in this section have been taken from sources in the public domain. The Company does not have any knowledge that the information herein is inaccurate in any material respect. Neither the Company nor the Issue Manager and Underwriter / Arranger nor any of their respective affiliates or advisors has independently verified the information included in this section.*

Rice is the staple food of more than 60 percent of the world population. About 90 percent of all the rice grain in the world is produced and consumed in Asia. In India alone, rice is cultivated on more than 44.0 million hectares with an average productivity of 3.4 metric tons per hectare (MT/hectare). In countries such as China, where rice is cultivated on nearly 29.2 million hectares, average productivity is about 6.6 MT/hectare. Such differences in productivity depend mainly on the genotypes used, the quality of the seeds, the management practices adopted and the climatic conditions during the crop growth period. A superior quality seed not only increases productivity per unit area, but it also helps produce uniform crops without any admixtures - important for obtaining high prices in the market. In order to increase crop productivity, significant efforts in breeding new conventional rice varieties and hybrid rice seeds have been made.

Hybrid rice seeds are produced by crossing two genetically fixed inbred varieties of rice. Hybrid varieties express what is called *heterosis* or *hybrid vigor*, the tendency of a crossbred variety to have qualities superior to those of either parent, particularly in terms of yield. However, the heterosis effect (i.e., high yield) disappears after the first generation (F1). As seeds produced from a hybrid crop will no longer exhibit the same superior qualities, farmers need to purchase new F1 seeds every planting season to get the heterosis effect each time. This has made hybrid rice seed production a growing industry.

## HYBRID RICE SEED TECHNOLOGY

In 1970, Chinese researchers discovered a male sterile rice plant growing naturally within a population of wild rice (*Oryza sativa f. spontanea*) on Hainan Island. This plant had a particular cytoplasm - the material surrounding the cell nucleus - that induces male sterility through interaction with the nucleus. The plant was named *wild rice with abortive pollen* (WA). Scientists in China then began crossing WA with other rice varieties to determine whether this male sterility could be passed on to subsequent generations. Those that came out male sterile, called maintainer lines, were then repeatedly backcrossed until a stable sterile plant was achieved. This plant is called a *cytoplasmic male sterile* (CMS line). CMS lines form one of the parental lines for producing hybrid rice seeds. The other is known as the restorer line, as it restores fertility to the CMS line when it is crossed. The seeds from this cross are the F1 hybrid seeds. The CMS system is known as the three-line system since it requires three lines of rice: a CMS line, a maintainer line, and a restorer line. This system is what is being used in every country working on hybrid rice at present. Researchers are now experimenting with new methods of hybrid rice production. One is called *environment-sensitive genetic male sterility*, which uses either

*photoperiod-sensitive genetic male sterility* (PGMS) or *thermo-sensitive genetic male sterility* (TGMS). PGMS lines are sterile lines that regain fertility with daylight fluctuations. Therefore, they can only be used in temperate zones. TGMS lines regain fertility when the temperature fluctuates, which means they can be used in the highlands of the tropics. These methods are known as two-line systems since they do not require maintainer lines and any fertile line can be used as a pollen parent. Proponents maintain that this offers a wider choice of parental lines, but both PGMS and TGMS suffer from similar limitations to the CMS lines. Sources of PGMS and TGMS are exceedingly rare and by 1994, only 12 had been identified.

There is still another method which the Chinese call the one-line system. This refers to the long-term goal of transferring *apomixis* into rice, in this case hybrid rice. Apomixis is the capacity of a plant to reproduce asexually. Apomictic plants develop seeds, but without the merger of male and female reproductive cells. So the seeds are clones of a single parent plant. Apomixis is common in weeds but rare in crop plants. It doesn't exist in the *Oryza* genus but it does exist in *Pennisetum* and scientists have been hoping to transfer the genes for apomixis from pearl millet.

The developments in hybrid rice in China encouraged the International Rice Research Institute (IRRI) to explore the potentials and challenges of the technology in other parts of Asia. In collaboration with the Chinese Academy of Agricultural Sciences (CAAS), IRRI organized training courses on hybrid rice technology as early as 1980 and 1981 to train scientists from several Asian countries. The next few years have been an assessment of the potential of this new technology particularly in irrigated environments outside China. The first commercial hybrid rice outside China that was developed by IRRI was released in Vietnam in 1993. This has been subsequently followed by limited releases in India and the Philippines. Other countries like Myanmar, Indonesia, Thailand and South Korea, are starting their evaluation and assessment of the technology but notably slow in promotion and adoption.

## **ASIAN MARKET**

Hybrid rice technology may not be as important to the rest of the world as it is in Asia. Since rice remains the staple food in the region, it is therefore imperative to develop and utilize technologies that would ensure more food that concretely translates to more rice. Most major rice cultivating markets in Asia established collaborations and partnerships between the public and private sectors for hybrid rice research and development. To encourage private sector involvement in the development and production of hybrid parental lines, legislations were made to protect intellectual property rights. Hence, the private sector plays a primary role in technology dissemination as it leads the importation, local production, and distribution of hybrid seeds.

While academic studies on hybrid rice claimed increased productivity in Asian markets, similar studies also show that there have been declines in area cultivated with hybrid seeds. China still remains as the biggest producer of hybrid rice in the world. Despite years of research, hybrid rice technology remains in initial stages in most countries in the region. Table 1 shows the status of hybrid rice research and development and its adoption and commercialization in several countries in Asia.

**Table 1. Status of Hybrid Rice in Asian Markets**

	Cultivation	Adoption
<b>Indonesia</b>	Vulnerability to pests and diseases lead to indifference of grain quality between hybrid and inbred rice.	Government is yet to produce a clear policy stance for industry support. Current subsidy program is poorly targeted.
<b>Bangladesh</b>	Most varieties, imported from China, are not well adapted under local conditions	Lack of effective campaign in hybrid rice production which resulted to non-familiarity of farmers in hybrid rice cultivation techniques.
<b>Philippines</b>	Low seed production volume relative to consumption requirements.	Limited credit assistance extended by Government to farmers.
<b>India</b>	Limited choice of hybrids suited to local conditions	Weak institutional mechanism for production and supply of seed of public sector bred hybrids
<b>Vietnam</b>	While current hybrids are resistant to blast disease, these are susceptible to major diseases.	Reluctance of small farmers to use hybrid seeds due to lack of proper ware house and high financial requirement
<b>China</b>	Demographic shifts such as increased migration from rural to urban areas cause an asynchronous development in agricultural mechanization.	Stringent industrial policy and commercial environment holds as a barrier for market access by new varieties.

*Source: Hybrid Rice: The Technology and The Status of its Adoption in Asia*

Outside China, only Vietnam and the Philippines have so far shown major increases in hybrid rice production areas in varying degrees and in particular conditions. Yet hybrid rice production in Vietnam is confined to the North and still dominated by seeds imported from China. Meanwhile, hybrid rice production in the Philippines is heavily supported by state subsidies.

## **TRENDS IN HYBRID RICE SEEDS TRADE**

Official statistics rarely pay attention to the trade in rice seeds which is insignificant compared to the trade in rice grains as a commodity. Rice grain is traditionally traded more than the rice seeds, except when a country or region is in dire need of seeds for planting coming from other areas due to natural or man-made calamities. The introduction of hybrid rice in Asia, however, is changing such trend. Since the

potentials of the technology may be optimized only if new seeds are used in each planting season, it implies the need for an efficient seed industry that produces sufficient seeds for domestic use.

In cases when the domestic requirements for hybrid rice cannot be met by local production, the national seed industry should be able to source out seeds from other countries. This case is similar to Vietnam where at least 80% of the hybrid seeds requirements are imported by state-controlled and private seed enterprises from neighboring China where a strong hybrid seeds industry can meet the demand. This would have been the case in Indonesia, too, had it not been for the difference in agro-climatic conditions. Imported hybrid rice varieties from China would be unable to thrive in the warmer and more humid environment of Indonesia. Interestingly, the agro-climatic factor that deters directly exporting hybrid rice seeds from China to the tropical countries in East Asia is the same reason that motivates private enterprises in the Philippines to engage in hybrid rice seeds development and marketing. These private enterprises have been exporting hybrid seeds to other countries with similar conditions. From these emerging trends, barring agro-climatic, ecological and technological factors, hybrid rice clearly has the potential to give birth to a rice seeds industry in the region that could bring revolutionary changes in the future of rice breeding and development.

The developments and trends in hybrid rice performance and adoption in China would have far-reaching implications in the rest of Asia. The rate of adoption and contribution of the technology to the overall rice production of China in the coming years are expected to steadily decline. The reasons for this are: (1) the yield plateau in most commercially available hybrid rice varieties, (2) the continuing challenge on the grain quality of hybrid rice and (3) the policy to give the farmers their individual responsibility to decide on their farm.

This may not mean the end of hybrid rice technology because hundreds of public enterprises involved in the hybrid rice business in China are interested in expanding their interest on to the export market. The only obvious limitation to this potential is the agro-climatic conditions that would bar Chinese hybrids from growing productively in other areas with more tropical climates. In the short-term, the countries in the Indo-China region at the doorstep of China are the most logical targets for aggressive marketing of Chinese hybrids. Other countries that have achieved some successes in the development of promising locally-adapted hybrid rice varieties, such as the Philippines are already exploring export possibilities in other countries in the region with similar agro-climatic conditions.

## **HYBRID RICE IN THE PHILIPPINES**

### ***Domestic Supply and Demand Situation***

Rice is a staple food among Filipino households. On March 6, 2020, the Philippine Statistics Authority (PSA) released in its website the Statistical Tables on 2018 Family Income and Expenditure Survey. Based on the said survey, 42.6% of the total family expenditure was spent to food expenditure. Bread and cereals category where rice belong accounts the majority of the food expenditure at 25.81%. With the increasing population growth every year, demand has likewise rose. From a supply

perspective, rice crops/palay accounted for 34% of total agricultural crops production (in terms of volume of production) in 2019 based from PSA's 2020 selected statistics for agriculture

### ***Rice Supply and Consumption in the Philippines***

Palay production registered a downward trend from 2017 to 2019. In 2017, the country has recorded a 19.27 million metric tons, the highest so far in the history of palay production. However, in 2018 there was a slight decline in the production from 19.27 million metric tons to 19.06 million metric tons. This was furthered reduce as in 2019, the country registered a 1.3 percent decrease, bringing down the total production to 18.82 million metric ton equivalent to 12.30 million metric ton or rice.

Among the major commodity groups, cereals got 21.8 percent share to the total agricultural imports in 2019. In 2018 the value of Cereal import was USD 2,949.92 and it increased to USD 3,174.28 the following year. Accordingly, rice import dependency rose from 6.56 percent in 2017 to 13.83 percent in 2018. This indicates that 13.83 percent of country's rice supply came from imports.

During the first semester of 2020, palay production spiked up by 1.42 percent from 8.27 million metric tons in 2019 to 8.39 million metric tons. This is despite more than 14,000 ha reduction in area harvested compared to last year. At an average price of P17/kg, the rise in production of about 117,000 tons is worth about P2 billion that adds to the income of rice farm households. National average yield or production per hectare grew by 2.12% (about 2 sacks per hectare). This drove the increase in total palay output and offset the negative effect of slide in area harvested. The yield in the first semester of 2020 is not far from the peak yield in 2018 which is 4.10 t/ha but the area harvested then was far greater at around 2.13 million ha. This is why palay output then was at 8.71 million ton.

With an average annual exponential population growth rate for years 2014 through 2020 pegged at 1.64% there are pressures to exert policy support for national rice production to attain self-sufficiency. By 2025, the Philippine population is assumed to reach 117,959,400. The expansion in hybrid rice industry is needed to cater to the increasing number of rice requirement in the country.

### ***Hybrid Rice Production in the Philippines***

Increasing rice yields per unit area and unit time is an obvious strategy for increasing rice production. Clearly, new technologies are needed to spur further yield growth.

As demonstrated in China, and more recently in India and Vietnam, rice hybrids can be used to increase rice production with such consequent positive benefits as generating rural employment and land savings. The attainable increment in grain yield from excellent hybrids over the best comparable inbred is at least 15% per hectare. This translates to about 750 kg of additional produce per 5,000 kg of rough rice harvest. A 15% increase in yield per unit area implies saving 15% of these

arable lands for other agricultural production purposes. A more diversified and efficient agricultural land use can, therefore, be promoted with the adoption of hybrid rice. Excellent hybrids offer higher income opportunities to rice farmers. This can be achieved through hybrid rice commercial production wherein additional income can be obtained. Both hybrid rice commercial and seed production system contribute to the generation of new jobs especially in rural areas. At most three jobs can be created for every hectare. This is equivalent to 270 man-days of additional farm labor.

Industry experts have predicted that demand for hybrid rice technology in the Philippines will increase as a result of the country's high labor-to-land ratio and the high proportion of irrigated rice land.

### **Regular and Expanded Hybrid Rice Program – DA**

The Government has always been in the forefront in modernizing the agricultural landscape of the country. Its policies and interventions to farmers are aligned with the ultimate goal of attaining a food secure and resilient nation. The success of hybrid rice in increasing the country's rice productivity for the growing domestic rice requirements paved way for the government to include hybrid rice in their national rice program. Currently the Department of Agriculture has a regular hybridization program which aimed to intensify the use of hybrid rice seeds in major rice producing areas in the country. Hybrid seeds along with other farm inputs and machineries were given free to target farmer-beneficiaries through the department's regional offices and in partnership with the local government units.

While the Philippines lifted its quantitative restrictions on rice imports, the Covid-19 pandemic has resulted in the shift of food security policies of the exporting countries, thus threatening availability of our food supply in the short term. To prevent such scenarios in the future, the Department of Agriculture has launched an Expanded Hybrid Rice Program under the Rice Resiliency Project which is included in the Plant Plant also known as "Ahon Lahat, Pagkaing Sapat (ALPAS) Laban sa Covid-19 Program. Expanded Hybrid Rice is an intensified promotion of high-yielding technology through distribution of hybrid rice seeds and inorganic fertilizers. This shall also provide fertilizers to farmers who are recipients of hybrid seeds funded under the National Rice Program (NRP).

### ***Development of Hybrid Varieties***

In the Philippines, experimental hybrids must exhibit at least 15% higher yield relative to standard inbred check cultivars before they can be recommended by the National Seed Industry Council (NSIC) for commercial cultivation.

Hybrid rice breeding activities in the country are undertaken by both the public and private sectors. In the public sector, IRRI began hybrid rice research and development (R&D) activities in the late 1970s. Two commercially usable cytoplasmic male sterile lines, IR58025A and IR62829A, and numerous restorer lines adapted to the tropics were bred at IRRI within the period 1980 to 1998. In 1989, the Philippine Rice Research Institute (PhilRice), which is the sole agency

mandated to establish and coordinate all national rice R&D activities, established a hybrid rice breeding project. Since then, some experimental hybrids developed by PhilRice have entered the national yield trials.

**Table 2. Agronomic Characteristics of Commercially Produced Hybrid Seeds**

	<b>SL Agritech</b>	<b>Bayer</b>	<b>Corteva</b>	<b>Syngenta</b>
Variety	SL-8H	Arize H64	PhB 77	NKSO17
Ave. Yield/ha	180-200 cav/ha	155-175 cav/ha	150-170 cav/ha	140-200 cav/ha
Potential Yield	17.0 MT	12.9 MT	11-13 MT	7-10 MT
Maturity	105-115 days	100-105 days	115-119 days	120 days

*Source: Information provided by management*

In the private sector, there are four companies which manufacture and distribute hybrid rice seeds in the local market. These are Bayer, Corteva, Syngenta, and SL Agritech. Table 2 shows the comparative agronomic characteristics of these brands.

### ***Demand for Hybrid Rice and Hybrid Seeds***

The total domestic consumption of hybrid rice seeds is primarily dependent on the promotion efforts of the Philippine Government through the HYTA and the DA. While there is a lack of relevant available information to reasonably estimate the future demand for hybrid rice and hybrid rice seeds, there are several indicators that illustrate the sustainability of the hybrid rice and hybrid rice seeds industry.

#### ***Indicators of Demand***

##### **Unabated Increase in Domestic Rice Consumption**

The Philippines is entering a demographic sweet spot where there is a rising proportion of young, consumption-driven workforce. With one of the fastest growing populations in the region, the Philippine market for rice consumers have grown.

##### ***Diminishing Rice Plantation Area***

Total rice plantation area has been growing at a rate of 2.5%, on the average, per annum in the last 14 years. The deceleration of the total rice plantation area is due to land conversion owing to rapid urbanization and industrialization. With or without globalization, the increasing opportunity cost of land will shift its use from rice production to more profitable endeavors. Given that the total area available for rice cultivation is nearing its limit, there is a need to improve rice yields through the propagation of hybrid rice varieties.

Data from Bureau of Agricultural Statistics shows that the average yield advantage of hybrid rice over ordinary seeds is at least 38% or 2,500 kg/hectare.

##### ***Combined Yield and Price Advantage of Hybrid Rice***

Yield distribution shows that there are more farmers achieving hybrid rice yields of 5 MT/hectare and above as compared to an average of 3 MT/hectare for inbred

varieties. Hybrid rice also has a price advantage of around 30 centavos per kg over inbred rice. This indicates good market acceptability of milled hybrid rice due to its higher palate quality.

The combined yield and price advantage of hybrid rice are the source of income growth among hybrid rice farmers. The cost difference in producing hybrid and inbred rice has also been narrowed as hybrid rice farmers become more familiar with the technology. These benefits from the farm level have established a considerable demand for hybrid rice seeds.

### ***Continued Support from the Philippine Government***

The Philippine Government will continue to support the hybrid rice and hybrid rice seed industry through R&D efforts, training and credit assistance to farmers, as well as marketing support to private hybrid rice seed producers. According to the DA, with its Rice Resiliency Project under Plant, Plant, Plant Program, the total area allotted to hybrid rice plantation is targeted at 750,000 hectares and still growing to ensure food security of the country.

As the rice plantation area earmarked for hybrid rice propagation increases, the demand for commercially available hybrid rice seeds likewise increases. Approximately 15 kgs of hybrid rice seeds is needed per hectare of hybrid rice plantation. Given the targeted hybrid rice plantation area of the Government, the demand for hybrid rice seeds is estimated to be approximately 12,000 MT.

### ***Growing Exportation of Hybrid Rice Seeds***

There is also a growing demand for hybrid rice seeds in other countries. Aside from the Philippines, only China, India, and the United States have advanced in terms of hybrid rice technology. The Philippines now exports hybrid rice seeds to Indonesia, Vietnam, Myanmar, Papua New Guinea and Bangladesh.

### ***Market Outlook***

Given the continued growth in population base and rice consumption per capita, the Philippines will continue to experience rice shortages at the current rice production growth rates. Government initiatives towards increased productivity and self-sufficiency have increased the potential for the hybrid rice industry to expand. Despite Government efforts for self-sufficiency, around 13% of domestic consumption is catered by imports.

Table 3. Market Demand Estimates								
	2014A	2015A	2016E	2017E	2018E	2019E	2020E	2021E
Implied demand for hybrid rice	1,360,769	1,248,650	4,500,000	5,400,000	6300000	8,400,000	11,250,000	15,000,000
<i>Growth in hybrid rice volume</i>		-8.24%	260.39%	20.00%	16.67%	33.33%	33.93%	33.33%
Area needed to cultivate hybrid seeds	236,000	208,125	247,031	350,000	500,000	600,000	750,000	1,000,000
<i>Growth in plantation area</i>		-11.81%	18.69%	41.68%	42.86%	20.00%	25.00%	33.33%
Potential demand for hybrid seeds	4,717	4,246	4,941	5,946	8,100	9,000	11,250	15,000
<i>Growth in hybrid seeds volume</i>		-9.99%	16.37%	20.34%	36.23%	11.11%	25.00%	33.33%

Source: Company estimates, Bureau of Agricultural Statistics

Notes: Hybrid seeds and rice is expressed in MT while Area needed to cultivate hybrid seeds is in Ha;

Actual figures are updated every 5 years

Table 3 shows that to cater to the implied demand for hybrid rice, the hybrid rice plantation area should increase to 1,000,000,000 hectares by 2021 from 236,000 hectares in 2014. This increase in hectareage should be accompanied by an increase in demand for hybrid rice seeds from 4,717 MT in 2014 to 15,000 MT in 2021.

This does not include the potential of exporting hybrid rice seeds to other countries, such as Vietnam which imports a large part of its hybrid rice seed requirements from China, and Bangladesh, Myanmar and Indonesia which have lagged behind in hybrid rice seed technology.

# THE COMPANY

## COMPANY OVERVIEW

The Company, registered with the SEC on September 11, 2000, is engaged in the production of hybrid rice seeds and buys and sells rice grains. It also conducts research and development for the production of aromatic super hybrid rice. The rice grains are marketed to domestic channels under the following brands: *Dona Maria*, *Cherry Blossom*, and *Willy Farms*.

The Company maintains production hubs in three strategic locations: Nueva Ecija, Laguna, and Davao. These locations enable the Company to market its products through dealers and distributors situated across the Philippines. The Company also caters to foreign markets and exports a fraction of its production volume to countries such as Bangladesh, Vietnam, Myanmar and Indonesia. For the fiscal year ending May 31, 2018, 2019, and 2020 the percentage to total sale contributed by sales to foreign countries is 1.0%, 2.0% and 1.0% respectively.

The BOI, on September 2020, has approved the Company's application for registration as New Producer of Hybrid (milled) Rice and By-Product on a Non-Pioneer Status under All Qualified Manufacturing Activities including Agro Processing of the 2017 Investment Priorities Plan (IPP) under Book I of E.O. 226; in addition, the Company has been granted as well pioneer status for its seeds production in Matanao, Davao Oriental in May 2017. The Company's main activities are covered under the Investment Priority Plan of the BOI and thereby granted incentives. As a BOI-registered company, the Company is entitled to certain benefits including Income Tax Holiday for a period of four (4) years in general from the date of registration. The Company further avails of BOI benefits under the law as result of the additions and expansion of its production facilities.

Since 2010, the Company has been certified as implementing a quality management system that conforms to ISO 9001:2008. This certification supports the Company's ability to provide quality products that meet customer and applicable statutory and regulatory requirements. The ISO certification of the Company has been renewed and is valid until August 31, 2021

## SUBSIDIARIES

The Company has three subsidiaries as of October 31, 2020. These are Sterling SL Agritech Company Limited (SSLACL), SL Agritech India Private, Ltd. (SLAIL) and Sterling Agritech Myanmar CO., Ltd. (SAMCL). It has one associate in Indonesia which is the PT Sterling Agritech Indonesia (SAI).

SSLACL and SAMCL were incorporated and domiciled in the Union of Myanmar and SLAIL was incorporated in India while SAI was incorporated and domiciled in Indonesia. The company's subsidiaries and associate are involved in the same line of business as SL Agritech Corporation in the Philippines. On August 23, 2018, SSLACL was incorporated and organized in the Union of Myanmar with registered office address at Room 105, First Floor, Pearl Condo F. Bahan Township, Yangon, Union of Myanmar. On July 4, 2019, the Ministry of Corporate Affairs (CFA) of India

has approved the Incorporation of SLAIL with registered address at P C4, Meenakshi Est, Jeedimena Village, Outbullahput, Hyderabad, Telangana, India. SLAIL is currently at its pre-operating status as of May 31, 2020. On November 29, 2019, SAMCL was incorporated in Myanmar under the Myanmar Companies Law 2017 as a private company limited by shares, with address at Tha Pyae Kone Village, Okkan Town, Tikekyi Township, Yangon, Myanmar. Its purpose is for seed production and exploration.

Recently, due to the world health crisis or pandemic, there were quarantine protocols imposed by respective national and local government units in the Philippines from March 2020 and similarly for other countries as well. This pandemic has affected the company's operations and that of its subsidiaries. For the company, the impact has been netting off with decline in Sales in Rice Segment and Increase in Sales in Hybrid Seeds. On the other hand, the development of the business internationally was slowed down by this pandemic due to mobility restrictions.

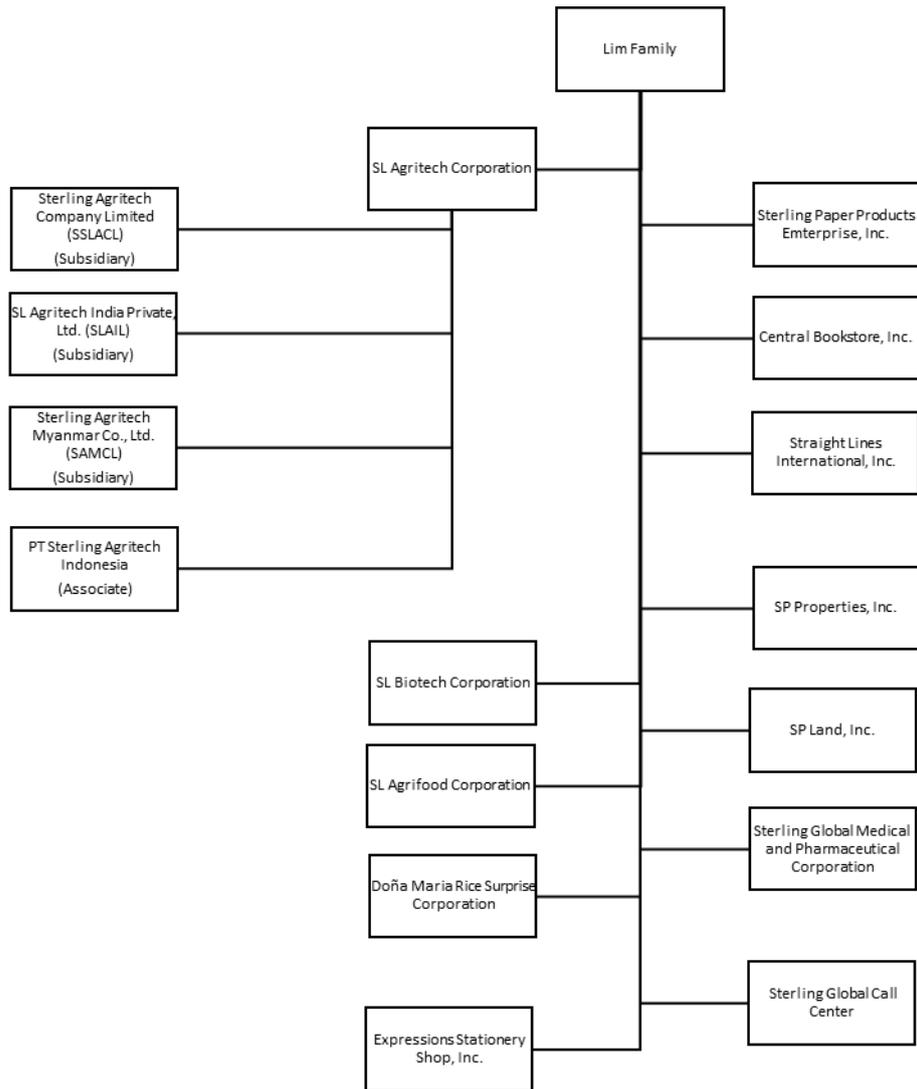
The following table lists down key information about the Company's subsidiaries

No.	Registered Company Name	Registered Office Address	Country	Registration Date	Purpose
1	Sterling SL Agritech Company Limited	Room 105, First Floor, Pearl Condo F. Bahan Township, Yangon, Union of Myanmar	Myanmar	8/23/2017	Seed Production and Exportation
2	SL Agritech India Private, Ltd.	P C4, Meenakshi Est, Jeedimena Village, Outbullahput, Hyderabad, Telangana, India	India	7/4/2019	Seed Production and Exportation
3	Sterling Agritech Myanmar Cp., Ltd	Tha Pyae Kone Village, Okkan Town, Tikekyi Township, Yangong, Myanmar	Myanmar	11/29/2019	Seed Production and Exportation

#### CONGLOMERATE MAP

Listed companies that are part of a conglomerate or group of companies.

A map showing the relationship between and among the company and its ultimate parent company, middle parent, subsidiaries or co-subsidiaries and associates.



## HISTORY

The Company initially began its operations as a non-registered entity that conducted research on the development of hybrid rice seeds in 1998. The Chairman and President of the Company, Mr. Henry Lim Bon Liong, took inspiration from China's accomplishments in the production of hybrid rice. In 1997, China was already the top producer and net exporter of rice, despite initially having food shortage problems after the Second World War. The demand for rice in the Philippines has always been greater than its domestic supply, which compels the Government to import rice. The Lim family considered entering into the hybrid rice market, as this specific breed of rice generates high crop yield and could potentially alleviate the Philippines' rice shortage problem.

Mr. Henry Lim Bon Liong sought the expertise of Professor Yuan Longping, a Chinese agricultural scientist and educator considered to be the “Father of Hybrid Rice” in China, as he is known for developing the first hybrid rice variety in China in 1973.

Under the tutelage of Professor Yuan Longping, Henry Lim Bon Liong engaged Professor Zhang Zhaodong, to test the viability of the Chinese hybrid rice in the Philippines. The performance of the Chinese varieties under Philippine conditions was poor, due to the differing weather conditions between the two countries. A new variety, one that that would adapt to the tropical climate and land conditions of the Philippines, would have to be developed locally. In October 1999, Henry Lim Bon Liong and Professor Zhang Zhaodong began developing several parental lines in a parcel of land leased from the provincial government of Laguna. Shortly after, Henry Lim Bon Liong procured a 40 hectare property in Barangay Oogong, Santa Cruz, Laguna and built a research and development facility especially dedicated to the production of hybrid rice.

On September 11, 2000, SL Agritech Corporation was officially registered with the Securities and Exchange Commission with the primary objective of cultivating and growing rice seeds, *palay*, corn, and other agricultural grains. The Company conducts research and development activities for the production of aromatic hybrid rice and cereals. Two months after its registration, the Company discovered that it had successfully bred its first tropical hybrid rice variety, SL-8H. The new variety was high yielding, sturdy, and resistant to diseases. The Company immediately began to propagate the SL-8H seeds for the market. Later in the same year, the Company purchased its second facility, in Banay-banay, Davao Oriental in anticipation of the mass production of SL-8H which included a 17-hectare facility for seed processing.

Having successfully demonstrated the ability of SL-8H to thrive on local conditions for both the wet and dry seasons, the National Seed Industry Council granted the Company full accreditation in the year 2002. The accreditation allows the Company to commercially produce and distribute the SL-8H variety to farmers. Shortly after, the Company began marketing and selling activities to re-introduce the use of hybrid rice and SL-8H. The Company also sponsored harvest festivals in order to educate local farmers on the advantages of using the SL-8H hybrid rice. Farmers in key areas such as Regions 1, 2, 3, 4, and other parts of the Philippines began their use of SL-8H, and were satisfied as their yield increased significantly. Encouraged by the growing acceptance of its product, the Company expanded its seed production to Davao and Laguna.

The Company continued its research efforts which resulted in the discovery of two more varieties, SL-7H and SL-9H. Compared to its predecessor, the new seed varieties are of higher palate quality, but produce less yield. As a result of these new varieties, the Company decided to expand its business by producing rice. Under the brand name Doña Maria, named after the matriarch of the Lim family, the Company currently produces five kinds of premium rice, Jasponica, Jasponica Brown, Jasponica Plus, Miponica, and Miponica Brown. The Company’s rice products are considered as premium or of higher grade than that of ordinary rice. The products

are currently available in leading grocery stores nationwide and are also being used by caterers and Japanese restaurants in Metro Manila.

SL Agritech Corporation continues to expand progressively its presence in the Philippines and international markets. Its super hybrid seeds are all being distributed in the Philippines and exported to Vietnam, Myanmar, Indonesia and India. Its Dona Maria Premium Rice and Willy Farm Rice are available in the major supermarkets in the Philippines and are being exported to Saudi Arabia, Bahrain, Jordan, Kuwait, Singapore, Australia, United Arab Emirates and United States of America. Dona Maria Premium brand is reportedly dominating the premium rice market overseas and is starting to gain customer preference there. It has also its presence in Vietnam and Bangladesh for hybrid rice seeds production

On September 21, 2017, to further maintain its presence in the international market, it has carried out an Investment Trust Agreement between SLAC and its Chairman, Mr. Henry Lim Bon Liong, to enable him to manage, supervise and administer Sterling SL Agritech Company Limited which was incorporated in the Union of Myanmar. Such has already seed and rice production after the issuance of Certificate of Incorporation. It is currently in the process of obtaining the Myanmar Investment Commission (MIC) permit, which allows businesses and foreign investors to get special privileges, tax incentives, among others. Myanmar is a strategic jump off point for exporting rice given the preferential zero tariff from Myanmar to European destinations. In addition, China may also be tapped from there.

In October 11, 2017, SLAC signed a deal with an Indian government-owned firm, National Seeds Corp. Ltd. (NSC) for the production and marketing of SL-8H. NSC wants to plant such on 2.5 million to 5 million hectares of land in the next five years. In the same year, PT Sterling Agritech Indonesia (SAI) was incorporated in Jakarta, Indonesia. SLAC directly owns 49% of SAI.

These developments bode well for the international expansion of the company as Myanmar, India, and Indonesia are reportedly among the world's largest rice producers. For the next two to three years, SLAC expects to have a larger growth in the international market.

With the increasing demand for both its hybrid rice seed and premium rice products, the Company intends to expand its operations by increasing its lot area for production and by building facilities such as the milling plant in Talavera, Nueva Ecija and the recently constructed Bulk Grain Storage Facilities in the same area.

## **PRODUCTS**

### ***Hybrid Seeds***

The Company began marketing its seed products in 2003, introducing the SL-8H variety to the market. SL-8H is a high-yield resilient rice variety that allows farmers to harvest more produce at the end of each cropping season. The Company has distributed the SL-8H hybrid seed variety across several provinces in the Philippines, particularly in Regions 1, 2, 3 and 4. The Company has tested the viability of the SL-8H seeds in different areas in the Philippines to ensure its adaptability to local conditions. This resulted in its certification by the National Seeds Industry Council in

2004 as the “pioneer hybrid rice variety in the tropics, with high yielding potential and multiple resistance.”

Aside from Philippine testing, SL-8H has also been tested in other countries such as Vietnam, Malaysia, China, Madagascar, Indonesia, Myanmar, India, Nigeria and Bangladesh. All of which have resulted in acceptable yields. Following the success of SL-8H, the Company is continuing its research efforts to develop other varieties of hybrid rice to be distributed commercially.

The company also expanded its international operation to cater to the increasing demand of the international market. Today, the company operates in Indonesia under its affiliate, P.T. Sterling Agritech Indonesia, a private limited liability company in Jakarta, Indonesia. It started operation in February 2018 and was organized primarily for the production and commercial propagation of hybrid rice seeds.

Likewise, a separate vehicle in the Union of Myanmar was incorporated under the name Sterling SL Agritech Company Limited. To cater the large Indian market a separate company was also incorporated under the name of SL Agritech India Private Limited last June 14, 2019. The entrance in the Indian market is expected to create a quantum leap in SLAC’s international presence and performance. Table 4 below sets forth each of the Company’s products, organized by variety, and includes a description of the product, its packaging and countries where it is exported.

<b>Table 4. List of SLAC’s Commercially Available Seed Varieties</b>				
<b>Variety</b>	<b>Description</b>	<b>Packaging</b>	<b>Country</b>	
SL-8H	Hybrid seed with high heterotic performance, good disease resistance, excellent adaptability to tropical conditions, good palate qualities, good milling qualities, and easy hybrid seed production.	3 kg 5kg	Philippines Bangladesh Indonesia Vietnam India Myanmar	
SL-7H	Used for the Company’s premium rice products. For contract growing	15kg	Philippines	
SL-9H	Used for the Company’s premium rice products. For contract growing	15kg	Philippines	
SL-12H	Hybrid seed with a potential yield ranging from 7 up to 12 metric tons or equivalent to 140 to 240 cavans per hectare and is suitable for wet and dry season. Used for commercial planting.	3kg	Philippines	
SL-18H	Hybrid seed with a potential yield ranging from	3kg	Philippines	

		230 to 300 cavans per hectare and is suitable for wet and dry season. Used for commercial planting			
SL-20H		Hybrid seed with a potential yield ranging from 7 to 15 metric tons per hectare. Suitable for wet and dry season. It is found to be resistant to pest and diseases. Has a good eating quality.	3 kg 5 kg		Philippines

### **Premium Rice**

The Company's premium rice products contributed about 28% of the Company's 2020 fiscal year revenues. The rice products are currently under three brands, Doña Maria, Cherry Blossom and Willy Farms, each targeting a specific market segment. All rice products were developed through the Company's hybrid seed research, and were planted specifically to be marketed as rice ready for cooking. Upon discovery that the produce of SL-7H and SL-9H were of superior palate quality, the Company opted not to distribute the seeds to the public.

The succeeding table sets forth each of the Company's rice products, organized by variety, and includes a description of the product, its targeted market segment and packaging.

<b>Table 5. List of SLAC's Rice Brands</b>			
<b>Variant</b>	<b>Description</b>	<b>Market Segment</b>	<b>Packaging</b>
<b>Doña Maria®</b>	Doña Maria®	High to mid	0.3 kg
<b>Jasponica Rice</b>	Jasponica Rice	income	2.0 kg
<b>Jasponica Rice</b>	possesses the best features of aromatic and delectable	segment	5.0 kg
	Jasmine rice and the excellent quality of Japanese rice.		10.0 kg
	When cooked, Jasponica's long grain bursts into a tender, chewy texture, releasing the fullness of its flavor and aroma.		25.0 kg

<b>Doña Maria® Jasponica Brown Rice</b>	Doña Maria® Jasponica Brown Rice is the healthier brown rice counterpart of Jasponica White. It is rich in nutrients such as Fiber, Magnesium, Selenium, Vitamin B1, B3, and B6. It helps you become fit while enjoying the aromatic nutty and chewy texture of its Jasponica Brown variety.	High to mid income segment	0.3 kg 2.0 kg 5.0 kg 10.0 kg
<b>SL8H Rice</b>	It's appetizing flavor, soft texture, delightful aroma and easy cooking sets SL8H from our everyday rice. Best served hot on its own as a side dish, as fried rice or as a great complement to to any meal	Low to mid income segment	25kg
<b>Doña Maria®Jasponica Plus</b>	Doña Maria® Jasponica Plus strikes the perfect balance between yummy white and healthy brown. An innovation that answers the query for mothers who want to introduce their kids to a healthy and balanced diet.	High to mid income segment	2.0 kg 5.0 kg
<b>Doña Maria®Jasponica Congee</b>	Doña Maria® Jasponica Congee can be used as an alternative to <i>malagkit rice</i> . Perfect for congee, risotto, maki, and other	High to mid income segment	2.0 kg 5.0 kg

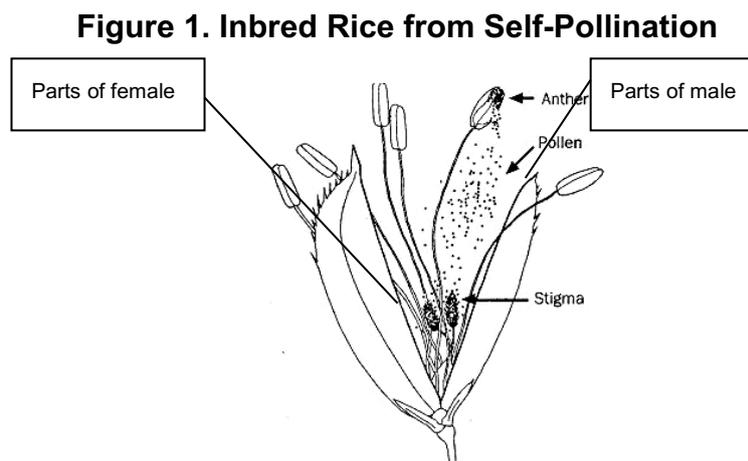
sticky rice dishes.

<b>Doña Maria®Mi ponica Rice</b>	Doña Maria® Miponica Rice combines the clear, translucent, long and slender quality of Philippine Milagrosa and the exceptional eating quality of Japanese rice. It is soft, fluffy and sticky with a pleasant aroma.	High to mid income segment	0.3 kg 2.0 kg 5.0 kg 10.0 kg 25.0 kg
<b>Doña Maria®Mi ponica Brown Rice</b>	Doña Maria® Miponica Brown Rice is the healthier counterpart of Miponica White. It is rich in fiber and other nutrients, slightly sticky and full to the bite without the coarse texture and strong aftertaste usually present in other brown rice.	High to mid income segment	2.0 kg 5.0 kg 10.0 kg
<b>Willy Farms® Premium Dinorado Rice</b>	Willy Farms® Premium Dinorado Rice is the special all-occasion rice. It is soft and delicious and can be enjoyed as plain rice or fried rice.	Mid income segment	2.0 kg 5.0 kg 10.0 kg 25.0 kg
<b>Willy Farms® Sticky Jasmine Rice</b>	Willy Farms® Jasmine Rice contains the fragrance of Jasmine in sticky rice and is ideal for Paella and Arroz ala Valenciana.	Mid income segment	2.0 kg 5.0 kg 25.0 kg

<b>Willy Farms® Long Grain Japanese Textured Rice</b>	Willy Farms® Long Grain Japanese Textured Rice possesses the superb eating quality and texture of Japanese rice but in long grains.	Mid income segment	2.0 kg 5.0 kg
<b>Willy Farms® Deliciously Healthy Brown Rice</b>	Willy Farms® Deliciously Healthy Brown Rice contains rice that is tasty, chewy and nutty in flavor. It is a good source of fiber, iron, protein and B+.	Mid income segment	2.0 kg 5.0 kg 25.0 kg

**RESEARCH AND DEVELOPMENT**

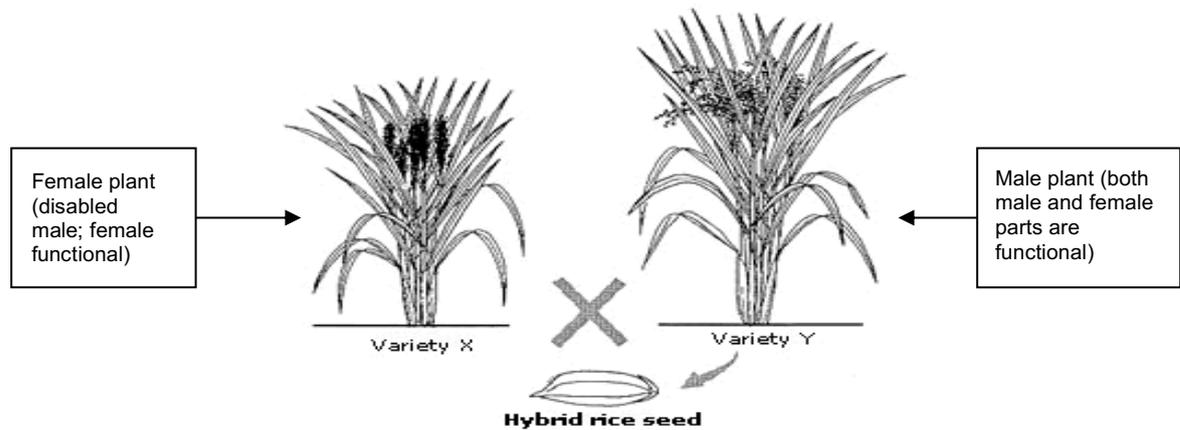
The rice that is consumed or used for cooking is technically the fruit of the rice plant which results from a sexual cross between the male and female organs of the plant. The reproductive parts of rice grow side by side in the flower of a single plant. Given that the plant can pollinate itself, the reproductive process can be completed within the floret of the plant almost immediately after the pollen is released from the anther, as illustrated in Figure 1 below. Due to its self-fertilization in reproduction, the offspring is genetically similar, hence the term “inbred”. Inbred rice is also referred to as conventional or regular rice.



A “hybrid”, on the other hand, is an offspring that comes from cross-breeding two genetically different individuals, as seen in Figure 2 below. To produce hybrid rice, an individual male with functional male and female parts, and a created female (disabled male; female functional) are cross-pollinated, which results in the female

plant bearing hybrid rice seeds as offspring. Hybrid rice seed is the first filial (“F1”) of a cross of two genetically different varieties of rice.

**Figure 2. Hybrid Rice from Diverse Parents**



Unlike inbreds, hybrid cultivars usually possess unique heterosis or hybrid vigor, which is the tendency of hybrids to perform better than each of its parents. It has been proven that offspring from more diverse parents produce even higher hybrid vigor. Not only do hybrids fare better than their parents, they also outperform inbred varieties in characteristics like seed quality and yield. As a result of the outcome of mix breeding different plants, one of the early hybrids adapted in the Philippines was named Mestizo rice.

As a biological phenomenon, heterosis is present in most plant species. Currently, it is a major factor for increased crop production in most crop and vegetable species such as maize, sorghum, pear millet, cotton, sunflower, tomato, eggplants, chilies, onion, and sugar beet. It is widely recognized as the main component of the world’s multi-billion dollar agri-business.

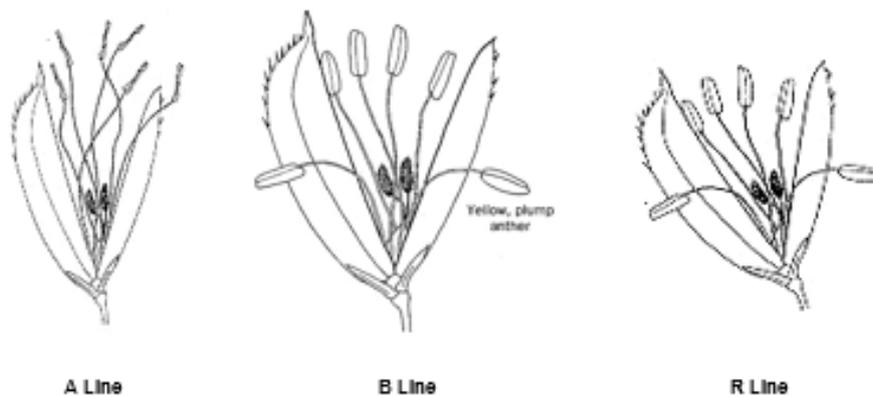
Knowledge about the phenomenon of heterosis in rice has been developed for a number of decades but its application has been hampered by the self-pollinating characteristics of the plant. Since each plant consists of both male and female parts (versus a male plant and a female plant), even if one brings together different varieties, pure cross-pollination will not be possible.

In 1972, a group of Chinese scientists led by Professor Yuan Long Ping succeeded in creating a genetic cytoplasmic male-sterile (“CMS”) line, a feat similar to placing an off switch on the anther of the plant, thereby making its male part sterile while its female part performs its normal function. This CMS-line is also called the “A-line” or, more specifically, the female parent.

The reproduction process of the A-line is completed by crossing it with a partner from a B-line. The “B-line”, also called the Maintainer line, is similar to A except that its male parts are not sterile and its pollen are viable, as illustrated in Figure 3 below. It maintains the original genetic make-up of the A-line and multiplies A-line as parental lines for commercial hybrid rice seed production.

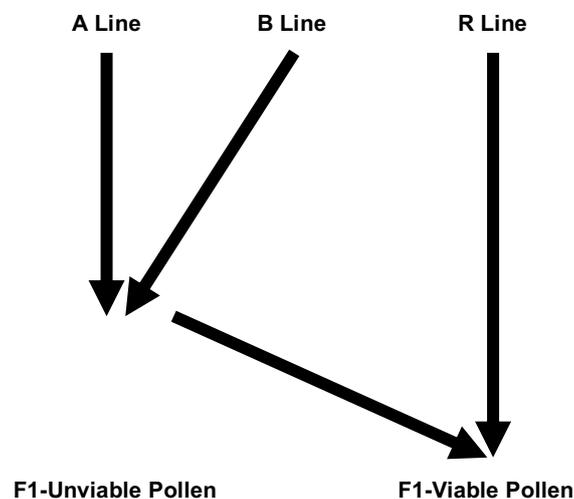
Using the CMS A-line, the group of Professor Yuan Longping successfully forged a hybrid combination using a Restorer line ("R line"), which is genetically different from the A-line. The R-line restores the fertility of the pollen in the offspring. The offspring in turn, is the source of the first generation "F1" seed used to plant commercial hybrid rice.

**Figure 3. A-line, B-line, and R-line flowers**



The hybrid rice seeds produced through the A, B, and R lines are called hybrid rice of 3-line methods. The production combinations of 3-line hybrid rice seeds are shown in Figure 4 below, where A x B crosses produce A-line parents, then the A x R crosses produce commercial hybrid rice F1 seeds with viable pollen, and B and R lines multiply by themselves much like inbred lines.

**Figure 4. A-Line, B-Line, and R-Line Flowers**



**Table 6. Research & development cost and percentage to revenues for 2016-2018**

	<b>May 2020</b>	<b>May 2019</b>	<b>May 2018</b>
Revenue	5,294,197,161	4,851,769,557	4,436,307,382
Development Costs	503,014,682	81,732,793	77,102,701
Percentage	9.50%	1.68%	1.74%

Hybrid seeds are F1 offspring. The seeds harvested from F1 rice are called “F2” and are used for consumption only. Unlike the inbred varieties, F2 seeds cannot be replanted again due to lack of uniformity and productivity. As such, farmers have to purchase F1 seeds every cropping season.

In the past three years, the Company has spent a total of approximately ₱662 million on its research and development activities. These costs were incurred for the development and further enhancement of the Company’s existing and commercially viable hybrid rice seeds. Aside from SL-7H, SL8H, and SL-9H, the Company is developing the following varieties: SLs 16, 24, 25, 26, 28, 30, 39, 42, 56,58 & 59. These varieties are still under development and is estimated to further incur about P1B more in Research and Development Cost for the next 5 years before it can be used commercially in business.

The latter are hybrid rice seeds that have been initially determined as viable having gone through several testing and experimentation stages that stabilized the parental lines. Currently, the Company is preparing for bigger volume of production of parental lines for further enhancement prior to commercial production to make the hybrid seeds tolerant to tropical conditions and it followed the same processes involved in the development of SLs 7, 8 and 9.

#### **PRODUCTION PROCESS**

Hybrid rice seed production is more complicated, as compared to inbred seed production. Expertise on rice cultivars and extensive knowledge on breeding and plant anatomy are extremely important in high-yield production, not to mention the proper crop management and fair-weather condition. The researchers and scientists personally train the farmers that are involved in the preparation, planting, and harvesting of the hybrid rice seeds. As discussed in the previous section, the process begins with the process of crossing the A-line and B-line. This produces an A-line offspring that is to be crossed once again with the R-line, which results in the F1 seeds to be sold and planted by the Company. Due to the multiple breeding processes, two planting seasons are required to produce hybrid seeds.

The process of producing the seeds begins with the normal land preparation activities such as irrigation and cleaning. The A-line and B-line, or A-line and R-line seedlings are then planted in rows adjacent to each other. This allows the different lines to breed each other through air pollination. As the seedlings grow, certain fertilizers are applied to ensure the plant’s health and maximum seed yield. To

illustrate further, the general steps in hybrid rice seed production are outlined in the table below.

<b>Table 7. Step by Step Process in Seed and Rice Propagation per Hectare</b>			
Steps	Duration (Hours)		Number of Workers
	Hybrid Seed	Hybrid Rice	
Land Preparation			
Dike Cleaning & Preparation	8	8	5
Canal Preparation	8	8	2
Irrigation	8	8	1
Plowing	8	8	1
Harrowing	8	8	1
Rat & Snail Control	8	8	1
Finishing	8	8	1
Seed Bed Preparation			
Canal Cleaning	8	4	5
Lot Leveling	8	4	3
Seed Bed Plotting	8	4	3
Pre- Germination			
Soaking	8	8	1
Incubation	8	8	1
Sowing	8	8	1
Chemical Application	8	8	1
Transplanting			
Pulling of Seedlings	8	5.5	10
Distribution of Seedlings	8	5.5	10
Planting of Seedlings	8	5.5	25
Chemical & Insecticide Application	8	5.5	2
Fertilizer Application	8	5.5	2
Water Management	8	5.5	1
Replanting	8	5.5	15
Weeding	8	5.5	2
Supplementary Pollination			
Pollination	8	-	2
Roughing	8	-	15
GA-3 Application	8	-	3
Harvesting / Processing			
Cutting	8	8	45
Threshing	8	8	10
Drying	3	8	10
Blowing / Cleaning	3	8	10
Packing	3	8	2
Hauling	3	8	10
Storage			
Distribution to dealers			
Purchase by Farmers			

*Source: Information provided by management*

Hybrid rice seed cultivation requires approximately 30% more labor or approximately 100 days per hectare. This is due to the supplementary procedures taken to produce the hybrid seeds. Additional processes include pollination, roughing, and

growth enhancer application. Similarly, hybrid rice propagation as increased yield implies an increase in the labor force requirement, especially during the harvest seasons.

However, the difference in yield entails higher income for the farmer, which may cover the additional costs to plant and harvest hybrid rice. Notably, the use of hybrid seeds generates net income per hectare of ₱166,320, more than four times that of inbred seeds as shown in the table below. Approximately forty percent (40%) of seed production volume is done through contract farming under similar mechanics in the contract farming of the rice business as discussed below.

<b>Table 8. Economic Comparison of Hybrid and Inbred Seeds</b>				
Yield per hectare (kgs.)	Hybrid			Inbred
	8,000	10,500	13,000	5,000
	(Low-end)	(Average)	(High-end)	(High-end)
<i>In Philippine pesos (₱)</i>				
Sales price per kg.	17	17	17	17
<b>Total Sales</b>	<b>136,000</b>	<b>178,500</b>	<b>221,000</b>	<b>85,000</b>
<b>Production Costs</b>				
Labor Cost	30,910	30,910	30,910	23,275
Seedbed preparation and sowing	1,000	1,000	1,000	1,000
Land preparation	4,200	4,200	4,200	4,200
Pulling of seedlings	1,500	1,500	1,500	1,500
Transplanting	3,500	3,500	3,500	3,500
Harvesting	11,760	11,760	11,760	7,350
Hauling	1,600	1,600	1,600	1,000
Caretaking	7,350	7,350	7,350	4,725
Material Cost	21,070	21,470	22,070	19,270
Cost of seeds	4,500	4,500	4,500	3,300
Fertilizers	13,500	13,500	13,500	13,500
Pesticides	1,470	1,470	1,470	1,470
Sacks and twines	1,600	2,000	2,600	1,000
Other cost	1,700	1,700	1,700	1,700
Irrigation fee	1,700	1,700	1,700	1,700
<b>Total Costs</b>	<b>53,680</b>	<b>54,080</b>	<b>54,680</b>	<b>44,245</b>
<b>Net Income</b>	<b>82,320</b>	<b>124,420</b>	<b>166,320</b>	<b>40,755</b>
<b>Return on Investment</b>	<b>153%</b>	<b>230%</b>	<b>304%</b>	<b>92%</b>

*Source: Information provided by management*

The Company engages contract farming for the premium rice production. SLAC provides SL-7H and SL-9H seeds to contracted farmers (who own parcels of lands) together with the necessary fertilizers, pesticides, and other farm inputs. In other cases, the Company provides, instead, financing to contracted farmers for the expected farming costs. The entire farm produce will eventually be bought back by the Company at the prevailing market price less costs of inputs provided.

**Figure 5. Contract Farming Business Model**



As the Company production process is fully integrated, from research and development to producing premium rice varieties, the Company does not need as much raw materials since it relies mainly on internal operations. The Company is able to mill and process its SL-7H and SL-9H hybrid rice varieties into its premium rice products. Occasionally, the Company procures some items such as commercially available pesticides or fertilizers from different companies, and is not dependent on one source.

#### **MARKETING, SALES AND DISTRIBUTION**

##### ***Hybrid Seeds***

SL-8H seeds are currently commercially available and accessible to farmers nationwide. Aside from dealers and the Irrigator's Association, the seeds are also available through the MAO, who are currently responsible for the distribution of the seeds to the farmers. The selection of MAO is comprised of the ff. criteria: 1) Farmer population, 2) Credit Standing, and 3) Reliability.

As the company is pushing on the visibility and availability of its hybrid rice seeds varieties in the market, SLAC treats the MAO as partners in the dissemination of hybrid rice technology to its local farmers. The local farmers usually visit the MAO for their seed requirements before the planting season.

The SL-8H hybrid rice seed of the Company was specifically developed for tropical countries such as those in Southeast Asia. Following its success as a high-yielding variety here in the Philippines, the Company began testing the viability of SL-8H in neighboring countries. SL-8H also produced high yields in countries such as Indonesia, Bangladesh, Myanmar, Papua New Guinea and Vietnam, which prompted the Company to export its parental line hybrid rice seeds to these countries.

In those markets, the Company partners with government-affiliated agencies to roll-out the program. Agreements with these agencies involve hybrid rice seed production. In 2015, the Company sealed a partnership with Calmwind Pty. Ltd. in Papua New Guinea for the development of SL-12H, SL-8H and SL-18H. In a similar pursuit, the Company signed a Memorandum of Agreement (MOA) with the state-run Bangladesh Agricultural Development Corp. for a seed production collaboration. The

Company previously worked with the Bangladeshi government for a seed production program. This recently signed MOA will strengthen said partnership by extending the program to 2021.

For the list of List of Accredited Municipal Agriculture Office (MAO), please see ANNEX B.

**Figure 6. Distribution Chain**

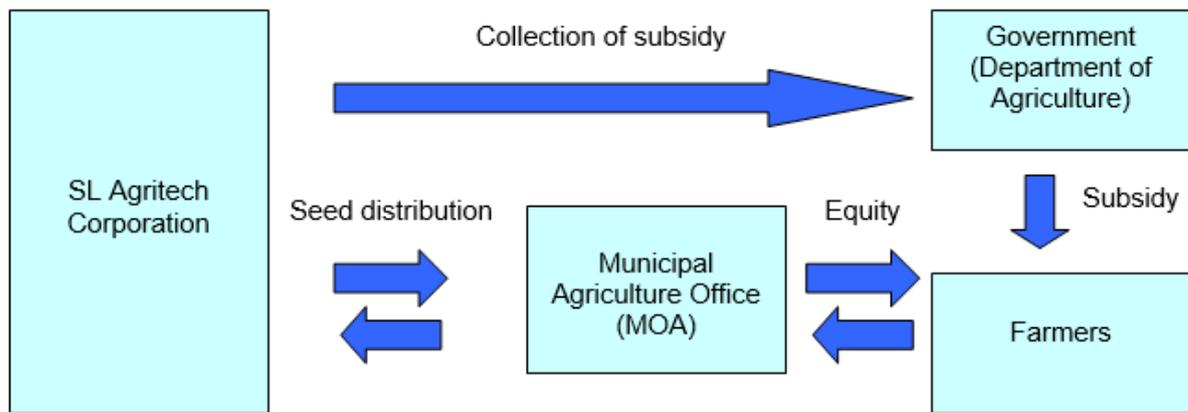


Figure 6 shows how the distribution chain of hybrid seeds from SL Agritech premises to Farmers for their use. The process generally commences from the award of the contract or purchase order by Municipal Agricultural Office to the Company. The Company then will deliver to Municipal Agricultural Office based on the contract or purchase order. Then, it will be delivered or be picked up by the farmers for their use as part of the subsidy of the government to the farmers. Prior to the issuance of contract or purchase order to the company, information are gathered from the farmers on their seeds requirement for the coming planting season. Aside from the subsidy for seeds, there are other subsidies provided to farmers such as fertilizers based on the approved budget of the Department of Agriculture.

“Collection of subsidy” in the distribution chain refers to SL Agritech Corporation going to the Department of Agriculture to collect the subsidy on Seeds. Not all agricultural needs are subsidized by the government; hence, the term Equity in the Distribution Chain. There is a need for farmers to fund other expenses other than those subsidized by the government.

To increase farmers’ knowledge on the product, the Company conducts several marketing activities in order to increase awareness for its products. The Company has released radio advertisements to promote the use of SL-8H. It also conducts and participates in harvest festivals not only to promote the product, but to also provide technical briefings, explain the process of procuring the seeds, and planting instructions.

## **Raw Materials**

The company currently has major existing supply contracts for rice with farmer growers. The harvests of farmers are then purchased for milling to produce rice. For the seeds, raw materials are for the packaging only.

<b>Raw Material</b>	<b>Principal Suppliers</b>
Rice	Sourced Internally
Seeds	Sourced Internally
Packaging Materials	Asia Packaging International Inc.
	Astrobag Mfg. Corp.
	Philmastic Inc.
Chemicals	Agway Chemicals Corporation
	Mars Agri Venture & Commodities

## **International Business Development**

The SL-8H hybrid rice seed of the Company was specifically developed for tropical countries such as those in Southeast Asia. Following its success as a high-yielding variety here in the Philippines, the Company began testing the viability of SL-8H in neighboring countries. SL-8H also produced high yields in countries such as Indonesia, Bangladesh, Myanmar, Papua New Guinea and Vietnam, which prompted the Company to export its parental line hybrid rice seeds to these countries.

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International sales comprise 1%, 0.2%, and 2% of the Company's hybrid rice seed revenue in 2020, 2019, and 2018, respectively. A breakdown of revenues contributed by foreign sales per region is provided on Table 9 below.

<b>Table 9. Revenues Contributed by Foreign Sales</b>					
		<b>May 2020</b>	<b>May 2019</b>	<b>May 2018</b>	<b>May 2017</b>
Southern Asia	Seed	25,075,470	5,933,161	4,701,431	-

Southeast Asia	Seed	2,546,000	-	41,521,281	14,765,687
<b>Total Revenue from Seeds</b>		27,621,470	5,933,161	46,222,712	14,765,687
Persian Gulf Countries	Rice	26,120,348	17,218,872	16,184,619	13,675,958
Micronesia	Rice	-	-		6,475
Southern Asia	Rice		79,948.26	-	-
Southeast Asia	Rice	1,365,292.90	-	262,110	-
USA	Rice	1,375,469	4,391,134	3,159,907	12,749,602
Australia	Rice	-	-		265,180
<b>Total Revenue from Rice</b>		28,861,110	21,689,954	19,606,636	26,697,215
<b>Total Revenue</b>		56,482,581	27,623,115	65,829,348	41,462,902

### **Premium Rice**

The Doña Maria, Cherry Blossom, SL8H Rice and Willy Farms rice products are distributed through retail stores, wholesalers, dealers, hotels, restaurants, and cafes. The retail stores, including supermarkets, groceries, and price clubs, make up about 80% of the Company's sales revenues. Wholesalers and dealers, who distribute the rice products to smaller channels such as drug stores, department stores, and market stalls, account for 10% of sales revenues. Lastly, the Company also provides rice to hotels, restaurants, and cafes, known collectively as "HORECA". The HORECA market comprises around 10% of the sales revenues.

### **COMPETITION**

**Table 10. Competitive Space and Price Points**

<b>Company</b>	<b>Variety</b>	<b>Pack Size</b>	<b>SRP</b>	<b>Cost/kl</b>	<b>Per ha.</b>
Bayer	Arize Bigante Plus	3kg	965.00	321.67	4,825.00
	Arize Bigante (TEJ)	5kg	1,376.00	275.20	4,128.00
	Arize H 64	5kg	1,376.00	275.20	4,128.00
Pioneer	Phb 77,79,81	3kg	850.00	283.33	4,250.00
Syngenta	Frontline Gold	5kg	1,400.00	280.00	4,200.00
SL					
Agritech	SL-8H	5KG	1,470.00	294.00	4,200.00
		15KG	5,100.00	283.33	4,800.00
		3kg	950.00	316.67	4,750.00

*Source: Information provided by management*

For its hybrid rice seed products, the Company faces competition from seven other hybrid rice seed varieties present in the Philippine market. These varieties are Phb77 by Pioneer Company, Bigante by Bayer Philippines, and Frontline Gold by Syngenta. Market data regarding hybrid rice seeds is not available, but the Company estimates that 80% of the market is using SL-8H. The Company differentiates its seeds business by providing farmers with the advantage of higher yield and cheaper cost of production.

In the Php450 billion market for rice, the Company estimates that only Php45 billion belongs to the premium packed rice market. The Company believes that its main competitors are the products of other companies which produce premium rice varieties such as Jasmine rice, Japanese rice, Thai Jasmine rice, Brown rice, Red rice, Long grain rice, and High-fiber rice. Brands that produce these varieties include Sunnywood, LH Cereal Corp. (Vita Rice), Northern Luzon (Farmer's Choice), Worthgold, and Qualigrains, among others. The Company believes that its premium rice business provides for consistent quality supported by monitoring and control systems that were ISO-certified.

### **Competition in International Markets**

The Company is present in Myanmar, India and Indonesia where it established subsidiaries and associate companies.

The observed trend in hybrid seeds products and premium rice market is increasing in terms of volume. The trend is increasing with the population of the Philippines and other countries are also increasing and therefore the demand as well, given that rice as staple food of most of the countries in the world.

Competition method, usually, is in terms of price and quality and availability of inventories.

Information on trends and the respective market shares and sizes for the Company's international operations are not yet available. In conducting its business, SLAC leverages the fact that there is so much demand for the product vis a vis the supply based on the concept of increasing population.

### **CREDIT POLICY**

The Company allows sales to be made on credit while recognizing the risk it assumes in doing so. To manage credit risk, the Group, as constituted by the Parent company and subsidiaries, trades only with recognized and creditworthy third parties. The Group has a well-defined credit policy and established credit procedures. All customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The Company sets the maximum amounts and limits that may be advanced and placed with individual or corporate counterparties which are set by reference to their long-term ratings.

Seeds and rice receivables are usually on a six (6)-months', and sixty (60) to ninety (90) days' credit term, respectively. Also, trade receivables include advances to contract growers that arise when contract growers receive cash advances. The advances are short-term and are expected to be collected within the crop year of no more than six (6) months. The advances are liquidated against proceeds from sale of dried palay to the Group. The Group so far has not experienced any delinquencies.

#### **POLICY ON CUSTOMER COMPLAINT**

Whenever the complaints are received by the Company through its customer service representatives, a team is assigned to verify the veracity of such complaint. The team assigned is given 7 days to investigate and provide for a report of such incidents.

The complaint is then forwarded to the concerned area or group, regardless of whether it was verified or otherwise.

In cases where the complaint is found to be true, the area head or group head prepares a report of recommendation to be submitted to the Executive Committee for immediate action or referral to the Board of Directors. The area or group head is given 7 days to prepare such report.

#### **REVENUE COMPOSITION**

The contribution of each business segment to net sales is presented on the tables below.

##### **12 – Month Periods Ended May 31, 2020 (Audited)**

<b>Table 11a. Revenue contribution per segment</b>			
	Seeds Division	Rice Division	Total
<b>Percentage Contribution</b>	78.72%	21.8%	100%
<b>Net Sales</b>	4,167,758,771	1,126,438,390	5,294,197,161

##### **12 – Month Periods Ended May 31, 2019 (Audited)**

<b>Table 11b. Revenue contribution per segment</b>			
	Seeds Division	Rice Division	Total
<b>Percentage Contribution</b>	71.53%	28.47%	100%
<b>Net Sales</b>	3,470,469,919	1,381,299,638	4,851,769,557

The contribution of international sales to total revenues amounted to just 3.22%, 1.74%, and 2.91% in the fiscal years ended May 2020, 2019, and 2018, respectively. Hence, overseas markets are currently considered as minor.

## **COMPETITIVE STRENGTHS**

### ***Innovation of high yielding rice technology***

Through its researchers and scientists, the Company has successfully developed several hybrid rice seeds that are either sold or used for the Company's premium rice products. SL-8H, the Company's premier hybrid rice seed product, has been distributed around the country and has proven to be a true high-yield variety, acclimatized to Philippine conditions. The Company has marketed its SL-8H seeds nationwide and in other countries while varieties of competitors are still on the testing and development stages. The Company has also developed SL-7H and SL-9H, which are varieties with qualities comparable to Japanese, Milagrosa, and Jasmine rice.

### ***Superior and Consistent product quality***

For more than 20 years, the hybrid seeds have been the farmers choice with the largest share in the market. With its superior and consistent quality in terms of high yielding characteristics, the SLAC's hybrid seeds have been preferred by most of the farmers as they produce more palay than using the ordinary rice seeds. Our Premium Quality rice under different brands such as Doña Maria, Willy Farms, Cherry Blossoms and SL8H rice have been also for several years have been accepted by its loyal customers due to its premium quality. Indeed, SL Agritech's hybrid seeds and premium rice products are superior and consistent in product quality.

### ***Fully integrated operations***

The Company began as a private agricultural research facility, and has now grown into a fully integrated hybrid rice seed and premium rice producer. It has the facilities for research and development, seed production, rice production, and packaging, and the resources for planning, marketing, and sales. The Company is able to efficiently conduct its research and development activities in Oogong, Laguna, whilst its hybrid rice seed and premium rice production is spread out to its different farms and contract growers. Marketing and sales of both the hybrid rice seeds and the premium rice are executed by separate teams. Hybrid rice seeds are marketed to farmers and local cooperatives through seminars and harvest festivals around the Philippines. On the other hand, the team for the premium rice promotes its products to the different stores, groceries, hotels, and restaurants.

### ***Attractive growth prospects***

The Philippines continues to import rice in order to satisfy its national demand. As the population of the country continues to grow, the demand for rice is estimated to continue to increase as well. Local varieties are currently unable to fulfill the demand for rice, and coupled with diminishing rice fields due to industrialization, the increasing demand for rice without concomitant increase in supply continues to be a

national problem. The Company presents a possible solution to this problem through the introduction of hybrid rice. Being the only Company to achieve national success in marketing hybrid rice, the Company's products may lead the Philippines into self-sufficiency in rice.

### ***Strong market position***

The Company currently dominates the market for hybrid rice, as it has proprietary rights over several high-yielding varieties of hybrid rice seeds. The Company estimates that SL-8H currently captures 80% of the market share for hybrid rice. Competitors have yet to introduce a variety that can compete with the yield of SL-8H. Recently, the Company commercialized new varieties of hybrid rice seeds. SL-12H and SL-18H are suitable for both wet and dry season. These hybrid rice seeds have robust panicles and stems that potentially give 250 to 300 cavans per hectare, establishing farmers' net income of P100,000 to P200,000 per hectare. The Company also employs aggressive and innovative marketing strategies, such as harvest festivals, seminars, technical farm demonstrations and contests, to further expand its market share. Competitors may find it difficult to enter the Philippine market for hybrid rice seeds, as the development of the products require extensive research that is both expensive and time consuming.

## **BUSINESS STRATEGY**

### ***Increase brand awareness***

As of the date of this Prospectus, the Company has developed three hybrid rice seed varieties and ten premium rice products. Both the hybrid rice seeds and premium rice products are marketed aggressively throughout the Philippines. The SL-8H hybrid rice is being marketed nationwide to farmers through seminars, harvest festivals, and contests. Doña Maria premium rice on the other hand is brought to the market through sampling booths, recipes, food kiosks, and television advertisements. The Company intends to continue its marketing efforts to further strengthen its brand and to attract a larger market for its products. Doña Maria Premium Rice continues to expand its market reach by ensuring product availability and presence in all consumer touchpoints. The products are made available in both traditional sales (supermarkets, food expositions, food kiosks and as restaurant or food chain rice offering) and e-commerce channels. The Company intends to continue its marketing efforts through both traditional advertisement platforms like TV commercials, billboards and in-store advertisements that is a proven medium of communication among older consumer demographics.

Meanwhile online marketing in Facebook & IG, social media influencer seeding and online brand tie-ups will be done with the intention to cater to a younger market which will expand the product's consumer base.

### ***Maintain its product leadership***

Based on Company data, the Company's hybrid rice seeds account for 80% of the total market share of hybrid rice, making it the current leader for hybrid rice seeds.

The Company intends to maintain this through the development of better hybrid rice seed products and continuous marketing activities. Despite having the majority of the hybrid rice market, the Company would like to expand the overall market for hybrid rice seeds. This can be achieved through the continuous expansion of the Company's market reach in the different provinces of the Philippines. The Company also intends to strengthen its position in the premium rice market by capturing a larger share of the high to mid-income rice consumers.

### ***Improve customer and market knowledge***

The Company intends to take advantage of the increasing sophistication or changing lifestyles of its hybrid rice seed and premium rice customers. Farmers are slowly shying away from traditional methods of farming and are willing to try other products to improve their output. Farmers who have tried hybrid rice seeds of the Company have seen the benefits of investing in high-yielding varieties. The Company is aware that the willingness of farmers to use new products is sometimes hindered by existing traditions or Government policies. By conducting seminars, the Company is made aware of the issues of farmers, and thus is able to educate them on the best solutions. The Company is also aware of the Government policies and programs governing rice production, and thus ensures that farmers are educated on these as well.

The tastes and preferences of Filipino consumers are constantly changing. The target markets of the Company, the high to mid-income consumers, are becoming more sophisticated and are more particular on the products they purchase. As they become more quality, health, and price conscious, the Company intends to provide more premium rice products that would satisfy their needs. This would include products and recipes that are healthier, with better palate quality, and are worth their value for money.

### ***Development of new products***

The Company has developed several varieties of hybrid rice seeds, but is continuing its research and development activities to further develop better products. Research is simultaneously done for both the Company's hybrid rice seeds and premium rice products. Through the utilization of the Company's researchers and scientists, who have been trained by Professor Yuan Longping of China, the Company continues to develop new varieties of rice to expand the Company's brand portfolio. The Company aims to develop high-yielding rice products with good planting and palate quality.

### ***Expansion of market share***

The Company has employed several marketing strategies to increase its market share in its seed and rice business. For its seed business, the Company periodically introduces the products to farmers in the Philippines through seminars and demonstration activities. Farmers are then encouraged to continue the use of hybrid seeds through harvest festivals and contests. For its rice products, the Company currently employs the use of television commercials, booths, technical farm demonstration, and sampling to further introduce its products to the market. The

Company has also developed the brands “Doña Maria”, “Cherry Blossom”, and “Willy Farms” to further distinguish itself from its competitors in the market. The Company aims to continue these marketing strategies to gain a larger share of the seed and rice markets.

### ***Improve Operational Efficiency***

The company from inception up to today has evolved into a fully integrated hybrid seeds and premium rice producer. Despite of this, it continues to assess its operations for further enhancement of the operational efficiency. Operational efficiency is the capability of the company to deliver products or services to its customers in the most cost-effective manner possible while still ensuring the high quality of its products, service and support. So far, it has invested to new equipment to enhance further efficiency of its operations. The designs of its facilities have been also improved in such a way that it follows a quality management process. This improved new designs will be followed for construction and development of its future warehouses and facilities to ensure enhanced process efficiency.

### **NON-DEPENDENCE ON A SINGLE CUSTOMER**

In its three businesses, hybrid rice seeds, international business development, and premium rice, the Company’s sales and growth is not dependent on a single customer. The Company employs different channels of distribution in order for its products to be known to the market, both here in the Philippines and in other countries.

The sales to the Department of Agriculture (DA), while they account for more than 20% of Sales, are not made directly; neither are they one-time contracts. Rather, the sales are made via separate contracts from the DA’s regional units whom require separate biddings and awarding.

The Company has several products in its pipeline for all three businesses. These, however, are still in the development stages and have no set launch dates as of the date of this Prospectus.

### **TRANSACTIONS WITH OR DEPENDENCE ON RELATED PARTIES**

Related party transactions are made in the normal course of business. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties are corporate entities that are owned and controlled by the same owner of the Company (e.g. Sterling Paper Products Enterprises Inc. (SPPEI) and Mart One Supermarket), and neither a subsidiary or affiliate of the Company.

In the regular course of business, the Company’s significant transactions with related parties include the following:

- a. As of May 31, 2020, 2019 and 2018, the Company, in its normal course of business, has outstanding operational non interest-bearing advances to SPPI which aggregated to nil, ₱203,306,490 and ₱224,791,530, respectively.
- b. As of May 31, 2020, the Company, has outstanding operational non interest-bearing advances to SLBT which aggregated to ₱304,835,714.
- c. At fiscal year ending May 31, 2020, the Company has outstanding receivables arising from sale of seeds and rice products with Central Bookstore ₱2,756,576, Sterling Paper Products Enterprise ₱4,560,541 SL Agrifood Corporation ₱300,060 and Expression Stationery Shop, Inc. ₱176,750. The foregoing entities have common shareholders with the Company.
- d. As of May 31, 2020, the company has advances to its associates in India, Pt. Sterling Agritech Indonesia amounting to ₱ 60,182,822.00.
- e. As of May 31, 2020, the company has lease liabilities to SPRO amounting to ₱ 87,967,759.

*Terms and conditions of transactions with related parties*

Outstanding balances at year-end are unsecured, interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

The Company has not recognized any impairment losses on amounts due from related parties for the fiscal year ending May 31, 2020, 2019 and 2018. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

The same information on Related Party transactions are disclosed in Note 30 of the Company's audited, consolidated financial statements for the years ended May 31, 2020

**COST AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS**

Cost and effects of compliance with the environmental laws cannot be precisely quantified. In qualitative context, taken as a whole, the benefits of compliance with environmental laws will outweigh the cost compared to the impact of noncompliance. The Company, being an agricultural firm, essentially is benefited by the environment so it has to preserve environment in that context.

Cost of compliance with the environmental laws includes payment of fees to secure Environmental Compliance Certificates for construction of building and facilities, purchasing of equipment that is compliant to the Clean Air Act of the Philippines, putting filtration facilities of water or installation of STP so that the water to be discharged from production back to a river or any area outside the production plant is potable or environment friendly, among others. Benefits, on the other hand, are

mostly generic and long-term in nature as it relates to sustainability of the environment such as less pollution which would mean clean air for the population to breathe, and clean water for people to drink. Further, caring for the environment would lessen or minimize the effects of global warming. Thus, in general, the effects of complying to environmental laws are beneficial.

#### OTHER REQUIRED DISCLOSURES

The Company's net worth exceeds P25 million and it has been in business for over three (3) years.

#### INTELLECTUAL PROPERTIES

As of the date of this Prospectus, the Company has registered the following trademarks and/or copyrights with relevant authorities:

<b>DATE OF REGISTRATION</b>	<b>INTELLECTUAL PROPERTY RIGHTS DESCRIPTION</b>		<b>Principal Terms and Expiration Dates</b>
February 16, 2005	Copyright Registration and Deposit of SL- 8H Hybrid Rice Club-Busog Yaman Ka Dito! (National Commission for Culture and the Arts)	Created and Published: October 12, 2004	Lifetime of the author and for fifty (50) years after his death.
January 10, 2005	Copyright Registration and Deposit of Dona Maria Jasponica Rice (National Commission for Culture and the Arts)	Created and Published: October 28, 2004	Lifetime of the author and for fifty (50) years after his death.
September 2, 2004	Registration of 'Mestiso 6' (Oryza sativa) (Bureau of Plant Industry)		No expiration
December 15, 2006	Certificate of Plant Variety Protection to SL-8R (Bureau of Plant Industry)		Twenty (20) years from December 15, 2006, unless sooner voided or cancelled as provided in the law and regulations.

December 15, 2006	Certificate of Plant Variety Protection to SL-8H (Bureau of Plant Industry)		Twenty (20) years from December 15, 2006, unless sooner voided or cancelled as provided in the law and regulations.
December 15, 2006	Certificate of Plant Variety Protection to SL-1B (Bureau of Plant Industry)		Twenty (20) years from December 15, 2006, unless sooner voided or cancelled as provided in the law and regulations.
July 13, 2007	Certificate of Plant Variety Protection to SL-1A (Bureau of Plant Industry)		Twenty (20) years from July 13, 2007, unless sooner voided or cancelled as provided in the law and regulations.
December 18, 2008	Certificate of Plant Variety Protection to SL-9H(Bureau of Plant Industry, Philippines)		Twenty (20) years from December 18, 2008, unless sooner voided or cancelled as provided in the law and regulations.
December 18, 2008	Certificate of Plant Variety Protection to SL-7R(Bureau of Plant Industry, Philippines)		Twenty (20) years from December 18, 2008, unless sooner voided or cancelled as provided in the law and regulations.
December 15, 2011	Provisional Certificate of Plant Variety Protection to SL-11R (Bureau of Plant Industry, Philippines)		Twenty (20) years from December 7, 2012

December 15, 2011	Provisional Certificate of Plant Variety Protection to SL-18R (Bureau of Plant Industry, Philippines)		Twenty (20) years from December 7, 2012
December 15, 2011	Provisional Certificate of Plant Variety Protection to SL-11H (Bureau of Plant Industry, Philippines)		Twenty (20) years from December 7, 2012
October 9, 2009	Certificate of Plant Varieties Protection to SL-1A(Centre of Plant Varieties Protection, Indonesia)		Twenty (20) years from October 9, 2009, unless sooner voided or cancelled as provided in the law and regulations.
October 9, 2009	Certificate of Plant Varieties Protection to SL-1B(Centre of Plant Varieties Protection, Indonesia)		Twenty (20) years from October 9, 2009, unless sooner voided or cancelled as provided in the law and regulations.
October 9, 2009	Certificate of Plant Varieties Protection to SL-8R(Centre of Plant Varieties Protection, Indonesia)		Twenty (20) years from October 9, 2009, unless sooner voided or cancelled as provided in the law and regulations.
October 9, 2009	Certificate of Plant Varieties Protection to SL-8SHS(Centre of Plant Varieties Protection, Indonesia)		Twenty (20) years from October 9, 2009, unless sooner voided or cancelled as provided in the law and regulations.

<b>DATE OF REGISTRATION</b>	<b>INTELLECTUAL PROPERTY RIGHTS DESCRIPTION</b>		<b>Principal Terms and Expiration Dates</b>
May 21, 2005	Trademark: Doña Maria (Intellectual Property Office)	For rice, corn, grains of all kinds, fresh fruits, natural plants and flowers, live animals, seeds, vegetables, horticultural growths.	Until October 1, 2021 unless sooner cancelled in accordance with laws and regulations.
May 13, 2016	Trademark of Yuan Long Ping with representation of rice stalk and grain within an arc. (Bureau of Trademarks)	For rice, corn, grains of all kinds, and other agricultural farm products, seeds, vegetables, and horticultural growths.	Five (5) years; until May 13, 2021.
September 22, 2016	Trademark: SL- 8H (Bureau of Trademarks)	For rice.	Ten (10) years; until September 22, 2026.
September 22, 2016	Trademark: SL- 7H (Bureau of Trademarks)	For rice.	Ten (10) years; until September 22, 2026.
September 24, 2007	Trademark: Cherry Blossom Rice With The (Intellectual Property Office)		Until May 10, 2020 unless sooner cancelled in accordance with laws and regulations.
October 24, 2013	Trademark: Doña Maria Coco Shake (Intellectual Property Office)		Until April 18, 2023 unless sooner cancelled in accordance with laws and regulations.
November 14, 2013	Trademark: Doña Maria Rice Pao (Intellectual Property Office)		Until June 24, 2023 unless sooner cancelled in accordance with laws and regulations.

December 19, 2013	Trademark: Doña Maria Rice Surprise (Intellectual Property Office)		Until April 18, 2023 unless sooner cancelled in accordance with laws and regulations.
September 10, 2007	Trademark: Gintong Butil & Device (Intellectual Property Office)		Until September 10, 2020 unless sooner cancelled in accordance with laws and regulations.
November 10, 2005	Trademark: Jasponica (Intellectual Property Office)		Until November 10, 2020 unless sooner cancelled in accordance with laws and regulations. Renewal has been applied for but is pending approval.
October 1, 2007	Trademark: Kristina (Intellectual Property Office)		Until January 10, 2020 unless sooner cancelled in accordance with laws and regulations. Renewal has been applied for but is pending approval.
August 28, 2005	Trademark: Logo (Registration No. 5626) (Intellectual Property Office)		Until August 3, 2021 unless sooner cancelled in accordance with laws and regulations.
March 24, 2011	Trademark: Miponica (Intellectual Property Office)		Until November 22, 2020 unless sooner cancelled in accordance with laws and regulations.

September 22, 2016	Trademark: SL-7H (Intellectual Property Office)		Until September 22, 2026 unless sooner cancelled in accordance with laws and regulations. Renewal has been applied for but is pending approval.
September 22, 2016	Trademark: SL-8H (Intellectual Property Office)		Until September 22, 2026 unless sooner cancelled in accordance with laws and regulations. Renewal has been applied for but is pending approval.
April 14, 2013	Trademark: SL-9H (Intellectual Property Office)		Until April 14, 2023 unless sooner cancelled in accordance with laws and regulations.
May 13, 2006	Trademark: Sterling (Intellectual Property Office)		Until May 13, 2021 unless sooner cancelled in accordance with laws and regulations. Renewal has been applied for but is pending approval.
July 21, 2015	Trademark: Willy Farms Farm Fresh Goodness! (Intellectual Property Office)		Until July 21, 2018 unless sooner cancelled in accordance with laws and /regulations. Renewal has been applied for but is pending

			approval.
August 30, 2012	Trademark: Willy and W Device (Intellectual Property Office)		Until May 16, 2022 unless sooner cancelled in accordance with laws and regulations.
September 2, 2004	Registration of 'SL-8H' (Oryza sativa) (Bureau of Plant Industry)		No expiration
August 11, 2015	Trademark: Doña Maria (US PTO)		August 11, 2025 Status: Registered
August 11, 2015	Trademark: Jasponica (US PTO)		August 11, 2025 Status: Registered
August 11, 2015	Trademark: Miponica (US PTO)		August 11, 2025 Status: Registered
February 11, 2014	Trademark: Jasponica (SG Registrar of TM)		Until February 11, 2024 Status: Registered
February 11, 2014	Trademark: Miponica (SG Registrar of TM)		Until February 11, 2024 Status: Registered
June 5, 2014	Trademark: Jasponica (UAE Ministry of Economy TM Department)		February 12, 2024 Status: Registered
June 5, 2014	Trademark: Miponica (UAE Ministry of Economy TM Department)		February 12, 2024 Status: Registered
June 5, 2014	Trademark: Dona Maria (UAE Ministry of Economy TM Department)		February 12, 2024 Status: Registered
Sep. 16, 2014	Trademark: Dona Maria (Taiwan IPO)		Sep. 15, 2024 Status: Registered
Sep. 16, 2014	Trademark: Jasponica (Taiwan IPO)		Sep. 15, 2024 Status: Registered
Sep. 16, 2014	Trademark: Miponica (Taiwan IPO)		Sep. 15, 2024 Status:

	IPO)		Registered
April 28, 2015	Trademark: Dona Maria (China TO)		April 27, 2025 Status: Registered
April 28, 2015	Trademark: Miponica (China TO)		April 27, 2025 Status: Registered
April 28, 2015	Trademark: Jasponica(China TO)		April 27, 2025 Status: Registered
January 30, 2015	Trademark: Dona Maria (Korean IPO)		January 31, 2025 Status: Registered
January 30, 2015	Trademark: Jasponica (Korean IPO)		January 31, 2025 Status: Registered
January 30, 2015	Trademark: Miponica (Korean IPO)		January 31, 2025 Status: Registered
February 10, 2014	Trademark: Miponica (HK IPO)		February 9, 2024 Status: Registered
February 10, 2014	Trademark: Jasponica (HK IPO)		February 9, 2024 Status: Registered
February 10, 2014	Trademark: Dona Maria (HK IPO)		February 9, 2024 Status: Registered

#### **GOVERNMENT APPROVALS 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 SL Agritech and are in full force and effect.

The Company's operations and products are subject to standards and regulations set forth by the Government and regulatory agencies, which may introduce new rules and policies or implement changes in the enforcement of existing laws and regulations, which could directly affect the operations and profitability of the Company and/or may be costly to comply with. Although the Company endeavors to maintain compliance with the required operational licenses, accreditations, and certifications, there can be no assurance that the aforementioned agencies will not introduce more stringent rules and regulations in the future. These and other legal or

regulatory changes could materially and adversely affect the Company's financial condition and results of operations

The table below lists the Company's approvals regulatory permits:

<b>Approvals/ Permits</b>	<b>Issuer</b>	<b>Issued To</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Certificate of Incorporation	Securities and Exchange Commission	SL Agritech Corporation	September 11, 2000	No Expiry
Business Permit	Municipality of Makati	SL Agritech Corporation	January 20, 2020	December 31, 2020
Certificate of Registration	Bureau of Internal Revenue	SL Agritech Corporation	October 11, 2017	No Expiry
Board of Investment	Department of Trade and Industry	SL Agritech Corporation	May 04, 2017	May 04, 2021

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

The DENR is the primary agency responsible for the conservation, management, development, and proper use of the country's environment and natural resources and the implementation of laws and regulations pertaining thereto. It also has the authority to promulgate additional regulations of its own.

The DA on the other hand is responsible for the promotion of agricultural development. The DA provides the policy framework and support services needed to effect its mandate.

Finally, the NFA is an agency of the Philippine Government under the Office of the President responsible for ensuring food security. The NFA is also mandated to ensure stability of rice supply and its prices.

The Company incurs expenses for the purpose of complying with the law that consists primarily of payments for regulatory fees to these agencies. Such fees are standard in the industry and are minimal. Costs related to securing the Environmental Compliance Certificates have no material impact on the financial position of the Company.

The operations of the Company is also monitored and to a certain extent, restricted by these agencies. The Company must always abide by the rules and programs set forth by said agencies. To the best of the Company's knowledge, it has complied with all applicable environmental laws.

In the event that such regulatory permits and licenses are not obtained or renewed, the Company's operations will be restricted depending on what permits were not renewed. In such event, the Company will carefully evaluate the situation and may

reallocate its resources in other viable and related endeavors in order to have continued growth despite regulatory restrictions.

## EMPLOYEES

The SLAC organization is composed of 187 officers, equivalent to 27.34% of the current workforce and 497 rank and file employees which is the remaining 72.66%.

Over the years the SLAC management has maintained a harmonious relationship with the employees. The industrial peace that is enjoyed in the workplace is attributed to the overall compliance with Labor requirements especially where wages, employee welfare, and other statutory prescriptions are concerned.

The Human Resource team, in coordination with the Operations and other support teams, continues to roll out programs that are aimed at developing the competencies and skills of each individual employee, not only to be excellent professionals in their own fields but more so to be relevant members of society. None of the employees are subject to Collective Bargaining Agreements (CBA). Neither are any of them on strike or have been in the past three (3) years for that matter, nor are they threatening to strike.

It plans to increase its current number of employees by 5% within the next 12 months.

For the matrix of Employee benefits, please see table 12.

Type of Employee	Number of Employees	Percentage to Total
Management	58	8.47%
Sales and Marketing/Operations	38	5.56%
Production	419	61.26%
Accounting/Admin/Office Support/Others	169	24.71%
<b>TOTAL</b>	<b>684</b>	<b>100.0%</b>

*Note: Includes regular, probationary, and contractual employees. Agency hires are excluded*

Table 12. Matrix of Employee Benefits				
List of Benefits	Rank & File	Sup/Ofcr	AM/M/Exec	Remarks
SSS	Y	Y	Y	
Philhealth	Y	Y	Y	
HDMF	Y	Y	Y	
13th Month Pay	Y	Y	Y	
Special Leave Benefit for Women	Y	Y	Y	
Solo Parent Leave	Y	Y	Y	

Paternity Leave	Y	Y	Y	
Maternity Benefit (c/o SSS)	Y	Y	Y	
Sickness Benefit (c/o SSS)	Y	Y	Y	
Vacation Leave	starts at 11 days up to max of 15 days	15 days	15 days	will be forfeited at the end of the year if unused
Sick Leave	starts at 11 days up to max of 15 days	15 days	15 days	converted to cash at the end of the year if unused
Medical / Dental				
HMO	25K MBL/Ward	50K MBL / Semi-Private	100K MBL / Private  100K TO 200K	not all regular rank & file employees are covered
In-house	500 Medical / 500 Dental	X	X	for those not covered by HMO; reimbursement type
Group Life Insurance	75K	150K	200K	
Christmas Gift	P500 worth for employees who have been with the company for 5 years and less; P600 worth for employees who have been with the company for more than 5 years	P1000 worth	P1200 worth	given to regular employees who have rendered 1 year of service from date of regularization
Notebook Subsidy	P300	P400	P500	
Discounts on Products	Y	Y	Y	ranges from 5% - 25% depending on type of products
T-Shirt Subsidy	X	8 pcs	10 pcs	
Diaries	X	3 pcs	4 pcs	

Company Loan	Y	Y	Y	
Bereavement Leave	Y	Y	Y	3 days if wake/burial is within the area; 5 outside the area of assignment
Bereavement Aide	Y	Y	Y	P2k for rank in file & 4K Managerial & Up as bereavement aide to the death of immediate family member
Death Benefit	P2500	P3500	P5000	
Meal, Transportation and Lodging Allowance	Y	Y	Y	
Calendar	Y	Y	Y	
Incentive	Y	Y	Y	upon successful achievement of company's target

*Note: Y – included in the benefits; X – not included in the benefits*

#### **PLANS AND PROGRAMS**

The Company is expanding its hybrid rice production and strengthening its organization to effectively manage the high growth in demand. The Company intends to achieve this through:

- Capital expenditures – for the use of procuring production and delivery equipment, cold storage, bulk grain storage facility and build warehouses
- Manpower complement – to employ more researchers and scientists
- Research and development – continuous research and development of commercially viable hybrid rice seed varieties. Research on the market of premium rice, and to develop products depending on market needs.
- Sales and marketing – to increase its current number of employees to strengthen its sales and marketing group for both hybrid rice seeds and premium rice.

#### **PROPERTIES**

As of the date of this Prospectus, the Company owns five (5) parcels of land, four of which are where the Company's existing production facilities are found. One is still undergoing development for a new rice mill facility. None of the existing land titles are being claimed by any third party.

#### **Bagong Silang, Talavera, Nueva Ecija**

A parcel of land situated in Bagong Silang, Talavera, Nueva Ecija containing an area of 6 hectares with at least 35 meters-wide frontage. This is also the major site used for producing Dona Maria rice. A 1600MT-grain silo has been recently completed to complement the existing 7000-sqm warehouse facility for rice.

### **Barangay Oogong, Santa Cruz, Laguna**

A parcel of land situated in Barangay Oogong, Santa Cruz, Laguna totaling 41 hectares with 150 meters-wide frontage. This site houses the facilities for seeds research and development as well as the processing facility for rice milling. Another warehouse with total area of 5000 sqm is being erected to complement the existing 7500-sqm facility. The Research and Development arm also takes pride to have the first Cool Greenhouse in the Philippines that is used for development of two-line hybrid rice seed varieties. This is with the objective of offering top of the line hybrid rice seeds varieties to uplift the lives of the farmers.

### **Lupon, Davao Oriental**

A parcel of land situated in Bagumbayan, Lupon, Davao Oriental containing an area of 15,998 square meters. The Company’s production facility in the said area consists of sun drying area, office and processing facilities, warehouse, staff house, fumigation area and covered court.

Some of the real estate properties in Talavera, Nueva Ecija and Santa Cruz, Laguna referred to above are the subject of real estate mortgage in favor of certain bank creditors.

### **Barangay Cabligan Matanao Davao Del Sur**

A parcel of land newly acquired to house a 6-hectare processing facility for the production of hybrid rice seeds. The site is strategically situated in the rice granary bowl of Davao Del Sur, providing an advantage of access areas for hybrid rice seeds production. The construction and development of the site was fully consummated on the year 2018.

### **Victoria, Tarlac**

A newly acquired parcel of land with area of 81,264 square meters. In this site will soon rise 10,000 tons capacity of Rice Mill. The construction and development shall be completed on year 2020. The site in Tarlac is strategically located in Central Luzon which is known to be the Rice Granary of the Philippines.

<b>Location</b>	<b>Status</b>	<b>TCTs</b>	<b>Actual owner</b>	<b>Area</b>
Bagong Silang, Talavera, Nueva Ecija	Owned	Provided	SL Agritech Corporation	6 ha

Barangay Oogong, Santa Cruz, Laguna	Owned	Provided	SL Agritech Corporation	41 ha
Lupon, Davao Oriental	Owned	Provided	SL Agritech Corporation	15,998 sqm
Barangay Cabligan Matanao Davao Del Sur	Owned	Provided	SL Agritech Corporation	5,000 sqm
Victoria, Tarlac	Owned		SL Agritech Corporation	81,264 sqm

### Leased Properties

The Group has lease contracts on warehouses including parking spaces for the storage of hybrid rice palay/seed in Bulacan. These leases have a term of twenty (20) years from commencement date and generally provide for monthly rent payment. The Group has significantly prepaid its future lease payables, remaining future lease payables are recognized as lease liabilities.

Asset Name	Location	Capitalized Amount	Monthly Leased Payments	Contract Date	Terms
Warehouse Lease 1	Bulacan	286,384,658.14	1,790,420	March 2017	20 years
Warehouse Lease 2	Bulacan	328,800,000.00	1,370,000	March 2020	20 years
		<b>615,184,658.14</b>			

The Group also entered into various farm management agreements which cover the lease of approximately 200 hectares of agricultural lands for the production of hybrid rice palay/seeds and warehouse in Laguna, Davao Oriental, and Nueva Ecija with lease terms of 12 months or less. On the average, lease amounts range from PhP60,000.00 to PhP 80,000.00 per hectare for 2 cropping seasons in these areas renewable every year. The Group applied the short-term lease recognition exemption of these leases.

The Group also has acquired transportation equipments through various finance lease contracts with financing companies with term of 5 years to support the Group's operations.

## **Liability Subject to Real Estate Mortgage**

Carrying value of property and equipment items that are pledged by the Company as security to short-term debt amounted to ₱583,589,925 and ₱561,757,071 as of May 31, 2020 and May 31, 2019, respectively.

Loans from local banks represent secured short-term borrowings with prevailing annual market rates ranging from 4.5% to 9.0%, 4.0% to 10.38%, and 3.75% to 5.75%, in 2020, 2019, and 2018, respectively, with maturity dates ranging from three (3) months to one (1) year.

## **Future Acquisition**

The Company has plans to expand its properties in Nueva Ecija and Tarlac for purposes of expansion of its seed and rice production and construction of warehouses. Acquisition of the expansion of the said properties would cost an estimate of Php500M to Php800M and will be funded through equity and bank loans.

## **INSURANCE**

The Company has sufficient insurance coverage that is required by Philippine regulations for real and personal property. Subject to the customary deductibles and exclusions, the Company's insurance policy include coverage for, among other things, buildings, improvements, machinery and equipment, furniture, fixture, fittings and motor vehicles against damage from fire and natural perils, machinery breakdown, third-party liability to the public and construction works.

## **LEGAL PROCEEDINGS**

There are no material legal proceedings, pending or threatened against the Company, its subsidiaries, affiliates, directors or officers, or in which the properties of the Company is the subject thereof. The existing legal proceedings involve labor disputes, the adverse decision of which would not have any material impact on the Company and its financial condition.

There are also no Bankruptcy, Receivership, or similar proceedings that have been filed by or against the Company.

## **MARKET INFORMATION**

The Company's shares are not registered and publicly traded. There has also been no recent transfer of the common shares of the Company which would provide a price information of such shares. The common shares are not subject to outstanding options or warrants to purchase, or securities convertible into common shares.

No stockholder shall have a right to purchase or subscribe to any additional share of the capital stock of the Company whether such shares of capital stock are now or hereafter authorized, whether or not such stock is convertible into or exchangeable for any stock of the Company or of any other class, and whether out of the number of shares authorized by the Articles of Incorporation of the Company as originally filed, or by any amendment thereof, or out of shares of the capital stock of any class of the Company acquired by it after the issue thereof; nor shall any holder of any such stock of any class, as such holder, have any right to purchase or subscribe for any obligation which the Company may issue or sell that shall be convertible into, or exchangeable for, any shares of the capital stock of any class of the Company or to which shall be attached or appertain any warrant or warrants or any instrument or instruments that shall confer upon the owner of such obligation, warrant or instrument the right to subscribe for, or to purchase from the Company, any shares of its capital stock of any class.

The Board of Directors may, from time to time, grant stock options, issue warrants or enter into stock purchase or similar agreements for purposes necessary or desirable for the Company and allocate, sell or otherwise transfer, convey or dispose of shares of stock of the Company of a class or classes and to such persons or entities to be determined by the Board of Directors including, but not limited, to employees, officers and directors of the Company.

The issuance of the CP does not affect the percentage of SLAC's securities beneficially owned by foreigners considering that the debt instrument does not have voting rights or any preferential rights.

#### **DIVIDEND POLICY**

The Company's Board of Directors is authorized to declare cash or stock dividends or a combination thereof. A cash dividend declaration requires the approval of the Board and no shareholder approval is necessary. A stock dividend declaration requires the approval of the Board and shareholders representing at least two-thirds of the Company's outstanding capital stock. Holders of outstanding shares on a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares.

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

Each holder of a common share is entitled to such dividends as may be declared in accordance with the Company's dividend policy. The Company's current dividend policy entitles holders of common shares to receive dividends based on the recommendation of the board of directors. Such recommendation will take into consideration factors such as operating expenses, implementation of business plans, and working capital among other factors.

As a policy, the Company intends to declare at least 5% of its prior year's net income as dividends, whether in stock or in cash, subject to statutory limitations and/or creditor restrictions. Note that there are no financial covenants that limit the declaration of dividends.

The affiliates and subsidiaries of SL Agritech Corporation have the same dividend policy as the Company.

### ***Dividend History for the last three (3) years***

From the two most recent years until any subsequent interim period, the Company has declared only stock dividends and none for cash dividends. The dividend history for the last three years are shown below.

#### **2017**

On May 12, 2017, the BOD of the Company authorized the declaration of stock dividends amounting to Six Hundred Twenty-Five Million (625,000,000) shares with a par value of P1.00.

#### **2018**

On May 31, 2018, the BOD authorized the appropriation of retained earnings amounting to Four Hundred Fifty Million (450,000,000) which was subsequently declared as stock dividends on June 29, 2018.

The stockholders approved the declaration of stock dividends on December 28, 2018.

There are no additional dividend declarations as of May 31, 2019.

#### **2019**

On June 27, 2019, out of the increase in the authorized capital stock, at least 25% or Php1,075,000,000 has been fully paid through stock dividends and distributed.

There are no additional dividend declarations as of May 31, 2020.

### ***Dividend History of subsidiaries***

All of the Company's subsidiaries have not declared any dividends yet.

### **RECENT ISSUANCE OF EXEMPT OR UNREGISTERED SECURITIES**

Aside from stock dividends issued as discussed above, the Company likewise issued stock dividends as follows:

In 2015, the Board of Directors of the Company declared stock dividends to existing stockholders amounting to One Hundred Million (100,000,000) shares with a par value of P1.00. The same was approved by the Company's stockholders.

In 2016, the Board of Directors of the Company declared stock dividends to existing stockholders amounting to Three Hundred Fifty Million (350,000,000) shares and the same was approved by all the stockholders in the Company's annual meeting held on August 15, 2016.

In 2017, the Board of Directors of the Company authorized the declaration of stock dividends amounting to Six Hundred Twenty-Five Million (625,000,000) shares with a par value of P1.00.

In 2018, the Board of Directors authorized the appropriation of retained earnings amounting to Four Hundred Fifty Million (450,000,000) which was subsequently declared as stock dividends on June 29, 2018.

All issuances are exempt under Section 10(D) of the Securities Regulation Code, which exempts the distribution by a corporation, actively engaged in the business authorized by its articles of incorporation, of securities to its stockholders or other security holders as a stock dividend or other distribution out of surplus.

#### **DIRECTORS AND SENIOR MANAGEMENT**

The Company's Board of Directors is responsible for over-all management and direction of the Company. The Board meets to review and monitor the Company's future plans. The Company has seven (7) directors.

The table below sets forth each member of the Company's Board elected during the most recent annual stockholder's meeting and are to serve until the next annual stockholders' meeting or until their successors have been duly elected and qualified. Business experience disclosed was for the last five years.

<b>Name</b>	<b>Designation</b>
Henry Lim Bon Liong	Chairman/President and CEO
Joseph Lim Bon Huan	Director
Gerry Lim Bon Hiong	Director/Executive Vice President and CFO
Ruben Lim Bon Siong	Director
Evelyn Lim	Director
Diosdado C. Salvador, Jr.	Independent Director
Gregorio Pio P. Catapang Jr.	Independent Director
Christine P. Base	Corporate Secretary

**Henry Lim Bon Liong**, 69, Filipino, is the Chairman, President and Chief Executive Officer of the Company since its inception. He is currently the Chairman and Chief Executive Officer of Sterling Paper Products Enterprises, Inc., Central Book Store,

Inc., Expressions Stationery Shop Inc., S.P. Properties, Inc., and Straight Lines International, Inc. He is also a Director of the Philippine Stationers Association, Inc. and of the Philippine School Pad & Notebook Manufacturers Association, Chairman of the Agriculture Committee of the Philippine Chamber of Commerce & Industry, Inc., and President and Board Member of the Federation of Filipino-Chinese Chamber of Commerce & Industry. He was formerly the President of the Philippine Stationers Association, Inc. in 1995 and of the Philippine School Pad & Notebook Manufacturers Association in 2000, the Chairman of the Food Security Committee of the Philippine Chamber of Commerce & Industry, Inc. in 2006, and the executive Director & Vice Chairman of the External Affairs Committee of the Federation of Filipino-Chinese Chamber of Commerce & Industry in 1999. Mr. Lim graduated from the University of the Philippines with a Bachelor of Science degree in Mechanical Engineering in 1972. He attended the Strategic Business Economics Program at the University of Asia and the Pacific in 1992 and the Executive Education Program – Owner/President Management Program at the Harvard Business School from 2003 - 2005.

**Joseph Lim Bon Huan**, 67, Filipino, is a Director of the Company since its inception. He is currently the President and Chief Operating Officer of Sterling Paper Products Enterprises, Inc., SP Properties, Inc., Central Bookstore Inc., and Straight Lines International, Inc, President of Expressions Stationery Shop, and Vice President of QCABI. He is also in the Board of Trustees of Ai-Hu Foundation Incorporated and is a Board Member in the Federation of Filipino-Chinese Chamber of Commerce & Industry, Inc. He was formerly the Executive Director of the Federation of Filipino-Chinese Chamber of Commerce & Industry, Inc. from 2005 to 2009, the President of Ai Hu Foundation Incorporated from 2003 to 2010 and of Bulacan Commercial & Industrial Association, Inc from 2004 to 2004. He completed subjects leading to a Bachelor of Science degree in Electrical Engineering from the University of the Philippines.

**Gerry Lim Bon Hiong**, 60, Filipino, has been a Director since the Company's inception and is currently the Executive Vice President and CFO of the Company. He is currently the President of Sterling Global Call Center Inc., the Executive Vice President of Sterling Paper Products Enterprises, Inc., Treasurer of SP Properties, Inc. and Vice President for Marketing of Straight Lines International, Inc. Mr. Lim graduated from the University of Santo Tomas with a Bachelor of Science degree in Business Administration, Major in Marketing in 1981.

**Ruben Lim Bon Siong**, 57, Filipino, is a Director of the Company since its inception. By profession, Mr. Ruben Lim Bon Siong is a Doctor of Medicine, specializing in Ophthalmology. He is currently serving as a Director in the International Eye Institute of St. Luke's Medical Center, as Chair of St. Luke's College of Medicine of the Department of Ophthalmology, as a Board Member of the Philippine Board of Ophthalmology, as a Senior Consultant in the Allied Ophthalmic Consultants, as Vice President in the Philippine Academy of Ophthalmology and as a Trustee in the Eye Bank Foundation of the Philippines and the Hope in Sight Foundation. Mr. Ruben Lim Bon Siong is also concurrently a part time Clinical Associate Professor in the College of Medicine of the University of the Philippines and a Medical Specialist III in the Philippine General Hospital. Mr. Ruben Lim Bon Siong graduated cum laude with a degree in Biology in 1984 and as a Doctor of Medicine in 1989 from the

University of the Philippines. He then studied Cornea, External Disease and Refractive Surgery from the Barnes-Jewish Hospital Washington University School of Medicine in St. Louis, Missouri, USA and Dacryology in the Centro Especial Hospital Ramon y Cajal, Unibersidad de Alcala de Heneras in Madrid, Spain in 1994. This was followed by studies in Cornea and External Diseases in the University of the Philippines in 1995.

**Evelyn Lim**,49, Filipino, is a Director of the Company. She is currently the Senior Vice President for Purchasing of Sterling Paper Products Enterprises, Inc. and of Central Bookstore, Inc. She was previously the AVP of Purchasing of SL Agritech Corporation from 2008 to 2010 and the AVP of Purchasing of Central Bookstore, Inc. from 1996 to 2006. Ms. Evelyn Lim graduated from the College of the Holy Spirit with a Bachelor of Science degree in Marketing in 1993.

**Diosdado C. Salvador, Jr.**,73, Filipino, Mr. Salvador is an independent director of SL Agritech Corporation. Previously, he was a lead consultant for RGC Group of Companies (Uratex) from August 2009 up to June 2016. He was also previously the Owner and Chairman of FoneNet International from April 2004 to May 2013. Mr. Salvador likewise served as Managing Director and Adviser of Lamoayan Corporation from May 2004 up to May 2010. Mr. Salvador obtained his Bachelor of Science Degree in Marketing Management and Bachelor of Arts Degree in History & Political Science from the De La Salle University where he attended from 1964 up to 1969. In the year 1976, Mr. Salvador attended the Advance Management Program administered by the Asian Institute of Management. In 1991, Mr. Salvador likewise attended and participated in the World Class Competitors' Program administered by the Duke University. In 1993, he also attended an Advance Management Program by the Harvard Business School.

**Gregorio Pio P. Catapang Jr.**,62, Filipino, is an Independent Director of the Company. He was a member of the board of directors of Bases Conversion and Development Authority. Previously, he also served as the 45th Chief of Staff of the Armed Forces of the Philippines, Chairman of the Board of Armed Forces and Police Savings and Loan Association, Armed Forces and Police Mutual Benefit Association, Inc., and Armed Forces of the Philippines Retirement and Separation Benefit System.

**Christine P. Base**, 50, Filipino, is the Corporate Secretary of the Company since July 2010. She is currently a Corporate and Tax Lawyer at Pacis and Reyes, Attorneys and the Managing Director of Legisforum, Inc. She is a director and/or corporate secretary of several private corporations. She was an Auditor and then Tax Lawyer of Sycip, Gorres, Velayo & Co. She is a graduate of Ateneo De Manila University School of Law with a degree of Juris Doctor. Ms. Base is also a Certified Public Accountant. She graduated from De La Salle University with a Bachelor of Science degree of Commerce major in Accounting.

## **Key Officers**

<b>Name</b>	<b>Position</b>
Henry Lim Bon Liong	Chairman/ President/ Chief Executive Officer
Gerry Lim Bon Liong	Director/ Executive Vice President/ Chief Financial Officer
Zhang Zhao Dong	Executive Vice President - Research and Development
Catalina B.Galura	Executive Vice President - Finance
Dr. Weijun Xu	Vice President- International Business Development
Michelle Lim Gankee	Executive Vice President
Christopher Brian C. Lim	Vice President-Rice Operations
Zhang Zhicheng	General Manager – Seed Production

**Zhang Zhao Dong**, 66, Chinese, is the Executive Vice President of Research and Development of the Company since its inception, Mr. Zhang graduated from Human Agricultural University with a Bachelor of Science degree in Agriculture in 1978. Before joining SLAC, he was the Vice Director and Senior Scientist of China National Hybrid Rice Research and Development Center. He was a lecturer of Lingling Agricultural School, Vice President of Hunan Rice Research Institute and President of Rice Foundation Seed Farm of Hunan Rice Research Institute.

**Catalina B. Galura**, 66, Filipino, is a Executive Vice President of the Company since June 16, 2005. Prior to joining SLAC, she was the Regional Finance Manager and Business Analyst, Asia of PPG Coatings, (Malaysia) Sdn Berhad / PPG Industries (Singapore) Pte., Ltd from 1999 to 2002 and the Regional Finance Manager for Asia of ICI Paints (Asia Pacific) Pte. Ltd. From 1998 to 1999. Ms. Galura graduated with a Bachelor's degree in Commerce major in Accounting from La Consolacion College in 1976 and a Master's degree in Business Management from the University of the Philippines in 1995. She is a Certified Public Accountant since 1977.

**Dr. Weijun Xu**, 55, Chinese, has been the Vice President of International Business Development of the Company since 2003. Dr. Xu was previously the Chief Consultant of BISI Indonesia until 2002 and a Project Scientist in the International Rice Research Institute until 2001. He has received training from the Department of Agriculture, Philippines on Plant seed testing and quality control in 2004. He graduated with a Bachelor of Science degree in Agronomy from the Wannan Agricultural College in Anhui, China in 1986, and a Master of Science in Plant Breeding and Genetics from the Kunnan Agricultural University in Kunming, China in 1989, and a Doctor of Philosophy in Plant Breeding and Bio Chemistry from the University of the Philippines in 1999.

**Michelle Lim Gankee**, 43, Filipino, has been serving as Sterling Paper Group of Companies' SAP Consultant from 2000 to present. She is likewise the EVP for Sales and Marketing of Sterling Paper Prod. Ent. Inc. since 2000, and is the Vice President of the Philippine Stationers' Association for the year 2016. She is also the current President of the International House of Laverne and the Corporate Secretary of Laverne Luxe Group Corp. and had been serving as such since 2014. In the year 2012 and 2013, respectively, she served as the President of the Rotary Club of Metro Araneta, and the Vice President of the Inner Wheel Club Chinatown. Ms. Gankee obtained her degree in BS Business Administration from the De la Salle University in 1997. In 1998, she attended training in Entrepreneurship conducted Management, and in 1999 she likewise attended training in PR & Corporate Social Responsibility conducted by the DLSU Graduate School.

**Christopher Brian Lim**, 40, Filipino, is SL Agritech Corporation's VP for Rice Operations since 2010. He has also been a past President of the Quan Zhou Youth Association, where he has served as such for four years. He was also a member of the Federation Youth Association for three years, and was also a member of the Anvil Business Group for eight years. Mr. Lim obtained his degree in BS Computer Science from the De la Salle University in 2002, and his Masters Degree in Business Administration (MBA) from the Ateneo Graduate School in 2015. In 2009, Mr. Lim attended training in Accounting for Non-Accountants conducted by the University of the Philippines Diliman. In 2008, he attended a Manager Course conducted by the Asian Institute of Management. Mr Lim likewise underwent training in Hybrid Rice Seed Training in 2004 which was conducted by Yuan Long Ping High Tech. In 2003, he also had training in Language Studies in the Beijing Language Cultural University.

**Zhang Zhicheng**, 40, Chinese, is the General Manager of the Seed Production of the Company and has been with the Company since 2004. His father is Zhang Zhaodong. He was previously a Research & development Manager in the China National Hybrid Rice R&D Center in 2003. Mr. Zhang graduated from Hunan Agriculture University with a Bachelor of Science degree in Agriculture Science in 2002. He trained directly under Yuan Longping, the Father of Hybrid Rice from 2001 to 2002.

### ***Significant Employee***

The business of the Company is not highly dependent on the services of any particular employee.

The Company has a group of select researchers and scientists who have trained under Dr. Yuan Longping in China. This group of researchers and scientists heads the Company's research and development on hybrid rice seeds. The researchers and scientists work as a team, thus the Company is not dependent on one specific researcher and/or scientist to develop its products. In the future, the Company also intends to expand the number of its researchers and scientists to ensure the continuous development of products.

### ***Family Relationships***

Directors Henry Lim Bon Liong, Joseph Lim Bon Huan, Gerry Lim Bon Hiong, Ruben Lim Bon Siong, and Evelyn Lim are siblings.

Michelle Lim Gankee and Christopher Brian C. Lim are children of Henry Lim Bon Liong.

Zhang Zhao Dong is the father of Zhang Zhicheng.

Other than the foregoing, there are no family relationships either by consanguinity or affinity up to the 4<sup>th</sup> civil degree among the executive officers and directors.

### ***Compensation of directors and executive officers***

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 Company during the preceding year. Such compensation shall be determined and apportioned among the 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. As of date, the directors have yet to pass a resolution fixing their per diem.

There are no other arrangements for compensation either by way of payments for committee participation or special assignments. There are also no outstanding warrants or options held by the Company's Chief Executive Officer, other officers and/or directors.

### **INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS**

The Company is not aware of the occurrence during the past five (5) years of any of the following events that are material to an evaluation of the ability or integrity of any director or executive officer:

1. Any bankruptcy petition filed by or against any business of a director, nominee for election as director, or executive officer who was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. Any director, nominee for election as director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any director, nominee for election as director, or executive officer being subject to 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 his involvement in any type of business, securities, commodities or banking activities; and

4. Any director, nominee for election as director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission 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, and the judgment has not been reversed, suspended, or vacated.

There are no material pending litigations or arbitration proceedings where the Company or any of its affiliates is a party and/or of which any of their property or the property used by them is the subject matter and no litigation or claim of material importance is known to the Directors pending or threatened against the Company wherein property used by the latter is the subject matter.

## **EXECUTIVE COMPENSATION**

Information as to the aggregate compensation during the last three (3) fiscal years paid to the Company's four (4) other most highly compensated executive officers, all other officers and the directors as a group are as follows:

### ***Key Management Personnel Compensation***

The key management personnel of the Company include all officers with rank of Vice-President and Senior Vice-Presidents.

The summary of compensation of key management personnel included under operating expenses account in the statements of comprehensive income follows:

	<b>2020 FY</b>	<b>2019 FY</b>	<b>2018 FY</b>
Salaries and other short-term	₱6,744,000	₱5,861,216	₱ 5,861,216
employee benefits			
Pension expense	2,233,418	2,317,450	2,789,017
	<b>₱ 8,650,233</b>	<b>₱ 6,874,055</b>	<b>₱ 6,845,727</b>

**Compensation**

**SUMMARY COMPENSATION TABLE**

Annual Compensation  
(In thousands)

<b>Compensation of Executive Officers and Directors (in thousand Pesos)</b>					
<b>Name and Principal Position</b>	<b>Year (s)</b>	<b>Salaries (in Php)</b>	<b>Bonus</b>	<b>Other Annual Compensation</b>	<b>Total in Php</b>
Mr. Henry Lim Bon Liong Chairman, President, & Chief Executive Officer					
Mr. Gerry Lim Bon Hiong Executive Vice President & Chief Finance Officer					
Mr. Zhang Zhao Dong Senior Vice President					
Ms. Cathy Galura Executive Vice President					
Aggregate Compensation of the Officers and directors named	2020				₱15,094,540
	2019				₱14,654,894
	2018				₱10,253,781
	2017				₱6,685,250
All other officers and directors unnamed	2020				₱3,222,293
	2019				₱3,068,850
	2018				₱3,068,850
	2017				₱1,887,600
<b>Total Actual Compensation</b>	<b>2020</b>				<b>₱18,316,833</b>
	2019				₱17,723,744
	2018				₱13,322,631

	2017				₱8,572,850
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The total actual executive compensation of Officers and directors named and unnamed for fiscal year 2020 is Php18,316,833.00.

Currently, employees of the Company do not receive supplemental benefits or incentive arrangements.

Pursuant to the Company's Manual on Corporate Governance, the Company will establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors wherein no officer or director will be allowed to decide his own remuneration. A Compensation Committee will be created to provide oversight over remuneration of senior management and other key personnel to ensure that compensation is consistent with the Company's culture, strategy and control environment, commensurate with corporate and individual performance. It shall also ensure consistency of the Company's policies and practices on the determination of the remuneration package.

In addition, the Company may regularly undertake an internal audit of its policies and procedures to determine compliance with its Manual on Corporate Governance and adopted leading practices on good corporate governance, and necessity of improving the corporate governance of the Company. The Directors of the Company also plan to attend corporate governance seminars.

### ***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 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. As of date, the directors have yet to pass a resolution fixing their per diem. However, each director receives a per diem of ₱60,000 per meeting.

There are no other arrangements for compensation either by way of payments for committee participation or special assignments. There are also no outstanding warrants or options held by the Company's Chief Executive Officer, other officers and/or directors.

### ***Employee Contracts and termination of Employment and Charge-In-Control Assignments***

All key officers of the Company have employment contracts. The employment contracts can be terminated due to any of the following reasons: unsatisfactory performance or failure to meet reasonable standards set by the management, failure to comply with terms and conditions of the contract, and for any cause or causes

allowed under Philippine laws after complying with the statutory requirements for such termination.

### ***Warrants and Options***

There are no outstanding warrants and options held by any of the Company's directors and executive officers.

None of the Company's common shares are subject to outstanding warrants or options.

### ***Voting Trust Holders of 5% or More***

There is no voting trust arrangement executed among the holders of five percent (5%) or more of the issued and outstanding shares of common stock of the Company.

### ***Change in Control***

The Company's Articles and By-laws do not contain any provision that will delay, deter or prevent a change in control of the Company.

No change in control of the Company has occurred since incorporation. The Company has no knowledge of any existing arrangements that may result in a change in control of the Company

### ***Certain Relationships and Related Transactions***

The Company has not had any transaction in which any director, executive officer or stockholder of the Company or a member of the immediate family of any such director, executive officer or stockholder has had a direct or indirect material interest in the last two (2) years.

Related Party transactions are disclosed in Note 30 of the Company's audited, consolidated financial statements for the years ended May 31, 2020

### **SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS**

Listed below are the top twenty (20) shareholders of each class and the number of shares held and the percentage of total shares outstanding held by each as of October 31, 2020:

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>No. of Shares</b>	<b>Percent</b>
Common	Henry Lim Bon Liong	905,174,987.00	40.50%
Common	Joseph Lim Bon Huan	815,652,074	36.49%
Common	Gerry Lim Bon Hiong	357,599,999	16.00%
Common	Ruben Lim Bon Siong	156,450,000	7.00%
Common	Evelyn Lim	223,500	0.01%
Common	Pete Nicomedes Prado	3	0.00%
Common	Jesus Tanchanco	3	0.00%
Common	Gregorio Pio P. Catapang Jr.	1	0.00%

Common	Diosdado C. Salvador, Jr.	1	0.00%
<b>TOTAL</b>		<b>2,235,100,568</b>	<b>100.00%</b>

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>No. of Shares</b>	<b>Percent</b>
Preferred	Henry Lim Bon Liong	7,087,500	40.50%
Preferred	Joseph Lim Bon Huan	6,385,750	36.49%
Preferred	Gerry Lim Bon Hiong	2,800,000	16.00%
Preferred	Ruben Lim Bon Siong	1,225,000	7.00%
Preferred	Evelyn Lim	1,750	0.01%
<b>TOTAL</b>		<b>17,500,000</b>	<b>100.00%</b>

The issuance of the CPs shall have no effect on the amount and percentage of the present holdings of the Company's common equity shareholders and will not result in foreign ownership of the common equity of the Company.

Listed below are the persons known to the Company to be directly or indirectly the record or beneficial owner of more than five percent (5%) of the Company's voting securities as of October 31, 2020:

<b>Title of Class</b>	<b>Name, Address of Record Owner &amp; Relationship with the Company</b>	<b>Name of Beneficial Owner and Relationship with the Record Owner</b>	<b>Citizen-ship</b>	<b>No. of Shares</b>	<b>Percentage</b>
Common	Henry Lim Bon Liong Chairman and President 111 Lapu-Lapu St., Kalookan City Chairman, President & CEO	Same as the record owner	Filipino	905,174,987	40.50%
Preferred				7,087,500	
Common	Joseph Lim Bon Huan Director 111 Lapu-Lapu St., Kalookan City Director	Same as the record owner	Filipino	815,652,074	36.49%
Preferred				6,385,750	
Common	Gerry Lim Bon Hiong Director and Treasurer 111 Lapu-Lapu St., Kalookan City Director and Treasurer	Same as the record owner	Filipino	357,600,000	16.00%
Preferred				2,800,000	
Common	Ruben Lim Bon Siong Director 111 Lapu-Lapu St., Kalookan City Director	Same as the record owner	Filipino	156,450,000	7.00%
Preferred				1,225,000	
TOTAL Common				2,234,877,061	99.99%
Preferred				17,498,259	
Grand Total				2,252,375,311	

### **Security Ownership of Directors and Management**

As of October 31, 2020, the Company's directors and key officers own one hundred percent (100%) of the Company's issued and outstanding shares of common stock as follows:

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Citizenship</b>	<b>Percent of Class</b>
Common	Henry Lim Bon Liong Chairman and President 111 Lapu-Lapu St., Kalookan City	905,174,987.00 Same as Record Owner	Filipino	40.50%
Common	Joseph Lim Bon Huan Director 111 Lapu-Lapu St., Kalookan City	815,652,074 Same as Record Owner	Filipino	36.49%
Common	Gerry Lim Bon Hiong Director and Treasurer 111 Lapu-Lapu St., Kalookan City	357,600,000.00 Same as Record Owner	Filipino	16.00%
Common	Ruben Lim Bon Siong Director 111 Lapu-Lapu St., Kalookan City	156,450,000.00 Same as Record Owner	Filipino	7.00%
Common	Evelyn Lim Director 111 Lapu-Lapu St., Kalookan City	122,929.00 Same as Record Owner	Filipino	0.01%
Common	Pete Nicomedes Prado Independent Director	4 Same as Record Owner	Filipino	0.00%
Common	Jesus Tanchanco Independent Director	3 Same as Record Owner	Filipino	0.00%
Common	Gregorio Pio P. Catapang Jr. Independent Director	1 Same as Record Owner	Filipino	0.00%
Common	Diosdado Salvador Independent Director	1 Same as Record Owner	Filipino	0.00%
<b>TOTAL</b>		<b>2,252,500,002.00</b>		<b>100.00%</b>

There are no arrangements that will result in a change in control of the Company.

## **CORPORATE GOVERNANCE**

The Company adopted its Manual on Corporate Governance in compliance with the requirements of the Revised Code of Corporate Governance under SEC Memorandum Circular No. 6, series of 2009. Pursuant to good corporate governance, the Company has adopted a Fit and Proper Rule for the selection of corporate directors and officers. The Board of Directors of the Company also passed a resolution which undertakes to allow the SEC to resolve conflicting issues regarding the selection of independent director/s.

Pursuant to the Company's Manual on Corporate Governance, the Board of Directors of the Company will create an Audit Committee and appoint board members thereto.

There have been no instances of deviation to the Manual of Corporate Governance by any person related to the Company.

# MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following management's discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's audited financial statements, including the related notes. This contains forward-looking statements that are based largely on the Company's current expectations and projections about future events and trends affecting its business and operations. The Company cautions investors that its business and financial performance is subject to substantive risks and uncertainties. The Company's actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set out in "Risk Factors." In evaluating the Company's business, investors should carefully consider all of the information contained in "Risk Factors."

The selected financial information set forth in the following table has been derived from the Company's audited consolidated financial statements for the years ended May 31, 2020, 2019 and 2018.

The Company's financial statements were audited by Sycip, Gorres, & Velayo for 2020, 2019 and 2018, in accordance with Philippine Financial Reporting Standards.

*In Php Millions, except for per share amounts*

<b>Audited</b>	<b>As of and for the years ended May 31</b>		
<b>Income Statement Data:</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Revenues.....	5,294,197,161	4,851,769,557	4,436,307,382
Cost of Sales.....	3,405,694,327	3,115,894,392	2,924,725,708
Net Profit.....	1,888,502,834	1,735,875,165	1,511,851,674
<b>Balance Sheet Data:</b>			
Current Assets.....	12,873,212,731	9,453,183,397	7,758,192,583
Noncurrent Assets.....	3,979,095,135	3,028,180,689	3,086,879,104
Total Assets.....	16,762,307,866	12,481,364,086	10,845,071,687
Total Liabilities.....	12,746,285,173	8,987,016,877	7,895,282,589
Stockholders' Equity.....	4,021,179,421	3,497,383,403	2,949,288,721
Non-Controlling Interest.....	(5,156,728)	(3,036,194)	500,377
Earnings per share- adjusted...	0.24	0.25	0.24
Book Value per share.....	1.78	2.97	2.54

## OVERVIEW

The increasing population coupled with the effect of climate change and the quest for rice sufficiency has forced the Government to focus on modern farming technology such as the use of hybrid rice seeds that has been proven to deliver high yield and good tasting quality rice. Being the market leader in this segment, SLAC was able to post gains in its sales and net income for the last three fiscal years. From fiscal years 2019 to 2020's, the Company's net sales increased by an average rate of 9.12%. On

the other hand, net income for the same three-year period significantly decreased by an average rate of 3.07%.

As SLAC continues to expand its network of customers here and abroad, the Company expects to continually grow its revenues and profits. Its hybrid rice varieties continue to be the “farmer’s choice” and has gained market leadership with its competitors lagging behind as evidenced by the Company capturing an estimated 80% of the market. Doña Maria rice brand dominates the premium rice market and started to gain consumer preference abroad. There is also a growing demand for hybrid rice seeds in other countries. Aside from the Philippines, only China, India, and the United States have advanced in terms of hybrid rice technology. The Philippines now exports hybrid rice seeds to Indonesia, Vietnam, Myanmar, Papua New Guinea and Bangladesh. Management believes that growth opportunity for the Company is wide as it expands its operations beyond Philippine borders.

## **RESULTS OF OPERATIONS**

### ***Fiscal year ended May 31, 2020 compared to fiscal year ended May 31, 2019***

Net sales for the current fiscal year amounted to ₱3.96 billion, which is lower by 2.79% in comparison to last year’s ₱4.08 billion, arising from the Covid19 pandemic situation.

Cost of Sales in fiscal year 2020 amounting ₱2.51 billion from ₱2.44 billion in fiscal year 2019 or an increase of 3.11%. The increase in Cost of Sales despite the decrease in sales volume is due to higher production cost that the Company incurred.

Fair value measurement at year-end resulted to a change in fair value gain from last year’s ₱773.43 million to ₱1.33 billion for the current year.

The Company’s equity share in the Indonesian associate generated a net loss of ₱7.56 million during the year compared to last year’s share in income of ₱1.33 million.

A 37.93% increase in finance cost from ₱516.13 million to ₱711.90 million was recorded during the current period. The increase in finance cost was due to increased working capital requirement for the expected high sales volume in the year.

Accretion income increased by 64.88% from ₱76.06 million in 2019 to ₱125.42 million on 2020.

Deposit accounts in various banks of SLAC earned finance income of ₱1.19 million and ₱1.61 million in 2019 and 2020 respectively.

Foreign exchange gains of ₱3.08 million in 2020 and ₱.74 million in 2019 arose from regular foreign currency transactions by the Company.

The Company enjoys income tax holidays resulting from its registration with the Board of Investment under the Investment Priority Plan. Income tax expense reflected in the Income Statements comprise of final tax incurred on interest income on savings deposits of the Company and regular income tax on its non-BOI registered activity.

As a result of the foregoing, the Company's net income decreased by 4.91%. Net income was at ₱554.31 million in 2019 and ₱527.07 million in 2020.

***Material Changes to the Company's Audited Income Statement as of Fiscal Year ended May 31, 2020 compared to the Audited Income Statement as of Fiscal Year ended May 31, 2019 (increase/decrease of 5% or more)***

2.79% decrease in Net Sales

Lower sales volume of SLAC's hybrid rice seeds and premium rice products was due to COVID19 pandemic.

3.11% increase in Cost of Sales

Lower sales volume of SLAC's hybrid rice seeds and premium rice products

71.89% increase in Fair value gains

Fair value measurement on inventory.

667.49% change in Equity Share in Net Income (loss) of Associate

Decrease in revenue from operations in Indonesia

34.66% increase in Finance income

Interest income from bank accounts

37.93% increase in Finance Cost

Increase in working capital requirement

64.88% increase in accretion income

Increased sales to trade customers.

316.35% increase in Foreign Exchange Gain

Changes in foreign exchange rate on dollar denominated transactions.

***Fiscal year ended May 31, 2019 compared to fiscal year ended May 31, 2018***

Net sales for the current fiscal year amounted to ₱4.08 billion, which is significantly higher by 17.50% in comparison to last year's ₱3.47 billion, arising from the consistent demand for rice products and the government's support in urging farmers to shift to hybrid rice seeds.

Cost of Sales in fiscal year 2019 increased to ₱2.44 billion from ₱2.26 billion in fiscal year 2018 or an increase of 7.96% relevant to increase in sales volume.

Fair value measurement at year-end resulted to a change in fair value gain from last year's ₱965.29 million to ₱773.43 million for the current year.

The Company's Indonesian associate has started generating a positive income during the year for which SLAC recorded a share in said income amounting to ₱1.33 million compared to last year's share in loss of ₱1.02 million.

A 59.28% increase in finance cost from ₱324.04 million to ₱516.13 million was recorded during the current period. The increase in finance cost was due to increased working capital requirement for the expected high sales volume in the year.

Accretion income increased by 74.17% from ₱43.67 million on 2018 to ₱76.06 million on 2019.

Deposit accounts in various banks of SLAC earned finance income of ₱1.43 million and ₱1.19 million in 2018 and 2019 respectively.

Foreign exchange gains of ₱4.55 million in 2018 and ₱.74 million in 2019 arose from regular foreign currency transactions by the Company.

The Company enjoys income tax holidays resulting from its registration with the Board of Investment under the Investment Priority Plan. Income tax expense reflected in the Income Statements comprise of final tax incurred on interest income on savings deposits of the Company and regular income tax on its non-BOI registered activity.

As a result of the foregoing, the Company's net income increased by 5.67%. Net income was at ₱524.56 million in 2018 and ₱554.31 million in 2019.

***Material Changes to the Company's Audited Income Statement as of Fiscal Year ended May 31, 2019 compared to the Audited Income Statement as of Fiscal Year ended May 31, 2018 (increase/decrease of 5% or more)***

17.50% increase in Net Sales

Higher sales volume of SLAC's hybrid rice seeds and premium rice products as the Company expanded its market coverage.

7.86% increase in Cost of Sales

Higher sales volume of SLAC's hybrid rice seeds and premium rice products

19.88% decrease in Fair value gains

Fair value measurement on inventory and biological asset.

230.72% change in Equity Share in Net Income (loss) of Associate

Increase in revenue from operations in Indonesia

16.52% decrease in Finance income

Interest income from bank accounts

59.28% increase in Finance Cost

Increase in working capital requirement

74.17% increase in accretion income

Increased sales to trade customers.

83.74% decrease in Foreign Exchange Gain

Changes in foreign exchange rate on dollar denominated transactions.

***Fiscal year ended May 31, 2018 compared to fiscal year ended May 31, 2017***

The Company's sales registered a 6.35% growth for the fiscal year ended May 31, 2018 from ₱ 3.26 billion last year to ₱3.47 billion this fiscal year. The continuing growth has been due to the continuing demand in Doña Maria Rice products and increase in farmer's preference for SL-8H seeds in assisting the Government program for rice sufficiency.

Cost of Sales in fiscal year 2018 increased to ₱2.26 billion from ₱2.80 billion in fiscal year 2017 or a decrease of 19.28%.

Total Operating Expenses increased by ₱184.28 million or 34.90% from ₱527.97 million in fiscal year ended 2017 to ₱712.24 million in fiscal year ended 2018. The increase is due to the management's decision to increase its allowance for bad debts.

For the fiscal year ended May 31, 2018, the Company recognized fair value gain of ₱965.29 million, a significant increase of 24.32% as compared to last year's ₱776.48 million

Finance cost was recorded at ₱324.04 million during the year which is 14.29% higher than the comparative period's ₱283.52 million. The increase in Finance cost was due to increased working capital requirement for the expected high sales volume in the year.

Deposit accounts in various banks of SLAC earned finance income of Php1.35 million and Php1.43 million in 2017 and 2018, respectively.

Foreign exchange gains of Php6.49 MM in 2017 and Php4.55 million in 2018 arose from regular foreign currency transactions by the Company

The Company enjoy income tax holidays resulting from its registration with the Board of Investment under the Investment Priority Plan. Income tax expense reflected in the Income Statements comprise of tax on income from activities not covered by the income tax holiday, and of final tax incurred on interest income on savings deposits of the Company.

As a result of the foregoing, net income decreased by only 16.12%, or ₱72.81 million from ₱452.75 million on May 2017 to ₱524.56 million on May 2018.

***Material Changes to the Company's Audited Income Statement as of Fiscal Year ended May 31, 2018 compared to the Audited Income Statement as of Fiscal Year ended May 31 2017 (increase/decrease of 5% or more)***

6.35% increase in Net Sales

Higher sales volume of SLAC's hybrid seeds and premium rice products as the Company expanded its market coverage.

19.28% decrease in Cost of Sales

Lower production cost incurred by the Company

24.32% increase in Fair Value gain on agricultural produce increase in the inventory level of hybrid rice seeds

34.90% increase in Operating expenses Reassessment of receivables resulted to increased allowance for doubtful accounts.

14.29% increase in Finance cost Increase in the level of borrowings to support working capital requirements.

6.23% increase in Finance income Increase in the level of bank deposits.

182.13% increase in accretion income

Increased sales to trade customers

29.95% decrease in Foreign Exchange gain

Changes in foreign exchange rate on dollar denominated transactions

**FINANCIAL CONDITION**

***Fiscal year ended May 31, 2020 compared to fiscal year ended May 31, 2019***

Change in total assets from ₱12.48 billion on May 31, 2019 to ₱16.76 billion as of May 31, 2020.

The Company's net receivables increased by ₱1.06 billion or 26.56% from ₱4.14 billion in fiscal year 2019 to ₱5.20 billion in fiscal year 2020. The increase in receivables is due to the sales generated in fiscal year 2020. The said figure includes the non-current portion of Accounts Receivables for the comparative period.

Inventories increased by ₱551.92 million or 10.77% from ₱5.12 billion to ₱5.67 billion as of May 31, 2020.

Prepayments and other current assets increases by ₱355.86 million or 217.85% from ₱163.35 million in fiscal year 2019 to ₱519.21 million in fiscal year 2020.

Security deposits increased by ₱12.36 million from ₱17.14 million in fiscal year 2019 to ₱29.50 million in fiscal year 2020.

Accounts and other payables increased by ₱50.57 million from ₱241.16 million in 2019 and ₱291.74 million for May 31, 2020.

The Company availed its Trust Receipts (“TR”) facilities made available by local banks to procure imported and local raw materials to be used in its production. TR payable increased by 22.19% from ₱814.58 million in fiscal year 2019 to ₱995.34 million in fiscal year 2020.

For the fiscal year 2020, short-term notes payable increased by 41.16% or ₱3.02 billion from fiscal year 2019 ₱7.34 billion to ₱10.36 billion in fiscal year 2020. These notes have maturity dates ranging from (3) three months to (1) one year.

The Company maintains an unfunded noncontributory defined benefit plan type of retirement plan which substantially covers all of its employees based on the minimum contribution required by law. Pension Liability account increased by ₱14.62 million from ₱28.90 million in fiscal year 2019 to ₱43.52 million in fiscal year 2020, the increase is brought about by adjustments based on the latest actuarial valuation conducted.

Stockholders’ equity grew by 14.93% from fiscal year 2019’s balance of ₱3.49 billion to ₱4.02 billion in fiscal year 2020. The increase was primarily due to profitable operations of the Company.

***Material Changes to the Company’s pro-forma Balance Sheet as of Fiscal Year ended May 31, 2020 compared to the pro-forma Balance Sheet as of Fiscal Year ended May 31, 2019 (increase/decrease of 5% or more)***

373.67% increase in Cash and Cash Equivalents

34.29% increase in Receivables - net

Due to sales revenue generated by the Company’s Seeds Division. This increase is exclusive of the non-current portion of receivables.

10.77% increase in Inventories

Production volume

217.85% increase in Prepayments and other current assets

95.08% decrease in Other NonCurrent Assets

120.18% increase in Investment in Associate

Advances to associates

20.97% decrease in Accounts and other payable

22.19% increase in Trust receipts payable

Loan Availments from Bank facility

41.16% increase in Short-term notes payable

Loan availment for working capital requirements

50.60% increase in Pension liability  
Increase based on the latest actuarial assessment.

***Fiscal year ended May 31, 2019 compared to fiscal year ended May 31, 2018***

Change in total assets from ₱10.89 billion on May 31, 2018 to ₱12.48 billion as of May 31, 2019.

The Company's net receivables increased by ₱697.79 million or 20.26% from ₱3.44 billion in fiscal year 2018 to ₱4.14 billion in fiscal year 2019. The increase in receivables is due to the higher sales generated in fiscal year 2019.

Inventories increased by ₱1.61 billion or 45.88% from ₱3.51 billion to ₱5.12 billion as of May 31, 2019.

Decrease in biological asset by 99.67% or from ₱332.40 million on May 2018 to ₱1.10 million on May 31, 2019.

Prepayments and other current assets decreases by ₱57.05 million or 26% from ₱220.40 million in fiscal year 2018 to ₱163.35 million in fiscal year 2019.

As of May 31, 2019, the Company capitalized intangible asset of ₱2.48 million relating to license fee for distribution of a new variety of seeds from IRRI.

Security deposits increased by ₱1.37 million from ₱15.76 million in fiscal year 2018 to ₱17.14 million in fiscal year 2019.

₱22.02 million increase in Investment in Associate result from advances made to the company in Indonesia. As of May 31, 2019, the account amounted to ₱31.41 million.

Accounts and other payables amounted to ₱405.07 million and ₱369.28 million for fiscal years ending May 31, 2019 and 2018, respectively.

The Company availed its Trust Receipts ("TR") facilities made available by local banks to procure imported and local raw materials to be used in its production. TR payable increased by 13.99% from ₱714.61 million in fiscal year 2018 to ₱814.58 million in fiscal year 2019.

For the fiscal year 2019, short-term notes payable increased by 16.53% or ₱1.04 billion from fiscal year 2018 ₱6.30 billion to ₱7.34 billion in fiscal year 2019. These notes have maturity dates ranging from (3) three months to (1) one year.

The Company maintains an unfunded noncontributory defined benefit plan type of retirement plan which substantially covers all of its employees based on the minimum contribution required by law. Pension Liability account increased by ₱11.66 million from ₱17.24 million in fiscal year 2018 to ₱28.90 million in fiscal year 2019, the increase is brought about by adjustments based on the latest actuarial valuation conducted.

Stockholders' equity grew by 18.46% from fiscal year 2018's balance of ₱2.95 billion to ₱3.49 billion in fiscal year 2019. The increase was primarily due to profitable operations of the Company.

***Material Changes to the Company's pro-forma Balance Sheet as of Fiscal Year ended May 31, 2019 compared to the pro-forma Balance Sheet as of Fiscal Year ended May 31, 2018 (increase/decrease of 5% or more)***

50.66% decrease in Cash and Cash Equivalents

20.26% increase in Receivables - net  
Higher sales revenue generated by the Company's Seeds Division.

45.88% increase in Inventories  
Production volume

99.67% decrease in Biological assets  
Parental line growing crops for international company Myanmar.

25.88% decrease in Prepayments and other current assets  
Amortization of prepaid accounts

100.00% increase in Intangible Assets  
Newly-acquired license fee for seed variety

234.26% increase in Investment in Associate  
Advances to associates

9.69% increase in Accounts and other payable

13.99% increase in Trust receipts payable  
Loan Availments from Bank facility

16.53% increase in Short-term notes payable  
Loan availment for working capital requirements

67.64% increase in Pension liability  
Increase based on the latest actuarial assessment.

There are no other material changes in the Company's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition of the Company.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Company's liquidity in any material way. The Company does not anticipate having any cash flow or liquidity problems. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of the Company.

There are no material amounts affecting assets, liabilities, equity, net income or cash flows that are unusual in nature; neither are there changes in estimates of amounts reported in prior interim period of the current financial year.

### ***Fiscal year ended May 31, 2018 compared to fiscal year ended May 31, 2017***

Total assets grew by 29.28% from ₱8.42 billion in fiscal year ended May 31, 2017 to ₱10.89 billion in fiscal year ended May 31, 2018.

The Company's net trade receivables increased by ₱694.85 million or 25.27% from ₱2.75 billion on May 2017 to ₱3.44 billion on May 2018. The increase in receivables is due to the higher sales generated that are still uncollected as of the end of the fiscal year.

The Company's net inventories increased by ₱938.60 million from ₱2.57 billion on fiscal year 2017 to ₱3.51 billion in fiscal year 2018. The increase is attributable to high yield of hybrid rice seeds during the year and fair value changes.

The Company recognized biological assets amounting to ₱332.40 million and ₱48.53 million for fiscal years ending May 31, 2018 and 2017, respectively for the parental line growing crops.

Prepayments and other current assets increases by ₱36.83 million or 20.06% from ₱183.58 million in fiscal year 2017 to ₱220.40 million in fiscal year 2018. Majority of the prepayments arise from advance payment of interests for the commercial papers.

Property and equipment as of May 2018 amounted to ₱1.20 billion, a net increase of ₱112.58 million from ₱1.09 billion on May 2017. Newly acquired assets include land in Tarlac and Talavera.

Security deposits in fiscal year 2018 arose by 82.84% or ₱7.14 million from ₱8.62 million in fiscal year 2017 to ₱15.76 million in fiscal year 2018. Escrow deposits and performance bonds contributed to such increase.

The Investment in associates account in the balance sheet amounting to ₱9.40 million reflects the amount invested in the Company's Indonesian affiliate which started operations during the fiscal year.

Other noncurrent assets include the advance payment for long-term lease on a warehouse in Marilao. The monthly amortization of payment resulted to the ₱18.74 million decrease from ₱224.78 million to ₱206.04 million.

Accounts and other payables amounted to ₱369.28 million and ₱267.90 million for fiscal years ending May 31, 2018 and 2017, respectively. The increase is attributed to the normal operations of the company plus the additional bank loans for lease of vehicles and equipments.

The Company availed its Trust Receipts (“TR”) facilities made available by local banks to procure imported and local raw materials to be used in its production. During the fiscal year ending May 31, 2018, TR payable increased by 24.59% from ₱573.59 million to ₱714.61 million.

Short-term debts include promissory notes and commercial paper. For the fiscal year 2018, short-term notes payable increased by 23.86% or ₱1.21 billion from last year’s ₱5.08 billion to ₱6.30 billion in current year. The prevailing annual market rates ranging from 3.88% - 5.50% and maturity dates ranging from (3) three months to (1) one year. In addition, the Company was authorized to issue ₱2 billion worth of short-term commercial papers.

The Company borrowed on long-term basis from local banks amounting to ₱500 million for fiscal year ending May 31, 2018, ₱100 million of which is classified as Current Portion of Long-Term Debt in the financial statements.

The Company maintains an unfunded noncontributory defined benefit plan type of retirement plan which substantially covers all of its employees based on the minimum contribution required by law. Pension liability decreased by ₱3.01 million from ₱20.25 million in fiscal year 2017 to ₱17.24 million in fiscal year 2018, the decrease is brought about by adjustments based on the latest actuarial valuation conducted.

Stockholders’ equity grew by 22.93% from fiscal year 2017’s balance of ₱2.40 billion to ₱2.95 billion in fiscal year 2018. ₱500,377 from such balance is attributable to non-controlling interest of the Company’s subsidiary. The increase in equity was primarily due to the profitable operations of the Company.

***Material Changes to the Company’s Balance Sheet as of Fiscal Year ended May 31, 2018 compared to the Balance Sheet as of Fiscal Year ended May 31, 2017 (increase/decrease of 5% or more)***

145.67% increase in Cash and Cash Equivalents From additional financing to be used for operations in coming period.

25.27% increase in Receivables - net Higher sales revenue generated by the Company.

584.89% increase in Biological assets Parental line growing crops

20.06% increase in Prepayments and other currents assets Increase in advance payment of interest on commercial papers

10.33% increase in Property and equipment Additional capital expenditures.

82.84% Increase in Security deposits Escrow deposits on banks.

37.84% Increase in Accounts and other payable the increase is attributed to the normal operations of the company plus the additional bank loans for lease of vehicles and equipments.

24.59% Increase in Trust receipts payable Additional availments as a form of financing for normal operations.

23.86% Increase in Short-term notes payable Additional short-term borrowings and ₱2 billion pesos short-term commercial papers authorized by SEC to cover working capital requirements

14.88% Decrease in Pension liability Adjustments based on the latest actuarial conducted.

## LIQUIDITY AND CAPITAL RESOURCES

In the years 2020, 2019 and 2018, the Company's primary source of liquidity was proceeds from sales and bank borrowings. Net cash from operating and financing activities were sufficient to cover the Company's working capital and CAPEX requirements in the years 2020, 2019, and 2018. In addition, the Company repaid some loans in all the periods under review. As of fiscal year ended May 31, 2020, the Company's cash and cash equivalents totaled ₱ 1.39 billion.

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

### Cash Flows

The following table sets forth information from the Company's pro forma statements of cash flows for the period indicated:

Cash Flow	For the years ended May 31 (audited)		
	2020	2019	2018
Net cash provided by (used in) operating activities	(877,091,425)	(1,021,995,323)	(1,172,698,978)
Net cash provided by (used in) investing activities	(1,438,409,624)	(288,568,227)	(383,195,939)
Net cash provided by (used in) financing activities			
Short – Term Debt			
Availment	17,503,680,611	14,052,129,738	12,619,384,807
(Payment)	(14,482,906,924)	(13,011,136,25)	(11,406,246,441)

Long – Term Debt			
Availment	496,756,640	-	496,250,000
(Payment)	(100,000,000)	(100,000,000)	-
Lease Liability	(8,319,829)	68,818,459	9,892,127

### ***Indebtedness***

To date, the Company has not been in default in paying interests and principal amortizations

### **KEY PERFORMANCE INDICATORS**

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

	<b>As of and for the years ended May 31</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Current Ratio <sup>1</sup>	1.07	1.11	1.03
Debt to Equity Ratio <sup>2</sup>	3.17	2.57	2.69
Earnings per Share <sup>3</sup>	0.24	0.25	0.24
Earnings before Interest and Taxes <sup>4</sup>	1,118.22M	997.75M	799.34M
Return on Equity <sup>5</sup>	13.12%	15.86%	17.78%

Notes:

- (1) Current Assets/Current Liabilities
- (2) Total Liabilities/Stockholder's Equity
- (3) Net Income/Outstanding Shares
- (4) Net Income plus Interest Expenses and Provision for Income Tax
- (5) Net Income/Total Stockholders' Equity
- (6) The computed return on equity on a quarterly basis is reflective of the first quarter net income only. It must be noted that the Company's revenues are subject to seasonality and about 60% of the revenues for the year is historically realized in the second half of its fiscal year (December to May). Consequently, there is historically a very significant increase in the Company's net income during the same period compared to the prior period.

These key indicators were chosen to provide Management with a measure of the Company's financial strength (i.e., Current Ratio, Debt to Equity Ratio, and Earnings before Interest and Taxes) and the Company's ability to maximize the value of its stockholders' investment in the Company (i.e., Return on Equity, Earnings per Share). Current ratio shows the liquidity of the Company by measuring how much current assets it has over its current liabilities. The Debt to Equity Ratio indicates how much debt the Company has incurred for each amount of equity in the Company. A higher ratio means that the Company is more aggressive in its use of capital. Earnings per share shows how much the Company is earning for each share that is currently issued and outstanding. Earnings before interest and taxes indicates

how much income the Company is generating from its entire operations before interest charges and taxes are deducted. Return on Equity shows how much profits the Company is making for each amount of equity invested in the Company. Likewise, these ratios are used to gauge the performance of the Company in the industry in which it operates.

### **Discussion on leading Practices on Corporate Governance**

The Company through the Board of Directors and its Committees regularly monitors the best practices in corporate governance as enshrined in the Company's Manual on Corporate Governance and relevant rules. While the Company has yet to establish a formal evaluation system, a regular audit of the Company's Compliance is being conducted.

The Company through management intends to finalize and implement, subject to board approval, a formal evaluation system to fully monitor compliance with relevant corporate governance rules.

### **Other Necessary Disclosures**

The company has no significant elements of income or loss that did not arise from its continuing operations.

There are no known events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation for fiscal years 2020 and 2019.

There are no material commitments for capital expenditures for fiscal years 2020 and 2019.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations for fiscal years 2020 and 2019.

### **Significant Accounting Policies**

#### Current versus Non-current Classification

The Group presents assets and liabilities in consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed within normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled within normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### Cash

Cash includes cash on hand and in banks and are stated at face amount in the consolidated statement of financial position.

### Financial Instruments - initial recognition and subsequent measurement effective June 1, 2018

#### Financial Instruments

##### *Date of recognition*

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

##### a. Financial assets

###### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as financial asset at amortized cost, fair value through OCI (FVOCI) and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in the accounting policy on revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business

model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

#### Financial assets at amortized cost

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash, receivables (excluding advances to suppliers) and security deposits.

#### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the

transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### *Impairment of financial assets*

The Group recognizes an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

For other financial assets such as receivables from employees, nontrade receivables and security deposits, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk (SICR) since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash in bank, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard and Poor's (S&P), Moody's, and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs).

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables from sale of seeds in default depending on the credit arrangements with customers with terms ranging from 11 to 24 months from the date of sale. The Group considers trade receivables from sale of rice in default depending on the customer's profile with terms ranging from 30 days to

12 months from the date of sale. However, in certain cases, the Group may also consider a receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

b. Financial liabilities

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables at amortized cost, net of directly attributable transaction costs.

The Group's financial liabilities include "Accounts and other payables", "Trust receipts payable", "Short-term debt", "Long-term debt", and "Lease liabilities".

*Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL.

Loans and borrowings and other payables at amortized cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

This category generally applies to “Accounts and other payables” other than payable to government agencies, which is covered by other accounting standard, “Short-term debt”, “Long-term debt”, “Trust receipts payable”, and “Lease liabilities”.

#### *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

### *Offsetting Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### *‘Day 1’ difference*

Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a ‘Day 1’ difference) in the profit or loss unless it qualifies for recognition as some other type of asset. In cases where the valuation technique used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the ‘Day 1’ profit or loss amount.

### Financial Instruments - initial recognition and subsequent measurement prior to June 1, 2018

#### Financial Instruments

##### *Date of recognition*

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require

delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

#### *Initial recognition*

All financial instruments are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial assets and financial liabilities include transaction costs. Financial assets are classified as either financial assets at FVPL, held-to-maturity investments, available for sale (AFS) financial assets, or loans and receivables. Financial liabilities are classified as either financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the financial assets were acquired and financial liabilities incurred and whether these are quoted in an active market. The Group determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits.

As of May 31, 2018, the financial assets of the Group are of the nature of loans and receivables, while its financial liabilities are of the nature of other financial liabilities.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are not entered into with intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

After initial measurement, loans and receivables are subsequently carried at amortized cost using the EIR method less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are an integral part of the EIR. The amortization is included in the "Finance income" caption in the consolidated statement of comprehensive income. The losses arising from impairment of such loans and receivables are charged to "Provision for bad debts" account under operating expenses caption in the consolidated statement of comprehensive income. This accounting policy applies primarily to the Group's "Receivables" and "Security deposits".

#### *Other financial liabilities at amortized cost*

All loans and borrowings are initially recognized at fair value of the consideration received less directly attributable transaction costs. After initial measurement, other financial liabilities are subsequently measured at EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition

and fees that are an integral part of the EIR. Any effects of restatement of foreign currency-denominated assets or liabilities are recognized in profit or loss.

This accounting policy applies primarily to the Group's "Accounts and other payables" other than payable to government agencies, which is covered by other accounting standard, "Short-term debt", "Long-term debt", and "Trust receipts payable".

### Derecognition of Financial Assets and Financial Liabilities

#### *Financial asset*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its right to receive cash flows from the asset and either: (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained the risk and rewards of the asset but has transferred the control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### *Financial liability*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

### Impairment of Financial Assets

The Group assesses at each financial reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of

the financial asset or the group of financial assets that can be reliably estimated. Objective evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. For the Group's receivables from customers, evidence of impairment may also include non-collection of the Group's trade receivables, which remain unpaid after series of follow ups upon lapse of credit terms.

#### *Loans and receivables*

For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment.

Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss on financial asset carried at amortized cost (e.g., loans and receivables) has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the asset's original EIR. The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the consolidated statement of comprehensive income. Interest income continues to be recognized based on the original EIR of the asset. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

Any subsequent reversal of an impairment loss is recognized in consolidated statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the

effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

#### Offsetting of Financial Instruments

Financial instruments are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is currently enforceable legal right to offset the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

#### Inventories

##### *Milled rice*

The Group uses actual costing method to account for milled rice inventories and is stated at lower of cost and net realizable value. The cost of processed milled rice inventories comprises all costs of purchase cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion include raw materials, direct labor, certain freight and warehousing cost, indirect production and overhead cost.

##### *Agricultural produce*

Agricultural produce (i.e. hybrid rice seeds and semi-finished seeds) are carried at fair value less estimated point-of-sale costs at point of harvest. Agricultural produce are the harvested product from the Group's biological assets. A harvest occurs when the biological asset's life processes cease.

The fair value is determined by reference to current market transaction price. The fair value resulting from initial measurement is subsequently used as cost if the product is subsequently sold. Other costs such as drying and chemical treatment are included but only to the extent that these are incurred in bringing the agricultural produce to its present location and condition. Point-of-sale costs exclude transport and other costs necessary to get the agricultural produce to a market. Gains and losses arising from changes in fair values are included in the consolidated statement of comprehensive income for the period in which they arise.

##### *Agricultural and supplies inventories*

Agricultural and supplies inventories (i.e. packaging materials) are valued at the lower of cost and NRV. Costs are determined using the moving average method.

##### *Dried palay*

Dried palay are valued at the lower of cost and NRV. Cost is determined using the moving average method. Cost includes purchase price and other cost

attributable in bringing the dried palay to its intended condition and location such as cost for labor and freight in.

Biological Assets

The biological assets of the Group consist of parental line and hybrid seeds growing crops. The cost of biological assets such as labor cost, seeds, fertilizers and chemicals are based on the actual cost.

The Group’s biological assets are measured at their fair value. The Group uses the future selling price and gross margin of finished goods less future growing costs applied to the estimated volume of harvest as the basis of fair value.

Property and Equipment

Land is stated at cost less impairment in value. Property and equipment, other than land, is stated at cost less accumulated depreciation and accumulated impairment in value. The initial costs of property and equipment consist of its construction cost or purchase price including non-refundable taxes, import duties and taxes, and any directly attributable costs of bringing the property and equipment to working condition and location for its intended use.

Effective June 1, 2019, it is the Group’s policy to classify right-of-use assets as part of property and equipment. Prior to that date, all of the Group’s leases are accounted for as either operating or finance leases in accordance with PAS 17, hence, not recorded on the consolidated statement of financial position. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Depreciation commences once the property and equipment are put into operational use and is computed on a straight-line basis over the estimated useful lives of the property and equipment as follows:

	Years
Right-of-use asset	5 to 20 years or lease term, whichever is lower
Machinery and equipment	5

Buildings and warehouse	5
Office equipment	5
Transportation equipment	5
Tools and equipment	5
Furniture and fixtures	2

Subsequent costs are capitalized as part of property and equipment only when it is probable that economic benefits associated with the item will flow to the Group and the cost of the property and equipment can be measured reliably. All other repairs and maintenance costs are charged to current operations as incurred.

The assets' residual values, useful lives and depreciation method are reviewed at each financial reporting date and adjusted if appropriate. Impairment reviews take place when events or changes in circumstances indicate that the carrying values may not be recoverable. Impairment losses are recognized in the consolidated statement of comprehensive income.

An item of property and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the original cost of the asset) is included in the consolidated statements of comprehensive income in the year the asset is derecognized. This is not applicable to items that still have a useful life but are currently classified as idle, depreciation continues for those items.

Assets under construction are stated at cost. These include costs of construction of property and equipment and other direct costs. Assets under construction are not depreciated until such time as the relevant assets are completed and put into operational use.

#### Intangible Asset

An intangible asset acquired separately is measured at cost on initial recognition. Following initial recognition, an intangible asset is carried at cost less any accumulated amortization and any accumulated impairment loss. The useful life of an intangible asset is assessed at the individual asset level as either finite or indefinite.

An intangible asset with finite life is amortized over the useful economic life using the straight-line method and assessed for impairment whenever there is an indication that the intangible assets may be impaired. At a minimum, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

An intangible asset with indefinite useful life is tested for impairment annually either individually or at the CGU level. Such intangible asset is not amortized.

The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The amortization of license is calculated on a straight-line basis over its estimated useful life of the asset which is six (6) years based on the term of agreement.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

The Group's intangible assets consist of development costs and license fee granted by the International Rice Research Institute (IRRI) for the use, reproduction and trading of hybrid rice seeds.

#### Investment in and Advances to an Associate

Associates are entities in which the Group has significant influence and which are neither subsidiaries nor joint ventures of the Group. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

Investments in an associate is accounted for under the equity method of accounting in the consolidated financial statements.

Under the equity method, the investments in associate is carried in the consolidated statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate, less dividends declared and impairment in value. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognizing its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate. After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss with respect to the Group's net investments in the associate.

The consolidated statements of comprehensive income reflects the Group's share in the results of operations of its associate. This is included in the "Equity share in net gains (losses) of an associate" account in profit or loss. After the Group's interest is reduced to zero, additional losses are provided to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any change and discloses this, when applicable, in the consolidated statements of changes in equity.

The end of the reporting period of the Parent Company is different from that of the associate, hence, the associate prepares, for the use of the Parent Company, financial statements as of the same date as the financial statements of the Parent Company. Moreover, the accounting policies of the associate conform to those used by the Parent Company for like transactions and events in similar circumstances.

Unrealized gains arising from intercompany transactions with its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred.

Upon loss of significant influence over the associate, the Group measures and recognizes any remaining investment at fair value and will subsequently be measured using the policy on financial assets. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

#### Development Cost

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the consolidated statement of comprehensive income.

Development expenditures refer to hybrid seeds development cost. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

The Group capitalizes hybrid seed development costs once management deems a hybrid seed is probable of being commercially viable. This occurs in tandem with management's determination that a seed will provide high-yield crops and crops that are tolerant to adverse tropical conditions.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. If upon reassessment, the period of expected future benefit has changed from original estimations, then related amortization is being accelerated or adjusted prospectively.

Subsequent expenditures are capitalized only when these increases the future economic benefits embodied in the specific assets to which it relates.

Development costs are amortized on a straight-line basis over the EUL of twenty (20) years. Amortization of "Development costs" is recorded in consolidated statements of comprehensive income under "Cost of sales" account in profit or loss and "Inventories" in the consolidated statements of financial position. During the period of development, the hybrid seeds development cost is tested for impairment annually.

#### Prepaid Expenses

Prepaid expenses are being reduced on a monthly basis by the amount already expensed for the period.

#### Deposit for Future Investment

The Group's share in an undivided interest on unincorporated joint ventures are classified by the management as outside the scope of PFRS 11, *Joint Arrangements* and shown as part of other non-current asset.

#### Impairment of Nonfinancial Assets

The Group assesses at each financial reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that is largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each financial reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of

depreciation and amortization, had no impairment loss been recognized for the asset in prior years.

Such reversal is recognized in the consolidated statements of comprehensive income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal, the depreciation and amortization are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

This accounting policy applies primarily to the Group's property and equipment and development costs.

### Foreign Currency

#### *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in the income statement, except for differences which are recognized in OCI arising on the retranslation of qualifying cash flow hedges to the extent the hedge is effective.

#### *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Philippine Peso at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Philippine Peso using monthly average exchange rates.

Foreign currency differences are recognized in other comprehensive income and presented in the foreign currency translation adjustment in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, or joint control is lost, the cumulative amount in the translation adjustment related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group

disposes of only part of its investment in joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the income statement.

When the settlement of a monetary item that is a receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in the translation adjustment in equity.

## Taxes

### *Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the financial reporting date.

### *Deferred tax*

Deferred tax is provided, using the balance sheet liability method, on all temporary differences, with certain exceptions, at financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) and unused net operating loss carry over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits from MCIT and unused NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognized in OCI or directly in equity is recognized in the consolidated statement of comprehensive income and consolidated statement of changes in equity and not in profit or loss.

The Group does not recognize deferred tax on temporary differences which are expected to reverse for periods where Income Tax Holiday (ITH) is in effect (Notes 25 and 28).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax asset against current tax liability and the deferred taxes relate to the same taxable entity and the same taxation authority.

### Provisions

Provisions are recognized only when the Group has present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each financial reporting date and adjusted to reflect the current best estimate.

### Deposit for Future Stock Subscription

Deposits for future stock subscriptions (DFFS) represent the amount paid by the stockholders for future stock issuances of the Parent Company. When obligations are payable in fixed number of shares, these are classified as equity only if all of the following elements are present as of end of the reporting period, otherwise, these are classified as liabilities:

- (a) the unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- (b) there is BOD approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- (c) there is stockholders' approval of said proposed increase; and
- (d) the application for the approval of the proposed increase has been filed with the SEC.

DFFS is transferred to equity upon the SEC's approval of the Parent Company's application for increase in authorized capital stock.

### Pension Liability

#### *Defined benefit plan*

The defined benefit liability is the aggregate of the present value of the defined benefit obligation less the fair value of plan assets (if any) out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Defined benefit costs on the Group's defined benefit retirement plan are actuarially computed using the projected unit credit (PUC) valuation method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to the services rendered in the current period.

Defined benefit costs comprise the following:

- (a) current service cost;
- (b) interest on the defined benefit liability; and

(c) remeasurements of defined benefit liability.

Service costs which include current service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Interest on the defined benefit liability or asset is the change during the period in the defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on the risk-free interest rates of government issued bonds to the defined benefit liability or asset. Interest on the net defined benefit liability or asset is recognized as expense in profit or loss.

Remeasurements comprising actuarial gains and losses are recognized immediately in "Remeasurement gains (losses) on pension liability" account presented in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

#### Termination Benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognized related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term benefits.

#### Employee Leave Entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

#### Leases (Effective June 1, 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### *Lease liabilities*

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of agricultural land, vehicles and warehouses (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### Leases (Prior to June 1, 2019)

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

#### *Group as a lessee*

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liabilities so as to achieve a constant rate of

interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the consolidated statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the consolidated statement of profit or loss on a straight-line basis over the lease term.

#### Basic/Diluted Earnings Per Share

##### *Basic Earnings Per Share (EPS)*

Basic EPS is calculated by dividing net income for the year attributable to common shareholders of the Group by the weighted average number of common shares outstanding during the year, with the retroactive adjustments for any stock dividends declared.

##### *Diluted EPS*

Diluted EPS amounts are calculated by dividing the net income attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all dilutive ordinary shares into ordinary shares.

#### Equity

Capital stock is measured at par value for all shares issued. When the Group issues shares in excess of par, the excess is recognized as additional paid-in capital (APIC). Incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from APIC.

Stock dividends distributable pertain to stock dividends declared but are not yet issued, pending the approval of the SEC.

Retained earnings represent accumulated earnings of the Group less dividends declared.

#### Revenue from Contracts with Customers

##### *Revenue from sale of products*

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group recognizes revenue from sale of hybrid seeds and rice upon receipt of goods by the customers. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Group has concluded that it is acting as principal in majority of its revenue arrangements.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of products, the Group considers the effects of variable consideration and the existence of significant financing component.

*i. Variable consideration*

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer.

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Contracts for the sale of products provide customers with a right of return. The rights of return give rise to variable consideration. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in PFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognizes a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

*ii. Significant financing component*

The Group's credit term for seeds receivables ranges from eleven (11) months to twenty-four (24) months. There is a significant financing component for these contracts considering the length of time between the customer's payment and the transfer of good, as well as the prevailing interest rate in the market. As such, the transaction price for these contracts is discounted, using the interest rate implicit in the contract. The difference between the contracted sales price and discounted transaction price is presented as deferred income in the statement of financial position. This is accreted using the effective interest rate method and presented as accretion income in the statement of comprehensive income.

The Group applies the practical expedient for short-term receivables. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good and the payment is one year or less.

The disclosures of significant accounting judgments and the use of estimates relating to revenue from contracts with customers are provided in Note 5.

*Finance income*

Finance income is recognized as it accrues taking into account the effective yield of the assets.

Other Comprehensive Income (OCI)

OCI are items of income and expense that are not recognized in profit or loss for the year in accordance with PFRS. The Group has recognized OCI for the years

ended May 31, 2020, 2019 and 2018 pertaining to remeasurement gains and losses arising on defined benefit obligation adjustment which cannot be reclassified to profit or loss in future periods. During the years ended May 31, 2020, 2019 and 2018, the Group has recognized OCI item on cumulative translation adjustment of the Subsidiaries' account balances which can be recycled to profit or loss in future periods.

#### Cost of Sales

Cost of sales includes the purchase price of the products sold, as well as costs that are directly attributable in bringing the products to their present location and condition. These costs include the costs of direct material, labor and overhead costs. Cost of sales is recognized as expense when the related goods are sold and delivered.

#### Operating Expenses

Operating expenses constitute costs of administering the business. These are recognized as expenses as incurred.

#### Operating Segment

The Group's operating businesses are organized and managed separately according to the type of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6 to the Group's consolidated financial statements.

#### Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

#### Events after the Reporting Date

Post year-end events that provide additional information about the Group's position at the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to the consolidated financial statements, when material.

### **EXTERNAL AUDIT FEES AND SERVICES**

The financial statements of the Company for the periods ended May 31, 2020, 2019 and 2018 appearing in this Report have been audited by SyCip Gorres Velayo & Co., independent auditor, as set forth in their report thereon appearing elsewhere herein. The partner-in-charge for the periods ended May 31, 2020, 2019 and 2018 is Ms. Jennifer Ticlao, CPA. There has been no resignation, dismissal or otherwise cessation of services of and by the independent auditor and there has yet been no rotation or change in the handling partner in compliance with SEC Memorandum Circular No. 8, series of 2003 and Rule 68(3)(b)(iv) of the Amended Implementing Rules and Regulations of the Securities Regulation Code.

The aggregate professional fees for the independent auditor in the last two fiscal years amounted to Php 6,529,600.00 inclusive of taxes.

Type of Service	Aggregate		Nature of Service
	2020	2019	
Audit and Audit Related Fees	₱3,449,600	₱3,080,000	Audit of the financial statements
Tax Fees	None	None	None
All Other Fees	None	None	None
Total External Audit Fees	₱3,449,600	₱3,080,000	

The Board of Directors in consultation with Management review and approve the audit plan and scope of work for the above services and ensure that the rates are competitive as compared to the fees charged by other equally competent external auditors performing similar nature and volume of activities.

#### **CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANT ON ACCOUNTING AND FINANCIAL DISCLOSURE**

The Company and SyCip Gorres Velayo & Co. have not had any disagreements with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures.

#### **APPROVAL PROCEDURES OF THE AUDIT COMMITTEE FOR EXTERNAL AUDIT/FIRM SERVICES**

The Audit Committee pre-approves all audit and non-audit services provided by External Auditor/Firm. This preapproval must occur before the auditor is engaged. The Audit Committee pre-approves categories of nonaudit services and a target fee associated with each category. Usage of fees against the target is presented to the Audit Committee at each meeting, with additional amounts requested as needed. Services that last longer than a year must be re-approved by the Audit Committee.

The Audit Committee can delegate the pre-approval ability to a single independent member of the Audit Committee. The delegate must communicate all services approved at the next scheduled Audit Committee meeting. The Audit Committee or its delegate can pre-approve types of services to be performed by the External Auditor/Firm with a set of amount limit per type of service. The Executive Vice President is responsible for ensuring that the work performed is within the scope and limit as approved by the Audit Committee.

Management must report to the Audit Committee the status of each project or service provided by External Audit/Firm.

## MATERIAL CONTRACTS & AGREEMENTS

The Company's principal contracts generally consist of Memorandum of Agreements with Government agencies and various Corporations. The Company also has existing financing agreements. Save for the contracts mentioned below, the Company is not a party to any contract of material importance and outside the usual course of business, and the Directors do not know of any such contract involving the Company.

Date	Name of Contract	Parties	Consideration	Expiry Date/ Term of the contract
<b>July 6, 2019</b>	Collaboration Agreement between SL Agritech Corporation and Bangladesh Agricultural Development Corporation On SL-8H F1 Seed Production in Bangladesh (3rd Phase) – this is renewal	Bangladesh Agricultural Development Corporation  SL Agritech Corporation	Royalties shall be paid by BADC to SLAC in the amount of US\$0.30/kg, computed on the basis of the amount of actual harvest of seed yield, to be paid by 31 December of every year after the amount of royalty is finalized by both Parties.	<b>July 5, 2022</b>
<b>Nov. 28, 2019</b>	Joint Venture Company for the Business activities of production, marketing and export of F2-type hybrid.	Yoma Agriculture Company Limited  SL Agritech Corporation  Waterstone Company Limited	A brand royalty of 5% shall be paid to SLAC on net sales (excludes any applicable tax) of hybrid rice branded as Doña Maria.	<b>October 31, 2020 (Renewable)</b>  <b>Note: the agreement was affected by pandemic. Renewal in progress.</b>
<b>September 21, 2017</b>	Investment Trust Agreement	SL Agritech Corporation  Sterling SL Agritech Company Limited  Henry Lim Bon Liong	Permanent Incorporation of Sterling SL Agritech Company Limited	<b>This agreement shall terminate as soon as the Trust Account is liquidated in accordance with the provisions of Section 1(h) of the agreement</b>
<b>October 11, 2017</b>	National Seed Corp. Ltd.	National Seed	There is a profit sharing equivalent to	<b>October 12, 2022 (Initial</b>

	(NSC) for the production and marketing of SL-8H	Corporation Ltd. SL Agritech Corporation	proportion of Capital Investment	<b>term is 5 years, renewable)</b>
Dec. 8, 2014	Memorandum of Agreement on the Hybrid Rice Production in South Pacific Nations such as Papua New Guinea, Fiji, Samoa and Solomon Islands.	Calmwind Pty Ltd. (CPL)	SLAC will provide its high-yielding hybrid rice seeds to be planted in CPL's rice fields in South Pacific nations. CPL in turn will provide exclusivity in favor of SLAC in the supply, sale and production of such high-yielding hybrid rice within CPL's territorial and operational jurisdiction in said South Pacific nations.	Dec. 8, 2014 (This has expired already.)

## REGULATORY & ENVIRONMENTAL MATTERS

Various government agencies in the Philippines regulate the different aspects of the Company's business.

The Consumer Act of the Philippines, the provisions of which are principally enforced by the Department of Trade and Industry, seeks to protect consumers against hazards to health and safety and against deceptive, unfair and unconscionable sales acts and practices; and provide information and education to facilitate sound choice and the proper exercise of rights by the consumer.

This law imposes rules to regulate such matters as (i) consumer product and safety; (ii) the production, sale, distribution and advertisement of food, drugs, cosmetics and devices as well as substances hazardous to the consumer's health and safety; (iii) fair, honest consumer transactions and consumer protection against deceptive, unfair and unconscionable sales acts or practices; (iv) practices relative to the use of weights and measures; (v) consumer product and service warranties; (vi) compulsory labeling, and fair packaging; (vii) liabilities for defective products and services; (viii) consumer protection against misleading advertisements and fraudulent sales promotion practices; and (ix) consumer credit transactions.

The DA on the other hand is another government agency regulating the Company. It is responsible for the promotion of agricultural development by providing the policy framework, public investments, and support services. It is tasked to improve farm income and generate work opportunities for farmers and other rural workers. The DA is mandated to encourage people's participation in agricultural development through sectoral representation in agricultural policy-making bodies so that the policies, plans and programs of the Department are formulated and executed to satisfy their needs.

Recently, Republic Act 11203 "Rice Tariffication Law" (RTL) was signed into law by President Rodrigo Roa Duterte. Under the RTL, legitimate rice traders can import rice from various sources without permit from the National Food Authority, provided they secure a sanitary and phytosanitary import clearance from the Bureau of Plant Industry of the Department of Agriculture and pay a minimum of 35 percent tariff on imports of the grain to the Bureau of Customs. The proceeds from the tariff revenue would be used by the DA for competitiveness and productivity enhancing programs for rice farmers.

The NFA was previously established to oversee agricultural companies. It is an agency under the Office of the President responsible for ensuring stability of rice supply and prices, with the end goal of ensuring food security. With the passage of the RTL, NFA's role is now limited to ensuring the sufficiency of buffer stocks for use in emergencies.

Under the SRC, the SEC has jurisdiction and supervision over all corporations, partnerships or associations that are grantees of primary franchises, license to do business or other secondary licenses. As the government agency regulating the Philippine securities market, the SEC issues regulations on the registration and regulation of securities exchanges, the securities market, securities trading, the

licensing of securities brokers and dealers and reportorial requirements for publicly listed companies and the proper application of SRC provisions, as well as the Corporation Code, and certain other statutes.

# **GENERAL CORPORATE INFORMATION**

## **INCORPORATION**

The Company is duly organized as a corporation under the laws of the Philippines and was registered with the SEC on September 11, 2000.

## **ARTICLES OF INCORPORATION AND BY-LAWS**

The Articles of Incorporation of the Company was approved by the SEC on September 11, 2000. The latest amended Articles was approved by the SEC on January 16, 2020.

The By-Laws of the Company was registered with the SEC on September 11, 2000 and was amended on August 04, 2017.

## **PRIMARY PURPOSE**

Under the Articles, the Company's primary purpose is to cultivate, grow, mill and/or process *palay* to rice grains, and/or to outsource the cultivation of rice, corn, grains, etc. through independent landowners and/or farmers by supplying seeds, farm implements, and other resources under acceptable offsetting and payback arrangements, produce, manufacture or process therefrom derivative products, and/or otherwise engage in buy and sell either in retail or wholesale, export or import of rice, corn, grains of all kinds and other agricultural farm products, seeds, vegetables, horticultural growths, fertilizers, chemical or organic livestock of all kind and farm implement and machineries; and to conduct research and development for the production of aromatic super hybrid rice and cereals and derivative products and to sell the technology/intellectual property rights of the product developed through own research and development.

## **CORPORATE TERM**

The corporate term of the Company is deemed amended to that of perpetual existence considering the passage of the Revised Corporation Code.

## **FISCAL YEAR**

The business year of the Company begins on the first day of June and ends on the last day of May of each year.

## **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Articles of Incorporation and By-laws are available for inspection at the principal office of the Company, during normal business hours on any day on which such office is open for business. Copies may also be inspected at the office of the SEC.

# PHILIPPINE TAXATION

*Following is a general description of certain Philippine tax aspects of investment by prospective CP Holders. This discussion is based upon Philippine tax laws, in particular the Tax Code, its implementing regulations and rulings in effect at the date of this Prospectus. Subsequent legislative, judicial or administrative changes or interpretations may be retroactive and could affect the tax consequences to the prospective CP Holders.*

*The tax treatment of a prospective CP Holder may vary depending on such CP Holder's particular situation and certain prospective CP 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 prospective CP Holder.*

*This general description does not purport to be a comprehensive description of the Philippine tax aspects of investment in the CPs and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing the CPs under applicable tax laws of other jurisdictions and the specific tax consequence in light of particular situations of acquiring, owning, holding and disposing the CPs in such other jurisdictions.*

**EACH PROSPECTIVE CP HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH CP HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE CPs, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.**

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines but 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"; otherwise, such 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 foreign corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a foreign corporation not engaged in trade or business within the Philippines. The term "foreign" when applied to a corporation means a corporation which is not domestic while the term "domestic" when applied to a corporation means a corporation created or organized in the Philippines or under its laws.

## **Taxation of Interest Income/Discount**

The CPs will be, under current interpretation of the Tax Code, treated as, a deposit substitute instrument as such term is defined under the Tax Code. Interest income earned or yield or any other monetary benefit from the CPs realized by the CP Holders shall be taxed as described in the following sections.

### **Interest income/Discount earned by individuals**

As a general rule, interest income earned or yield or any other monetary benefit from the CPs realized by individual citizens of the Philippines, resident aliens and non-resident aliens engaged in trade or business in the Philippines is subject to a final withholding tax at the rate of 20%.

Transfers or assignments of the CPs by the CP Holders are subject to a final tax on the interest income already earned by the transferor CP Holder which shall be borne by the CP Holder.

Interest income received by non-resident aliens not engaged in trade or business in the Philippines shall generally be subject to a final withholding tax of 25%. However, such tax rate may be reduced under an applicable tax treaty.

### **Interest income/Discount earned by corporations**

Interest income earned or yield or any other monetary benefit derived by domestic and resident foreign corporations from the CPs shall be subject to a final withholding tax of 20% of such interest income.

On the other hand, interest income received by a non-resident foreign corporation shall be subject to 30% final withholding tax. This rate may also be reduced under an applicable tax treaty.

### **Interest income/Discount earned by trusts**

A trust is generally taxed in the same way as an individual pursuant to the Tax Code which provides that the tax imposed upon individuals shall apply to the income of any kind of property held in trust (except qualifying employee's trust considered tax-exempt). Accordingly, since trusts are, for tax purposes, treated as an individual, interest income earned by trusts are likewise subject to the 20% final withholding tax.

### **Tax-exempt persons**

All sums payable by the Issuer to tax-exempt persons shall be paid in full without deductions for taxes, duties, assessments, or government charges, subject to the submission to the Registrar by the CP Holder claiming the exemption of reasonable evidence of such exemption.

## **DOCUMENTARY STAMP TAXES**

The Tax Code imposes a documentary stamp tax on all debentures, certificates of indebtedness, due bills, bonds, loan agreements, deposit substitute debt instruments at the rate of ₱1.50 on every ₱200, or fractional part thereof, of the face value of

such securities; Provided, that for such debt instruments with terms of less than one (1) year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to three hundred sixty-five (365) days. The Company has undertaken to pay the documentary stamp tax on the issuance of the CPs.

## **VALUE-ADDED TAX AND GROSS RECEIPTS TAX**

At issuance, no VAT shall be imposable upon the CPs. Subsequent transfers shall similarly be free of VAT, unless the CP Holder is a dealer in securities. In that instance, the CP Holder shall be liable to pay 12% VAT on the gross income derived from the trading of the CPs.

Under Republic Act No. 9238, services rendered in the Philippines by, among others, banks, non-bank financial intermediaries, quasi-banks, finance companies, and other financial intermediaries not performing quasi-banking functions (excluding insurance companies) are exempted from the coverage of the VAT. The exemption, which took effect retroactively on 1 January 2004, reverts to the application of the GRT regime on services rendered by banks, non-bank financial intermediaries, quasi-banks, finance companies, and other financial intermediaries not performing quasi-banking functions (excluding insurance companies). Rates of GRT shall be as follows:

- (1) Banks and Non-Bank Financial Intermediaries Performing Quasi-Banking Functions:
  - (a) On interest, commission and discounts from lending activities as well as income from financial leasing, on the basis of the remaining maturities of instruments from which such receipts are derived:
    - Maturity period is five years or less – 5%
    - Maturity period is more than five years – 1%
  - (b) On dividends and equity shares in net income of subsidiaries – 0%
  - (c) On royalties, rentals of real or personal property, profits from exchange and all other items treated as gross income under the Tax Code – 7%
  - (d) On net trading gains within the taxable year on foreign currency, debt securities, derivatives and other similar financial instruments – 7%
- (2) Other Non-Bank Financial Intermediaries:
  - (a) On interest, commission, discounts and all other items treated as gross income under the Tax Code – 5%
  - (b) On interest, commission and discounts from lending activities as well as income from financial leasing, on the basis of the remaining maturities of instruments from which such receipts are derived:
    - Maturity period is five years or less – 5%
    - Maturity period is more than five years – 1%

## **ESTATE AND DONOR'S TAX**

The transfer of the CPs by a decedent to his heirs, whether or not such decedent was residing in the Philippines, will be subject to an estate tax at the rate of six percent (6%) based on the value of such NET ESTATE determined as of the time of death of decedent composed of all properties, real or personal, tangible or intangible less allowable deductions.

CP Holders, whether or not citizens or residents of the Philippines, will be subject to donor's tax upon the donation of the CPs at a flat rate of 6% computed on the basis of the total gifts in excess of Two Hundred Fifty Thousand Pesos (P250,000) exempt gift made during the calendar year. The relationship between the donor and the donee(s) shall not be considered. Republic Act No. 10963 (TRAIN Law) does not distinguish donations made to relatives, or donations made to strangers.

The estate tax, as well as the donor's tax in respect of the CPs, shall not be collected if: (a) the deceased at the time of his death or donation was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) 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 allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

## **TAXATION OUTSIDE THE PHILIPPINES**

The tax treatment of non-resident CP Holders in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax considerations for such non-resident holders under laws other than those of the Philippines.

## Annex A - List of SLAC's assets that were made as a collateral to short term obligations

As of May 31, 2020

	<b>BANK</b>	<b>TITLE NO</b>	<b>Location</b>
1	Development Bank of the Philippines	050-2010000225	Oogong, Sta. Cruz, Laguna
2	Development Bank of the Philippines	050-2010000129	Oogong, Sta. Cruz, Laguna
3	Development Bank of the Philippines	248134	Oogong, Sta. Cruz, Laguna
4	Development Bank of the Philippines	248138	Oogong, Sta. Cruz, Laguna
5	Development Bank of the Philippines	240552	Oogong, Sta. Cruz, Laguna
6	Development Bank of the Philippines	228826	Oogong, Sta. Cruz, Laguna
7	Land Bank of the Philippines	901983	STP P2, Carmona, Cavite
8	Land Bank of the Philippines	901984	STP P2, Carmona, Cavite
9	Land Bank of the Philippines	901985	STP P2, Carmona, Cavite
10	Land Bank of the Philippines	901986	STP P2, Carmona, Cavite
11	Land Bank of the Philippines	901987	STP P2, Carmona, Cavite
12	Land Bank of the Philippines	901988	STP P2, Carmona, Cavite
13	Land Bank of the Philippines	901990	STP P2, Carmona, Cavite
14	Land Bank of the Philippines	901991	STP P2, Carmona, Cavite
15	Land Bank of the Philippines	901992	STP P2, Carmona, Cavite
16	Land Bank of the Philippines	901993	STP P2, Carmona, Cavite
17	Land Bank of the Philippines	901994	STP P2, Carmona, Cavite
18	Land Bank of the Philippines	901995	STP P2, Carmona, Cavite
19	Land Bank of the Philippines	901996	STP P2, Carmona, Cavite
20	Land Bank of the Philippines	901997	STP P2, Carmona, Cavite

21	Land Bank of the Philippines	901998	STP P2, Carmona, Cavite
22	Land Bank of the Philippines	901999	STP P2, Carmona, Cavite
23	Land Bank of the Philippines	902000	STP P2, Carmona, Cavite
24	Land Bank of the Philippines	902001	STP P2, Carmona, Cavite
25	Land Bank of the Philippines	902002	STP P2, Carmona, Cavite
26	Land Bank of the Philippines	902003	STP P2, Carmona, Cavite
27	Land Bank of the Philippines	902004	STP P2, Carmona, Cavite
28	Land Bank of the Philippines	902006	STP P2, Carmona, Cavite
29	Land Bank of the Philippines	1015345	STP P2, Carmona, Cavite
35	Land Bank of the Philippines	1015350	STP P2, Carmona, Cavite
36	Land Bank of the Philippines	1015358	STP P2, Carmona, Cavite
37	Land Bank of the Philippines	1015359	STP P2, Carmona, Cavite
38	Land Bank of the Philippines	1015360	STP P2, Carmona, Cavite
39	Land Bank of the Philippines	1015362	STP P2, Carmona, Cavite
40	Land Bank of the Philippines	863752	STP P3, Carmona, Cavite
41	Land Bank of the Philippines	863753	STP P3, Carmona, Cavite
42	Land Bank of the Philippines	863755	STP P3, Carmona, Cavite
43	Land Bank of the Philippines	863757	STP P3, Carmona, Cavite
44	Land Bank of the Philippines	863759	STP P3, Carmona, Cavite
45	Land Bank of the Philippines	94855	Shaw Blvd
46	Land Bank of the Philippines	863705	STP P3, Carmona, Cavite
47	Land Bank of the Philippines	200271	Sterling Place, Pasong Tamo Ext, Mkti
48	Land Bank of the Philippines	T-144-201800587	Digos, Matanao, Del Sur

## ANNEX B - List of Accredited Municipal Agriculture Office (MAO)

As of May 31, 2020

No.	MAO	Area
1	MAO - CARCAR CEBU 07	Cebu
2	MAO - PINAMUNGAJAN CEBU 07	Cebu
3	MAO - TOLEDO CEBU 07	Cebu
4	MAO - ALBURQUERQUE BOHOL 7	Alburquerque, Bohol
5	MAO - ALMERIA BILIRAN	Almeria, Biliran
6	MAO - ANDA BOHOL 7	Anda, Bohol
7	MAO – ANTEQUERA	Bohol
8	MAO - ARGAO CEBU	Argao, Cebu
9	MAO - BADIANGAN ILO-ILO 6	Badiangan, Iloilo
10	MAO - BALANGIGA EASTERN SAMAR 8	Eastern Samar
11	MAO – BALASAN	Iloilo
12	MAO - BALETE AKLAN	Balete, Aklan
13	MAO - BANGA AKLAN 6	Banga, Aklan
14	MAO – BATAD	Iloilo
15	MAO - BAYOMBONG NUEVA VISCAYA	Nueva Viscaya
16	MAO – BILAR	Bohol
17	MAO - BILIRAN BILIRAN 8	Biliran Biliran
18	MAO - BOBON NORTHERN SAMAR 8	Northern Samar,
19	MAO – BONTOC	Southern Leyte
20	MAO - BROOKESPOINT PALAWAN 4B	Palawan
21	MAO - BUENAVISTA MARINDUQUE 4	Marinduque
22	MAO - CABUCGAYAN BILIRAN 8	Cabucgayan Biliran
23	MAO - CAIBIRAN BILIRAN 8	Caibiran Biliran
24	MAO - CALBAYOG SAMAR LEYTE 8	Western Samar
25	MAO - CANAMAN CAMARINES SUR 5	Canaman, Camarines Sur
26	MAO - CAN-AVID EASTERN SAMAR 8	Eastern Samar
27	MAO - CANDIJAY BOHOL	Candijay, Bohol
28	MAO - CATARMAN NORTHERN SAMAR 8	Northern Samar,
29	MAO - CATUBIG NORTHERN SAMAR 8	Northern Samar
30	MAO – CONCEPCION	Iloilo
31	MAO - CORTES BOHOL 7	Cortes, Bohol
32	MAO - CULABA BILIRAN 8	Culaba Biliran
33	MAO - DANAOS BOHOL 7	Danao, Bohol
34	MAO - EL NIDO PALAWAN 4D	El Nido, Palawan
35	MAO - GAMAY NORTHERN SAMAR 8	Northern Samar
36	MAO - GASAN MARINDUQUE 4	Marinduque
37	MAO - GIPORLOS EASTERN SAMAR 8	Giporlos Eastern Samar
38	MAO – HAMTIC	Antique
39	MAO - IBAJAY AKLAN	Bajay, Aklan

40	MAO - INABANGA BOHOL 7	Inabanga, Bohol
41	MAO - INOPACAN LEYTE 8	Leyte
42	MAO - ISABEL LEYTE 8	Leyte
43	MAO – JAGNA	Bohol
44	MAO - JETAFAE BOHOL 7	Jetafae, Bohol
45	MAO - JIABONG SAMAR LEYTE 8	Leyte
46	MAO - LAOANG NORTHERN SAMAR 8	Northern Samar
47	MAO - LAS NAVAS NORTHERN SAMAR 8	Northern Samar
48	MAO - LEZO AKLAN	Lezo, Aklan
49	MAO - LIBACAO AKLAN 6	Libacao, Aklan
50	MAO - LLORENTE EASTERN SAMAR 8	Llorente Eastern Samar
51	MAO - LOOC OCCIDENTAL MINDORO 4C	Looc, Occidental Mindoro
52	MAO - LOOC ROMBLON 4	Romblon
53	MAO - LOON BOHOL 7	Loon, Bohol
54	MAO – LUBA	Luba, Abra
55	MAO – MAASIN	Iloilo
56	MAO – MABINI	Mabini, Bohol
57	MAO - MAGDIWANG ROMBLON 4	Romblon
58	MAO - MAHAPLAG LEYTE 8	Leyte
59	MAO - MAKATO AKLAN 6	Makato, Aklan
60	MAO - MALAY AKALN	Malay, Aklan
61	MAO - MAPANAS NORTHERN SAMAR 8	Northern Samar
62	MAO - MARABUT WESTERN SAMAR 8	Marabut Western Samar
63	MAO - MERIDA LEYTE 8	Leyte
64	MAO – MIAGAO	Miagao, Iloilo
65	MAO - MOGPOG MARINDUQUE 4	Marinduque
66	MAO - MONTEVISTA COMPOSTELA VALLEY	Montevista,Compotela Valley
67	MAO - MOTIONG SAMAR LEYTE 8	Samar, Leyte
68	MAO - MURCIA, NEGROS OCCIDENTAL	Negros Occidental
69	MAO - NABUNTURAN COMPOSTELA VALLEY	Nabunturan,Compostela Valley
70	MAO - NAVAL BILIRAN	Naval, Biliran
71	MAO - NUMANCIA AKLAN	Numancia, Aklan
72	MAO - ODIONGAN ROBLON	Odiongan, Roblom
73	MAO - ORAS EASTERN SAMAR 8	Leyte
74	MAO - PALAPAG NORTHERN SAMAR 8	Northern Samar
75	MAO - PALAUAN OCCIDENTAL MINDORO 4C	Palauan, Occidental Mindoro
76	MAO - PALOMPON LEYTE	Palompon, Leyte
77	MAO - PAMBUJAN NORTHERN SAMAR 8	Northern Samar
78	MAO - PARANAS SAMAR	Samar
79	MAO – PATNONGON	Antique
80	MAO - PAVIA ILOILO	Pagsangaan Pavia, Iloilo
81	MAO - PIAT CAGAYAN 2	Cagayan
82	MAO - PINABACDAO SAMAR	Samar
83	MAO - POLICARPIO EASTERN SAMAR 8	Eastern Samar
84	MAO - PONTEVEDRA NEGROS OCCIDENTAL	Negros Occidental

85	MAO - PRIETO DIAZ	Sorsogon
86	MAO - PUERTO PRINCESA CITY PALAWAN	Puerto Princesa, Palawan
87	MAO - ROSARIO NORTHERN SAMAR 8	Northern Samar,
88	MAO - SAN ISIDRO	Bohol
89	MAO - SAN ISIDRO LEYTE 8	Leyte
90	MAO - SAN ISIDRO NORTHERN SAMAR 8	Northern Samar,
91	MAO - SAN JOAQUIN ILO-ILO 6	San Joaquin, Iloilo
92	MAO - SAN JORGE SAMAR	Samar
93	MAO - SAN JOSE NORTHERN SAMAR 8	Northern Samar,
94	MAO - SAN JULIAN EASTERN SAMAR 8	Eastern Samar
95	MAO - SAN REMEGIO	Antique
96	MAO - SAN ROQUE NORTHERN SAMAR 8	Northern Samar
97	MAO – SANGAY	Camarines Sur
98	MAO - SANTA CRUZ MARINDUQUE 4	Marinduque
99	MAO – SEVILLA	Bohol
100	MAO - STA. MARGARITA SAMAR LEYTE 8	Leyte
101	MAO - STA. RITA SAMAR	Samar
102	MAO - SULAT EASTERN SAMAR 8	Eastern Samar,
103	MAO - SULOP DAVAO DEL SUR 11	Sulop, Davao Del Sur
104	MAO - TABANGO LEYTE 8	Leyte
105	MAO - TAFT EASTERN SAMAR 8	Eastern Samar,
106	MAO - TAGBILARAN BOHOL	Bohol
107	MAO - TAGUDIN ILOCOS SUR	Ilocos Sur
108	MAO - TALIBON BOHOL	Talibon, Bohol
109	MAO - TAYUM ABRA CAR	Abra
110	MAO - TIGBAUAN ILOILO	Iloilo
111	MAO - TIWI ALBAY	Tiwi, Albay
112	MAO - TOLOSA LEYTE 8	Leyte
113	MAO - TORRIJOS MARINDUQUE 4	Marinduque
114	MAO - TUBUNGAN ILOILO	Iloilo City
115	MAO - TUGUEGARAO CITY CAGAYAN	Tuguegarao City, Cagayan
116	MAO - VALLADOLID NEGROS OCCIDENTAL	Negros Occidental
117	MAO - VICTORIA NORTHERN SAMAR 8	Northern Samar
118	MAO ABORLAN, PALAWAN	Aborlan, Palawan
119	MAO ALABEL SARANGANI	Sarangani
120	MAO ALEOSAN NORTH COTABATO	Aleosan, North Cotabato
121	MAO ALORAN MISAMIS OCCIDENTAL 10	Misamis Occidental
122	MAO ALUBIJID MISAMIS ORIENTAL 10	Misamis Oriental
123	MAO AMULONG CAGAYAN 2	Cagayan
124	MAO- ANGELES CITY PAMPANGA 3	Pampanga
125	MAO- APALIT PAMPANGA 3	Pampanga
126	MAO ARAKAN NORTH COTABATO	Arakan, North Cotabato
127	MAO- ARAYAT PAMPANGA 3	Pampanga
128	MAO ARITAO NUEVA VIZCAYA 2	Nueva Vizcaya
129	MAO AYUNGON NEGROS ORIENTAL 7	Ayungon, Negros Oriental

130	MAO BACACAY	Bacacay Albay
131	MAO- BACOLOR PAMPANGA 3	Pampanga
132	MAO BAGGAO CAGAYAN 2	Cagayan
133	MAO BALIANGAO MISAMIS OCCIDENTAL 10	Misamis Occidental
134	MAO BANISILAN NORTH COTABATO	Banisilan, North Cotabato
135	MAO BAROY LANA DEL NORTE 10	Lanao Del Norte
136	MAO BASAY NEGROS ORIENTAL 7	Negros Oriental
137	MAO BASILISA SURIGAO DEL NORTE XIII	Basilisa, Surigao del Norte
138	MAO BASUD CAMARINES NORTE 5	Basud, Camarines Norte
139	MAO BATO CAMARINES SUR 5	Camarines Sur
140	MAO- BAUNGON BUKIDNON	Bukidnon
141	MAO BAYOG ZAMBOANGA SIBUGAY 9	Zamboanga Del Sur
142	MAO BINDOY	Negros Oriental
143	MAO- BOAC MARINDUQUE	Boac, Marinduque
144	MAO BULUSAN	Sorsogon
145	MAO CABUSAO CAMARINES SUR 5	Cabusao, Camarines Sur
146	MAO- CALAMBA MISAMIS OCCIDENTAL	Misamis Occidental
147	MAO CAMALANIUGAN CAGAYAN 2	Cagayan
148	MAO- CANDABA PAMPANGA 3	Pampanga
149	MAO- CANDELARIA ZAMBALES 3	Zambales
150	MAO- CASTILLEJOS ZAMBALES 3	Zambales
151	MAO CAUAYAN 2	Isabela
152	MAO- CLARIN MISAMIS OCCIDENTAL	Misamis Occidental
153	MAO CLAVER SURIGAO DEL NORTE 13	Surigao Del Norte
154	MAO- CLAVERIA MISAMIS ORIENTAL	Misamis Oriental
155	MAO COMPOSTELA COMVAL PROVINCE 11	Compostela, Compostela Province
156	MAO CORTES SURIGAO DEL SUR 13	Surigao Del Sur
157	MAO CULASI ANTIQUE 6	Culasi, Antique
158	MAO DAGOHYOY BOHOL 7	Dagohoy, Bohol
159	MAO DALAGUETE CEBU 7	Dalaguete, Cebu
160	MAO- DUMARAO 6	Capiz
161	MAO DUPAX NORTE NUEVA VIZCAYA 2	Nueva Vizcaya
162	MAO- EL SALVADOR MISAMIS ORIENTAL	Misamis Oriental
163	MAO- FLORIDA BLANCA PAMPANGA 3	Pampanga
164	MAO GIGAGUIT SURIGAO DEL NORTE 13	Surigao Del Norte
165	MAO- GINGOOG MISAMIS ORIENTAL	Misamis Oriental
166	MAO GLAN SARANGGANI	Glan, Sarangani
167	MAO GOA CAMARINES SUR 5	Camarines Sur
168	MAO- GUAGUA PAMPANGA 3	Pampanga
169	MAO GUBAT SORSOGON 5	Sorsogon
170	MAO HINIGARAN R8	Southern Leyte
171	MAO- JASAAN MISAMIS ORIENTAL	Misamis Oriental
172	MAO- JIMENEZ MISAMIS OCCIDENTAL	Misamis Occidental
173	MAO JONES	Centro Jones, Isabela
174	MAO KASIBU NUEVA VIZCAYA 2	Nueva Vizcaya

175	MAO KAYAPA NUEVA VIZCAYA 2	Nueva Vizcaya
176	MAO KIAMBA SARANGANI	Kiamba, Sarangani
177	MAO KITAOTAO BUKIDNON 10	Bukidnon
178	MAO- LAGONGLONG MISAMIS ORIENTAL	Misamis Oriental
179	MAO LAGONOY CAMARINES SUR 5	Camarines Sur
180	MAO LAKAS FARMER ILOILO 6	Pavia, Iloilo
181	MAO LAKE SEBU SOUTH COTABATO 12	South Cotabato
182	MAO LAWAAN	Lawaan, Eastern Samar
183	MAO LEON ILOILO 6	Leon, Iloilo
184	MAO LIGAO CITY ALBAY 5	Albay
185	MAO LILOY ZAMBOANGA DEL NORTE	Zamboanga Del Norte
186	MAO LOAY BOHOL 7	Bohol
187	MAO- LOPEZ JAENA MISAMIS OCCIDENTAL	Misamis Occidental
188	MAO LORETO AGUSAN DEL SUR	Loreto, Agusan Del Sur
189	MAO- LUBAO PAMPANGA 3	Pampanga
190	MAO LUCBAN QUEZON 4A	Quezon
191	MAO LUPI CAMARINES SUR 5	Camarines Sur
192	MAO- MABALACAT PAMPANGA 3	Pampanga
193	MAO MABINAY NEGROS ORIENTAL 7	Mabinay, Negros Oriental
194	MAO- MAGALANG PAMPANGA 3	Pampanga
195	MAO MAGALLANES	Magallanes, Sorsogon
196	MAO MAGPET NORTH COTABATO 12	North Cotabato
197	MAO- MAGSAYSAY MISAMIS ORIENTAL	Misamis Oriental
198	MAO- MAIGO LANA DEL NORTE	Lanao Del Norte
199	MAO MAINIT SURIGAO DEL NORTE 13	Surigao Del Norte
200	MAO MAITUM SARANGGANI	Maitum, Sarangani
201	MAO MALINAO	Malinao, Albay
202	MAO- MALITBOG BUKIDNON	Bukidnon
203	MAO MALUNGON SARANGANI	Sarangani
204	MAO- MAMBAJAO CAMIGUIN	Camiguin
205	MAO MANITO ALBAY 5	Albay
206	MAO- MANOLO FORTICH BUKIDNON	Bukidnon
207	MAO- MANTICAO MISAMIS ORIENTAL	Misamis Oriental
208	MAO MANUKAN ZAMBOANGA DEL NORTE 9	Manukan, Zamboanga Del Norte
209	MAO MARAGUSAN COMVAL PROVINCE 11	Maragusan, Compostela Province
210	MAO MARIA SIQUIJOR 7	Maria, Siquijor
211	MAO MARIBOJOC BOHOL	Bohol
212	MAO MAWAB COMVAL PROVINCE 11	Mawab, Compostela Province
213	MAO- MEXICO PAMPANGA 3	Pampanga
214	MAO- MONCADA TARLAC 3	Tarlac
215	MAO MORONG RIZAL	Morong, Rizal
216	MAO- NAAWAN MISAMIS ORIENTAL	Misamis Oriental
217	MAO NABAS AKLAN 6	Nabas, Aklan
218	MAO NABUA CAMARINES SUR 5	Camarines Sur
219	MAO NARRA, PALAWAN	Narra, Palawan

220	MAO NEW WASHINGTON R6	Aklan
221	MAO PALIMBANG SULTAN KUDARAT	Palimbang, Sultan Kudarat
222	MAO PIKIT NORTH COTABATO	Pikit, North Cotabato
223	MAO POLOMOLO SOUTH COTABATO 12	South Cotabato
224	MAO- PORAC PAMPANGA 3	Pampanga
225	MAO QUEZON, PALAWAN	Quezon, Palawan
226	MAO QUINAPONDAN	Eastern Samar
227	MAO- RAMOS TARLAC 3	Tarlac
228	MAO RIZAL, PALAWAN	Rizal, Palawan
229	MAO ROXAS ZAMBOANGA DEL NORTE	Zamboanga Del Norte
230	MAO SALVADOR LANA DEL NORTE 10	Lanao Del Norte
231	MAO SAMPALOC QUEZON	Sampaloc, Quezon
232	MAO- SAN FERNANDO PAMPANGA 3	Pampanga
233	MAO SAN FRANCISCO SURIGAO DEL NORTE	Surigao Del Norte
234	MAO SAN LUIS AGUSAN DEL SUR 13	Agusan Del Sur
235	MAO- SAN LUIS PAMPANGA 3	Pampanga
236	MAO SAN SEBASTIAN	Western Samar
237	MAO- SAN SIMON PAMPANGA 3	Pampanga
238	MAO SAN VICENTE CAMARINES NORTE 5	San Vicente, Camarines Norte 5
239	MAO SANTA ELENA CAMARINES NORTE V	Santa Elena Camarines Norte
240	MAO- SAPAD LANA DEL NORTE	Lanao Del Norte
241	MAO SENATOR NINOY AQUINO SULTAN	Sultan Kudarat
242	MAO- SINACABAN MISAMIS OCCIDENTAL	Misamis Occidental
243	MAO SINDANGAN ZAMBOANGA DEL NORTE 9	Sindangan, Zamboanga Del Norte
244	MAO SISON SURIGAO DEL NORTE 13	Surigao Del Norte
245	MAO- STA. ANA PAMPANGA 3	Pampanga
246	MAO STA. PRAXEDES R2	Sta. Praxedes Cagayan
247	MAO- STA. RITA PAMPANGA 3	Pampanga
248	MAO STO NINO WESTERN SAMAR 8	Western Samar
249	MAO STO. NIÑO CAGAYAN 2	Cagayan
250	MAO SULTAN NAGA DIMAPORO	Lanao Del Norte
251	MAO- SUMILAO BUKIDNON	Bukidnon
252	MAO SURIGAO CITY SURIGAO DEL NORTE	Surigao Del Norte
253	MAO TAGANAAN SURIGAO DEL NORTE 13	Surigao Del Norte
254	MAO TAGKAWAYAN	Tagkawayan, Quezon
255	MAO TAMPAKAN SOUTH COTABATO 12	South Cotabato
256	MAO TANDAG SURIGAO DEL SUR 13	Surigao Del Sur
257	MAO TANTANGAN SOUTH COTABATO 12	South Cotabato
258	MAO TARANGNAN WESTERN SAMAR 8	Western Samar
259	MAO TAYTAY, PALAWAN	Taytay, Palawan
260	MAO TIBOLI SOUTH COTABATO 12	South Cotabato
261	MAO TIGAON CAMARINES SUR 5	Camarines Sur
262	MAO TOBOD LANA DEL NORTE 10	Lanao Del Norte
263	MAO TUPI SOUTH COTABATO 12	South Cotabato

264	MAO VILLAREAL	Western Samar
265	MAO VINZONS CAMARINES NORTE 5	Camarines Norte
266	MAO-A. CASTAÑEDA NUEVA VIZCAYA 2	Nueva Vizcaya
267	MAO-ABRA DE ILOG OCCIDENTAL MINDORO	Occidental Mindoro
268	MAO-ABUCAY BATAAN 3	Bataan
269	MAO-ABULUG CAGAYAN 2	Cagayan
270	MAO-ABUYOG LEYTE 8	Leyte
271	MAO-ADAMS ILOCOS NORTE 1	Ilocos Norte
272	MAO-AGLIPAY QUIRINO	Quirino
273	MAO-AGNO PANGASINAN 1	Pangasinan
274	MAO-AGOO LA UNION 1	La Union
275	MAO-AGUAS	Occidental Mindoro
276	MAO-AGUILAR PANGASINAN 1	Pangasinan
277	MAO-AJUY ILOILO 6	Iloilo
278	MAO-ALACAPAN CAGAYAN 2	Cagayan
279	MAO-ALAMADA NORTH COTABATO 12	North Cotabato
280	MAO-ALAMINOS PANGASINAN 1	Pangasinan
281	MAO-ALANG ALANG LEYTE 8	Leyte
282	MAO-ALBUERA LEYTE 8	Leyte
283	MAO-ALCALA CAGAYAN 2	Cagayan
284	MAO-ALCALA PANGASINAN 1	Pangasinan
285	MAO-ALFONSO LISTA IFUGAO CAR	Cordillera Autonomous Region
286	MAO-ALIAGA NUEVA ECIJA 3	Nueva Ecija
287	MAO-ALICIA BOHOL	Bohol
288	MAO-ALICIA ISABELA 2	Isabela
289	MAO-ALICIA ZAMBOANGA SIBUGAY 9	Zamboanga Sibugay
290	MAO-ALILEM ILOCOS SUR 1	Ilocos Sur
291	MAO-ALLEN NORTHERN SAMAR 8	Northern Samar
292	MAO-AMULUNG CAGAYAN 2	Cagayan
293	MAO-ANAO TARLAC 3	Tarlac
294	MAO-ANDA PANGASINAN 1	Pangasinan
295	MAO-ANGADANAN ISABELA 2	Isabela
296	MAO-ANGAT BULACAN 3	Bulacan
297	MAO-ANILAO ILO-ILO 6	Ilo-Ilo
298	MAO-ANTIPAS NORTH COTABATO 12	North Cotabato
299	MAO-APARRI CAGAYAN 2	Cagayan
300	MAO-ARINGAY LA UNION 1	La Union
301	MAO-AROROY MASBATE 5	Masbate
302	MAO-ASINGAN PANGASINAN 1	Pangasinan
303	MAO-ASUNCION DAVAO DEL NORTE 11	DAVAO DEL NORTE
304	MAO-AURORA ISABELA 2	Isabela
305	MAO-AURORA ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
306	MAO-B. SOLIVEN ISABELA 2	Isabela
307	MAO-BAAO CAMARINES SUR 5	Camarines Sur
308	MAO-BABATNGON LEYTE 8	Leyte

309	MAO-BACARRA ILOCOS NORTE 1	Ilocos Norte
310	MAO-BACAUAG SURIGAO DEL NORTE 13	Surigao Del Norte
311	MAO-BACNOTAN LA UNION 1	La Union
312	MAO-BACO ORIENTAL MINDORO 4B	Oriental Mindoro
313	MAO-BADOC ILOCOS NORTE 1	Ilocos Norte
314	MAO-BAGABAG NUEVA VIZCAYA 2	Nueva Vizcaya
315	MAO-BAGAC BATAAN 3	Bataan
316	MAO-BAGO BAGO CITY NEGROS OCCIDENTA	Bago City, Negros Occidental
317	MAO-BAGONG SILANG PMP COOPERATIVE N	Nueva Ecija
318	MAO-BAGULIN LA UNION 1	La Union
319	MAO-BAGUMBAYAN SULTAN KUDARAT 12	Sultan Kudarat
320	MAO-BALAGTAS	Bulacan
321	MAO-BALAGTAS BULACAN 3	Bulacan
322	MAO-BALANGA BATAAN 3	Bataan
323	MAO-BALANGKAYAN EASTERN SAMAR 8	Eastern Samar
324	MAO-BALAOAN LA UNION 1	La Union
325	MAO-BALDERAS, JOSEPH	Occidental Mindoro
326	MAO-BALER AURORA 3	Aurora
327	MAO-BALILIHAN R7	Bohol
328	MAO-BALINGASAG MISAMIS ORIENTAL 10	Misamis Oriental
329	MAO-BALIWAG	Bulacan
330	MAO-BALIWAG BULACAN 3	Bulacan
331	MAO-BALLESTEROS CAGAYAN 2	Cagayan
332	MAO-BALUNGAO PANGASINAN 1	Pangasinan
333	MAO-BAMBAN TARLAC 3	Tarlac
334	MAO-BAMBANG NUEVA VIZCAYA 2	Nueva Vizcaya
335	MAO-BANATE ILO-ILO 6	Ilo-Ilo
336	MAO-BANAYOYO ILOCOS SUR 1	Ilocos Sur
337	MAO-BANGA SOUTH COTABATO 12	South Cotabato
338	MAO-BANGABANGA DAVAO ORIENTAL XI	Bangabanga Davao Oriental
339	MAO-BANGAR LA UNION 1	La Union
340	MAO-BANGUED ABRA CAR	Abra
341	MAO-BANGUI ILOCOS NORTE 1	Ilocos Norte
342	MAO-BANI PANGASINAN 1	Pangasinan
343	MAO-BANNA ILOCOS NORTE 1	Ilocos Norte
344	MAO-BANSALAN DAVAO DEL SUR 11	Davao Del Sur
345	MAO-BANSUD ORIENTAL MINDORO 4B	Oriental Mindoro
346	MAO-BANTAY ILOCOS SUR 1	Ilocos Sur
347	MAO-BARBAZA ANTIQUE 6	Antique
348	MAO-BARCELONA SORSOGON 5	Sorsogon
349	MAO-BARCENAGA ORIENTAL MINDORO 4B	Oriental Mindoro 4B
350	MAO-BAROTAC NUEVO ILO-ILO 6	Ilo-Ilo
351	MAO-BAROTAC VIEJO ILO-ILO 6	Ilo-Ilo

352	MAO-BARUGO LEYTE 8	Leyte
353	MAO-BASEY WESTERN SAMAR LEYTE 8	Western Samar Leyte
354	MAO-BASISTA PANGASINAN 1	Pangasinan
355	MAO-BATAC ILOCOS NORTE 1	Ilocos Norte
356	MAO-BATARAZA PALAWAN IV-B	Bataraza, Palawan
357	MAO-BATO LEYTE 8	Leyte
358	MAO-BATUAN BOHOL 7	Bohol
359	MAO-BAUANG LA UNION 1	La Union
360	MAO-BAUTISTA PANGASINAN 1	Pangasinan
361	MAO-BAYAMBANG PANGASINAN 1	Pangasinan
362	MAO-BAYBAY LEYTE 8	Leyte
363	MAO-BAYUGAN AGUSAN	Agusan Del Sur
364	MAO-BIEN UNIDO BOHOL 7	Bohol
365	MAO-BINALONAN PANGASINAN 1	Pangasinan
366	MAO-BINMALEY PANGASINAN 1	Pangasinan
367	MAO-BISLIG SURIGAO DEL SUR 13	Surigao Del Sur
368	MAO-BOCAUE BULACAN 3	Bulacan
369	MAO-BOLINAO PANGASINAN 1	Pangasinan
370	MAO-BOMBON CAMARINES SUR 5	Camarines Sur
371	MAO-BONGABON NUEVA ECIJA 3	Nueva Ecija
372	MAO-BONGABONG ORIENTAL MINDORO 4B	Oriental Mindoro
373	MAO-BONIFACIO MISAMIS OCCIDENTAL 10	Misamis Occidental
374	MAO-BORONGAN EASTERN SAMAR 8	Eastern Samar
375	MAO-BOTOLAN ZAMBALES 3	Zambales
376	MAO-BUENAVISTA R07	Bohol
377	MAO-BUENAVISTA R13	Agusan Del Norte
378	MAO-BUGALLON PANGASINAN 1	Pangasinan
379	MAO-BUGALLON PANGASINAN 1	PANGASINAN
380	MAO-BUGASONG ANTIQUE 6	Antique
381	MAO-BUGUEY CAGAYAN 2	Cagayan
382	MAO-BUHI CAMARINES SUR 5	Camarines Sur
383	MAO-BULA CAMARINES SUR 5	Camarines Sur
384	MAO-BULACAN BULACAN 3	Bulacan
385	MAO-BULALACAO ORIENTAL MINDORO 4B	Oriental Mindoro
386	MAO-BULAN SORSOGON 5	Sorsogon
387	MAO-BUNAWAN AGUSAN	Agusan Del Sur
388	MAO-BUOG ZAMBOANGA SIBUGAY 9	Zamboanga Sibugay
389	MAO-BURAUEN LEYTE 8	Leyte
390	MAO-BURGOS	PANGASINAN
391	MAO-BURGOS ILOCOS NORTE 1	Ilocos Norte
392	MAO-BURGOS ILOCOS SUR 1	Ilocos Sur
393	MAO-BURGOS ISABELA 2	Isabela
394	MAO-BURGOS LA UNION 1	La Union
395	MAO-BURGOS PANGASINAN 1	Pangasinan
396	MAO-BUSTOS BULACAN 3	Bulacan

397	MAO-BUTUAN AGUSAN DEL	Agusan Del Norte
398	MAO-CABA LA UNION 1	La Union
399	MAO-CABADBARAN AGUSAN DEL	Agusan Del Norte
400	MAO-CABAGAN ISABELA 2	Isabela
401	MAO-CABANATUAN NUEVA ECIJA 3	Nueva Ecija
402	MAO-CABANGAN ZAMBALES 3	Zambales
403	MAO-CABANGLASAN BUKIDNON 10	Bukidnon
404	MAO-CABARROGUIS QUIRINO 2	Quirino
405	MAO-CABATUAN ILO-ILO 6	Ilo-Ilo
406	MAO-CABATUAN ISABELA 2	Isabela
407	MAO-CABIAO NUEVA ECIJA 3	Nueva Ecija
408	MAO-CABUGAO ILOCOS SUR 1	Ilocos Sur
409	MAO-CAGAYAN DE ORO MISAMIS ORIENTAL	Misamis Oriental
410	MAO-CAGWAIT SURIGAO DEL SUR 13	Surigao Del Sur
411	MAO-CALABANGA CAMARINES SUR 5	Camarines Sur
412	MAO-CALAPAN ORIENTAL MINDORO 4B	Oriental Mindoro
413	MAO-CALAPE BOHOL	Calape, Bohol
414	MAO-CALASIAO PANGASINAN 1	Pangasinan
415	MAO-CALATRAVA	Negros Occidental
416	MAO-CALAYAN CAGAYAN 2	Cagayan
417	MAO-CALBIGA R8	Leyte
418	MAO-CALINOG ILO-ILO 6	Iloilo City
419	MAO-CALINTAAN OCCIDENTAL MINDORO 4C	Occidental Mindoro
420	MAO-CALUMPIT BULACAN 3	Bulacan
421	MAO-CAMALIG ALBAY 5	Albay
422	MAO-CAMALIGAN CAMARINES SUR 5	Camarines Sur
423	MAO-CAMILING TARLAC 3	Tarlac
424	MAO-CANAMAN CAMARINES SUR 5	Camarines Sur
425	MAO-CANTILAN SURIGAO DEL SUR 13	Surigao Del Sur
426	MAO-CAOAYAN ILOCOS SUR 1	Ilocos Sur
427	MAO-CAPAS TARLAC 3	Tarlac
428	MAO-CAPOOCAN LEYTE 8	Leyte
429	MAO-CAPUL R8	Northern Samar
430	MAO-CAR	North Luzon
431	MAO-CARASI ILOCOS NORTE 1	Ilocos Norte
432	MAO-CARIGARA LEYTE 8	Leyte
433	MAO-CARLES ILOILO 6	Ilo-Ilo
434	MAO-CARMEN DAVAO DEL NORTE 11	Davao Del Norte
435	MAO-CARMEN NORTH COTABATO 12	North Cotabato
436	MAO-CARMEN R7	Bohol
437	MAO-CARMEN SURIGAO DEL SUR 13	Surigao Del Sur
438	MAO-CARRANGLAN NUEVA ECIJA 3	Nueva Ecija
439	MAO-CARRASCAL SURIGAO DEL SUR 13	Surigao Del Sur
440	MAO-CASIGURAN AURORA 3	Aurora
441	MAO-CASIGURAN SORSOGON 5	Sorsogon

442	MAO-CATBALOGAN EASTERN SAMAR LEYTE	Eastern Samar Leyte
443	MAO-CATIGBIAN BOHOL 7	Bohol
444	MAO-CAUAYAN ISABELA 2	Isabela
445	MAO-CEBU CEBU CITY 7	Cebu City
446	MAO-CERVANTES ILOCOS SUR 1	Ilocos Sur
447	MAO-CLARIN R7	Bohol
448	MAO-CLAVERIA CAGAYAN 2	Cagayan
449	MAO-COLUMBIO SULTAN KUDARAT 12	Sultan Kudarat
450	MAO-CONCEPCION TARLAC 3	Tarlac
451	MAO-CORDON ISABELA 2	Isabela
452	MAO-CORELLA DAVAO DEL NORTE 11	Davao Del Norte
453	MAO-CUARTERO CAPIZ 6	Capiz
454	MAO-CURRIMAO ILOCOS NORTE 1	Ilocos Norte
455	MAO-CUYAPO NUEVA ECIJA 3	Nueva Ecija
456	MAO-DAET CAMARINES NORTE 5	Camarines Norte
457	MAO-DAGAMI LEYTE 8	Leyte
458	MAO-DAGUPAN PANGASINAN 1	Pangasinan
459	MAO-DANGCAGAN BUKIDNON 10	Bukidnon
460	MAO-DANGCAGAN BUKIDNON X	Dangcagan, Bukidnon
461	MAO-DANGLAS ABRA CAR	ABRA
462	MAO-DAO CAPIZ 6	Capiz
463	MAO-DARAGA ALBAY 5	Albay
464	MAO-DASOL PANGASINAN 1	Pangasinan
465	MAO-DATU PAGLAS MAGUINDANAO ARMM	Autonomous Region Of Muslim Mindana
466	MAO-DEL CARMEN SURIGAO DEL NORTE 13	Surigao Del Norte
467	MAO-DEL PILAR ILOCOS SUR 1	Ilocos Sur
468	MAO-DELFIN ALBANO ISABELA 2	Isabela
469	MAO-DIFFUN QUIRINO 2	Quirino
470	MAO-DIGOS DAVAO DEL SUR 11	Davao Del Sur
471	MAO-DILASAG AURORA 3	Aurora
472	MAO-DIMIAO R7	Bohol
473	MAO-DINALUNGAN AURORA 3	Aurora
474	MAO-DINALUPIHAN BATAAN 3	Bataan
475	MAO-DINAS ZAMBO.DEL SUR IX	Dinas Zambo. Del Sur
476	MAO-DINGALAN AURORA 3	Aurora
477	MAO-DINGLE ILO-ILO 6	Ilo-Ilo
478	MAO-DINGRAS ILOCOS NORTE 1	Ilocos Norte
479	MAO-DIPACULAO AURORA 3	Aurora
480	MAO-DIPLAHAN ZAMBOANGA SIBUGAY 9	Zamboanga Sibugay
481	MAO-DIPOLOG ZAMBOANGA DEL NORTE 9	Zamboanga Del Norte
482	MAO-DOLORES R8	Samar
483	MAO-DON CARLOS BUKIDNON 10	Bukidnon
484	MAO-DOÑA REMEDIOS TRINIDAD BULACAN	Bulacan
485	MAO-DUERO BOHOL 7	Bohol

486	MAO-DUJALI DAVAO DEL NORTE 11	Davao Del Norte
487	MAO-DULAG LEYTE 8	Leyte
488	MAO-DUMAGUETE, NEGROS ORRIENTAL 7	Negros Oriental
489	MAO-DUMALAG CAPIZ 6	Capiz
490	MAO-DUMALINAO ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
491	MAO-DUMALNEG ILOCOS NORTE 1	Ilocos Norte
492	MAO-DUMANGAS ILO-ILO 6	Ilo-Ilo
493	MAO-DUMARAN PALAWAN IV-B	Dumaran, Palawan
494	MAO-DUMINGAG ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
495	MAO-DUPAX SUR NUEVA VISCAYA 2	Nueva Vizcaya
496	MAO-ECHAGUE ISABELA 2	Isabela
497	MAO-ENRILE CAGAYAN 2	Cagayan
498	MAO-ESPAÑOLA PALAWAN 4B	Palawan
499	MAO-ESPERANZA AGUSAN	Agusan Del Sur
500	MAO-ESPERANZA SULTAN KUDARAT 12	Sultan Kudarat

501	MAO-FLORA APAYAO CAR	Apayao
502	MAO-GABALDON NUEVA ECIJA 3	Nueva Ecija
503	MAO-GALIMUYOD ILOCOS SUR 1	Ilocos Sur
504	MAO-GAMU ISABELA 2	Isabela
505	MAO-GANDARA WESTERN SAMAR 8	Western Samar
506	MAO-GAPAN NUEVA ECIJA 3	Nueva Ecija
507	MAO-GARCIA HERNANDEZ R7	Bohol
508	MAO-GATTARAN CAGAYAN 2	Cagayan
509	MAO-GEN. NATIVIDAD NUEVA ECIJA 3	Nueva Ecija
510	MAO-GENERAL SANTOS CITY 12	General Santos City
511	MAO-GENERAL TINIO NUEVA ECIJA 3	Nueva Ecija
512	MAO-GERONA TARLAC 3	Tarlac
513	MAO-GLORIA ORIENTAL MINDORO 4B	Oriental Mindoro
514	MAO-GONZAGA CAGAYAN 2	Cagayan
515	MAO-GUIGUINTO BULACAN 3	Bulacan
516	MAO-GUIMBA NUEVA ECIJA 3	Nueva Ecija
517	MAO-GUINDULMAN	Bohol
518	MAO-GUINOBATAN ALBAY 5	Albay
519	MAO-GUIPOS ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
520	MAO-GUIWAN ZAMBOANGA CITY 9	Zamboanga City
521	MAO-HAGONOY BULACAN 3	Bulacan
522	MAO-HAGONOY DAVAO DEL SUR 11	Davao Del Sur
523	MAO-HERMOSA BATAAN 3	Bataan
524	MAO-HILONGOS LEYTE 8	Leyte
525	MAO-HINDANG LEYTE 8	Leyte
526	MAO-HINDANG LEYTE 8	Leyte
527	MAO-HINOBA-AN NEGROS OCCIDENTAL 6	Negros Occidental
528	MAO-HINUNANGAN SOUTHERN LEYTE 8	Southern Leyte
529	MAO-HINUNDAYAN SOUTHERN LEYTE 8	Southern Leyte

530	MAO-IBA ZAMBALES 3	Zambales
531	MAO-IGUIG CAGAYAN 2	Cagayan
532	MAO-ILAGAN ISABELA 2	Isabela
533	MAO-IMELDA ZAMBOANGA SIBUGAY 9	Zamboanga, Sibugay
534	MAO-IMPASUG-ONG BUKIDNON 10	Bukidnon
535	MAO-INFANTA PANGASINAN 1	Pangasinan
536	MAO-IPIL ZAMBOANGA SIBUGAY 9	Zamboanga Sibugay
537	MAO-IRIGA CAMARINES SUR 5	Camarines Sur
538	MAO-ISULAN SOUTH COTABATO 12	South Cotabato 12
539	MAO-ISULAN SULTAN KUDARAT XII	Sultan Kudarat
540	MAO-ITOGON BENGUET CAR	Benguet
541	MAO-JAEN NUEVA ECIJA 3	Nueva Ecija
542	MAO-JAMINDA CAPIZ 6	Capiz
543	MAO-JANIUAY ILO-ILO 6	Ilo-Ilo
544	MAO-JARO LEYTE 8	Leyte
545	MAO-JAVIER LEYTE 8	Leyte
546	MAO-JOSE PANGANIBAN	Camarines Norte
547	MAO-JUBAN SORSOGON 5	Sorsogon
548	MAO-JULITA	LEYTE
549	MAO-JULITA LEYTE 8	Leyte
550	MAO-KABAKAN NORTH COTABATO 12	North Cotabato
551	MAO-KABANKALAN NEGROS OCCIDENTAL 6	Negros Occidental
552	MAO-KABASALAN ZAMBO.SIBUGAY 9	Zamboanga Sibugay
553	MAO-KADINGILAN BUKIDNON 10	Bukidnon
554	MAO-KALAMANSIG SULTAN KUDARAT 12	Sultan Kudarat
555	MAO-KALIBO AKLAN 6	Aklan
556	MAO-KALILANGAN BUKIDNON 10	Bukidnon
557	MAO-KANANGA LEYTE 8	Leyte
558	MAO-KAPALONG DAVAO DEL NORTE 11	Davao Del Norte
559	MAO-KAPATAGAN LANA DEL NORTE 10	Lanao Del Norte
560	MAO-KAWAYAN BILIRAN	Kawayan, Biliran
561	MAO-KIAMBA	Kiamba, Sultan Kudarat
562	MAO-KIANGAN IFUGAO CAR	Cordillera Autonomous Region
563	MAO-KIBAWA BUKIDNON 10	Bukidnon
564	MAO-KIBLAWAN DAVAO DEL SUR 11	Davao Del Sur
565	MAO-KIDAPAWAN NORTH COTABATO 12	North Cotabato
566	MAO-KORONADAL SOUTH COT.XII	koronadal South Cot.
567	MAO-KORONADAL SOUTH COTABATO 12	South Cotabato
568	MAO-LA PAZ LEYTE 8	Leyte
569	MAO-LA TRINIDAD BENGUET CAR	Benguet
570	MAO-LABASON ZAMBOANGA DEL NORTE	Zamboanga Del Norte
571	MAO-LABO CAMARINES NORTE 5	Camarines Norte
572	MAO-LABRADOR PANGASINAN 1	Pangasinan
573	MAO-LALA LANA DEL NORTE 10	Lanao Del Norte
574	MAO-LALLO CAGAYAN 2	Cagayan

575	MAO-LAMBAYONG SULTAN KUDARAT 12	Sultan Kudarat
576	MAO-LAMBUNAO ILO-ILO 6	Iloilo City
577	MAO-LANTAPAN BUKIDNON 10	Bukidnon
578	MAO-LAOAC PANGASINAN 1	Pangasinan
579	MAO-LAOAG ILOCOS NORTE 1	Ilocos Norte
580	MAO-LAPAZ TARLAC 3	Tarlac
581	MAO-LAS NIEVES AGUSAN	Agusan Del Norte
582	MAO-LASAM CAGAYAN 2	Cagayan
583	MAO-LAUR NUEVA ECIJA 3	Nueva Ecija
584	MAO-LAVEZARES NORTHERN SAMAR 8	Northern Samar
585	MAO-LEBAK SULTAN KUDARAT 12	Sultan Kudarat
586	MAO-LEGANES ILO-ILO 6	Ilo-Ilo
587	MAO-LEGASPI ALBAY 5	Albay
588	MAO-LEGASPI ALBAY 5	Albay
589	MAO-LEMERY ILO-ILO 6	Ilo-Ilo
590	MAO-LEYTE LEYTE 8	Leyte
591	MAO-LIAN BATANGAS 4A	Batangas
592	MAO-LIBAGON SOUTHERN LEYTE 8	Southern Leyte
593	MAO-LIBMANAN CAMARINES SUR 5	Camarines Sur
594	MAO-LIBON ALBAY 5	Albay
595	MAO-LIBUNGAN NORTH COTABATO 12	North Cotabato
596	MAO-LICAB NUEVA ECIJA 3	Nueva Ecija
597	MAO-LIDLIDDA ILOCOS SUR 1	Ilocos Sur
598	MAO-LILA R7	Bohol
599	MAO-LILOAN SOUTHERN LEYTE 8	Southern Leyte
600	MAO-LIMAY BATAAN 3	Bataan
601	MAO-LINGAYEN PANGASINAN 1	Pangasinan
602	MAO-LLANERA NUEVA ECIJA 3	Nueva Ecija
603	MAO-LOBO BATANGAS 4A	Batangas
604	MAO-LOBOC R7	Bohol
605	MAO-LUBANG OCCIDENTAL MINDORO 4C	Occidental Mindoro
606	MAO-LUCENA ILO-ILO 6	Ilo-Ilo
607	MAO-LUNA APAYAO CAR	Apayao
608	MAO-LUNA ISABELA 2	Isabela
609	MAO-LUNA LA UNION	LA UNION
610	MAO-LUNA LA UNION 1	La Union
611	MAO-LUPAO NUEVA ECIJA 3	Nueva Ecija
612	MAO-LUTAYAN SULTAN KUDARAT 12	Sultan Kudarat
613	MAO-MAAYON CAPIZ 6	Capiz
614	MAO-MABINI PANGASINAN 1	Pangasinan
615	MAO-MACROHON SOUTHERN LEYTE 8	Southern Leyte
616	MAO-MADDELA QUIRINO	Quirino
617	MAO-MADRID SURIGAO DEL SUR 13	Surigao Del Sur
618	MAO-MAGALLANES AGUSAN DEL N.XIII	Magallanes Agusan Del Norte
619	MAO-MAGARAO CAMARINES SUR 5	Camarines Sur

620	MAO-MAGDALENA LAGUNA	Laguna
621	MAO-MAGSAYSAY DAVAO DEL SUR 11	Davao Del Sur
622	MAO-MAGSAYSAY OCCIDENTAL MINDORO 4C	Occidental Mindoro
623	MAO-MAGSAYSAY ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
624	MAO-MAGSINGAL ILOCOS SUR 1	Ilocos Sur
625	MAO-MAHAYAG ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
626	MAO-MAKILALA NORTH COTABATO 12	North Cotabato
627	MAO-MALANGAS ZAMBOANGA SIBUGAY 9	Zamboanga Sibugay
628	MAO-MALASIQUI PANGASINAN 1	Pangasinan
629	MAO-MALASIQUI PANGASINAN 1	PANGASINAN
630	MAO-MALAYBALAY CITY BUKIDNON 10	Bukidnon
631	MAO-MALITBOG SOUTHERN LEYTE 8	Southern Leyte
632	MAO-MALLIG ISABELA 2	Isabela
633	MAO-MALOLOS BULACAN 3	Bulacan
634	MAO-MAMBURAO OCCI. MIN. 4C	Occidental Mindoro
635	MAO-MAMBUSAO CAPIZ 6	Capiz
636	MAO-MANABO ABRA CAR	Cordillera Autonomous Region
637	MAO-MANAOAG PANGASINAN 1	Pangasinan
638	MAO-MANGALDAN PANGASINAN 1	Pangasinan
639	MAO-MANGATAREM PANGASINAN 1	Pangasinan
640	MAO-MANSALAY	Oriental Mondoro
641	MAO-MAPANDAN PANGASINAN 1	Pangasinan
642	MAO-MARAMAG BUKIDNON 10	Bukidnon
643	MAO-MARBEL SOUTH COTABATO 12	South Cotabato
644	MAO-MARBEL SOUTH COTABATO 12	SOUTH COTABATO
645	MAO-MARCOS ILOCOS NORTE 1	Ilocos Norte
646	MAO-MARIA AURORA AURORA 3	Aurora
647	MAO-MARILAO BULACAN 3	Bulacan
648	MAO-MARIVELES BATAAN 3	Bataan
649	MAO-MASBATE CITY MASBATE 5	Masbate
650	MAO-MASINLOC ZAMBALES 3	Zambales
651	MAO-MATAG-OB LEYTE 8	Leyte
652	MAO-MATALAM NORTH COTABATO 12	North Cotabato
653	MAO-MATALOM	LEYTE
654	MAO-MATALOM LEYTE 8	Leyte
655	MAO-MATANAO DAVAO DEL SUR 11	Davao Del Sur
656	MAO-MAYANTOC TARLAC 3	Tarlac
657	MAO-MAYDOLONG EASTERN SAMAR 8	Eastern Samar
658	MAO-MC ARTHUR LEYTE 8	Leyte
659	MAO-MERCEDES CAMARINES NORTE 5	Camarines Norte
660	MAO-MEYCAUJAYAN BULACAN 3	Bulacan
661	MAO-MIDSALIP ZAMBO DEL SUR 9	Zamboanga Del Sur
662	MAO-MIDSAYAP NORTH COTABATO 12	North Cotabato
663	MAO-MIDSAYAP ZAMBO DEL SUR IX	Midsayap Zambo.Del Sur

664	MAO-MIDSAYAP ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
665	MAO-MILAOR CAMARINES SUR 5	Camarines Sur
666	MAO-MINA ILO-ILO 6	Ilo-Ilo
667	MAO-MINALABAC CAMARINES SUR 5	Camarines Sur
668	MAO-MLANG NORTH COTABATO 12	North Cotabato
669	MAO-MOLAVE ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
670	MAO-MONDRAGON R8	Northern Samar
671	MAO-MONKAYO COMVAL 11	Compostela Valley
672	MAO-MORONG BATAAN 3	Bataan
673	MAO-MUÑOZ NUEVA ECIJA 3	Nueva Ecija
674	MAO-NAGBUKEL ILOCOS SUR 1	Ilocos Sur
675	MAO-NAGTIPUNAN QUIRINO 2	Quirino
676	MAO-NAGUILIAN LA UNION 1	La Union
677	MAO-NAGUILLAN ISABELA 2	Isabela
678	MAO-NAMPICUAN NUEVA ECIJA 3	Nueva Ecija
679	MAO-NARVACAN ILOCOS SUR 1	Ilocos Sur
680	MAO-NASUGBO BATANGAS 4A	Batangas
681	MAO-NATIVIDAD PANGASINAN 1	Pangasinan
682	MAO-NAUJAN ORIENTAL MINDORO 4B	Oriental Mindoro
683	MAO-NORALA SOUTH COT 12	South Cotabato
684	MAO-NORZAGARAY BULACAN 3	Bulacan
685	MAO-NUEVA ERA ILOCOS NORTE 1	Ilocos Norte
686	MAO-NURO UPI MAGUINDANAO ARMM	Maguindanao
687	MAO-OAS ALBAY 5	Albay
688	MAO-OCAMPO Camarines Sur5	Camarines Sur
689	MAO-OPOL MISAMIS ORIENTAL	Opol, Misamis Oriental
690	MAO-ORANI BATAAN 3	Bataan
691	MAO-ORANI BATAAN III	Orani Bataan
692	MAO-ORION BATAAN 3	Bataan
693	MAO-ORMOC CITY LEYTE 8	Leyte
694	MAO-OROQUETA CITY MISAMIS OCCIDENTA	Misamis Occidental
695	MAO-OTON ILO-ILO 6	Ilo-Ilo
696	MAO-OZAMIS CITY MISAMIS OCCIDENTAL	Misamis Occidental
697	MAO-PADADA DAVAO DEL SUR 11	Davao Del Sur
698	MAO-PADRE GARCIA BATANGAS 4A	Batangas
699	MAO-PADRE GARCIA BATANGAS 4A	Batangas
700	MAO-PAETE LAGUNA	Laguna
701	MAO-PAGADIAN ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
702	MAO-PAGUDPUD ILOCOS NORTE 1	Ilocos Norte
703	MAO-PALAUIG ZAMBALES 3	Zambales
704	MAO-PALAYAN NUEVA ECIJA 3	Nueva Ecija
705	MAO-PALEMBANG SULTAN KUDARAT 12	Sultan Kudarat
706	MAO-PALO LEYTE 8	Leyte
707	MAO-PAMPLONA CAGAYAN 2	Cagayan
708	MAO-PAMPLONA CAMARINES SUR 5	Camarines Sur

709	MAO-PANABO DAVAO DEL NORTE 11	Davao Del Norte
710	MAO-PANAY CAPIZ 6	Capiz
711	MAO-PANDI BULACAN 3	Bulacan
712	MAO-PANGANTUKAN BUKIDNON 10	Bukidnon
713	MAO-PANIQUEI TARLAC 3	Tarlac
714	MAO-PANIT-AN CAPIZ 6	Capiz
715	MAO-PANTABANGAN NUEVA ECIJA 3	Nueva Ecija
716	MAO-PAOAY ILOCOS NORTE 1	Ilocos Norte
717	MAO-PASSI ILO-ILO 6	Ilo-Ilo
718	MAO-PASTRANA LEYTE 8	Leyte
719	MAO-PASUQUIN ILOCOS NORTE 1	Ilocos Norte
720	MAO-PATOLAN ZAMBOANGA CITY 9	Zamboanga City
721	MAO-PAVIA ILO-ILO 6	Ilo-Ilo
722	MAO-PAYAO ZAMBOANGA 9	Zamboanga Sibugay
723	MAO-PEÑABLANCA CAGAYAN 2	Cagayan
724	MAO-PEÑARANDA NUEVA ECIJA 3	Nueva Ecija
725	MAO-PENARRUBIA ABRA CAR	Cordillera Autonomous Region
726	MAO-PIDDIG ILOCOS NORTE 1	Ilocos Norte
727	MAO-PIGKAWAYAN NORTH COTABATO 12	North Cotabato
728	MAO-PILAR ABRA CAR	Cordillera Autonomous Region
729	MAO-PILAR BATAAN 3	Bataan
730	MAO-PILAR BOHOL 7	Bohol
731	MAO-PILI CAMARINES SUR 5	Camarines Sur
732	MAO-PINAMALAYAN ORIENTAL MINDORO 4B	Oriental Mindoro
733	MAO-PINILI ILOCOS NORTE 1	Ilocos Norte
734	MAO-PINTUYAN SOUTHERN LEYTE 8	Southern Leyte
735	MAO-PINUKPOK KALINGA CAR	Kalinga
736	MAO-PLARIDEL BULACAN 3	Bulacan
737	MAO-PLARIDEL MISAMIS OCCIDENTAL 10	Misamis Occidental
738	MAO-POLA ORIENTAL MINDORO 4B	Oriental Mindoro
739	MAO-POLANCO ZAMBOANGA DEL NORTE 9	Zamboanga Del Norte
740	MAO-POLANGUI ALBAY 5	Albay
741	MAO-PONTEVEDRA CAPIZ 6	Capiz
742	MAO-POTOTAN ILO-ILO 6	Ilo-Ilo
743	MAO-POZZORUBIO PANGASINAN 1	Pangasinan
744	MAO-PRES. QUIRINO SULTAN KUDARAT 12	Sultan Kudarat
745	MAO-PROSPERIDAD AGUSAN	Agusan Del Sur
746	MAO-PROSPERIDAD AGUSAN DEL SUR XIII	Prosperidad Agusan Del Sur
747	MAO-PUDTOL APAYAO CAR	Cordillera Autonomous Region
748	MAO-PUGO LA UNION 1	La Union
749	MAO-PULILAN BULACAN 3	Bulacan
750	MAO-PURA TARLAC 3	Tarlac
751	MAO-QUEZON BUKIDNON 10	Bukidnon
752	MAO-QUEZON BUKIDNON X	Quezon, Bukidnon
753	MAO-QUEZON ISABELA 2	Isabela

754	MAO-QUEZON NUEVA ECIJA 3	Nueva Ecija
755	MAO-QUEZON NUEVA VIZCAYA 2	Nueva Vizcaya
756	MAO-QUIRINO ILOCOS SUR 1	Ilocos Sur
757	MAO-QUIRINO ISABELA 2	Isabela
758	MAO-R. MERCEDES ISABELA 2	Isabela
759	MAO-RAMON ISABELA 2	Isabela
760	MAO-REGION VII	Visayas
761	MAO-RIZAL CAGAYAN R2	Cagayan
762	MAO-RIZAL NUEVA ECIJA 3	Nueva Ecija
763	MAO-RIZAL OCCIDENTAL MINDORO 4C	Occidental Mindoro
764	MAO-ROMBLON ROMBLON 4B	Romblon
765	MAO-ROSALES PANGASINAN 1	Pangasinan
766	MAO-ROSARIO AGUSAN	Agusan Del Sur
767	MAO-ROSARIO LA UNION 1	La Union
768	MAO-ROXAS CITY CAPIZ 6	Capiz
769	MAO-ROXAS ISABELA 2	Isabela
770	MAO-ROXAS NORTH COTABATO 12	North Cotabato
771	MAO-ROXAS ORIENTAL MINDORO 4B	Oriental Mindoro
772	MAO-ROXAS PALAWAN IV-B	Roxas, Palawan
773	MAO-RT LIM ZAMBO SIBUGAY 9	Zamboanga Sibugay
774	MAO-RTR AGUSAN DEL	Agusan Del Norte
775	MAO-SABLAN BENGUET CAR	Cordillera Autonomous Region
776	MAO-SABLAN LA UNION 1	La Union
777	MAO-SABLAYAN	OCCIDENTAL MINDORO
778	MAO-SABLAYAN OCCIDENTAL MINDORO 4C	Occidental Mindoro
779	MAO-SAGAY CAMIGUIN 10	Camiguin
780	MAO-SAGBAYAN R7	Bohol
781	MAO-SAGÑAY CAMARINES SUR 5	Camarines Sur
782	MAO-SAGUDAY QUIRINO 2	Quirino
783	MAO-SALCEDO ILOCOS SUR 1	Ilocos Sur
784	MAO-SALVA ISABELA 2	Isabela
785	MAO-SAMAL BATAAN 3	Bataan
786	MAO-SAN ANTONIO NUEVA ECIJA 3	Nueva Ecija
787	MAO-SAN ANTONIO ZAMBALES 3	Zambales
788	MAO-SAN CARLOS PANGASINAN 1	Pangasinan
789	MAO-SAN CLIMENTE TARLAC 3	Tarlac
790	MAO-SAN DIONISIO ILO-ILO 6	Ilo-Ilo
791	MAO-SAN EMILIO ILOCOS SUR 1	Ilocos Sur
792	MAO-SAN ENRIQUE ILO-ILO 6	Ilo-Ilo
793	MAO-SAN ENRIQUE NEGROS OCCIDENTAL 6	Negros Occidental
794	MAO-SAN ESTEBAN ILOCOS SUR 1	Ilocos Sur
795	MAO-SAN FABIAN PANGASINAN 1	Pangasinan
796	MAO-SAN FELIPE ZAMBALES 3	Zambales
797	MAO-SAN FERNANDO BUKIDNON 10	Bukidnon
798	MAO-SAN FERNANDO CAMARINES SUR 5	Camarines Sur

799	MAO-SAN FERNANDO MASBATE 5	Masbate
800	MAO-SAN FRANCISCO AGUSAN	Agusan Del Sur
801	MAO-SAN FRANCISCO SOUTHERN LEYTE 8	Southern Leyte
802	MAO-SAN GABRIEL LA UNION 1	La Union
803	MAO-SAN GUILLERMO ISABELA 2	Isabela
804	MAO-SAN ILDEFONSO BULACAN 3	Bulacan
805	MAO-SAN ILDEFONSO BULACAN 3	Bulacan
806	MAO-SAN ILDEFONSO ILOCOS SUR 1	Ilocos Sur
807	MAO-SAN ISIDRO DAVAO DEL NORTE 11	Davao Del Norte
808	MAO-SAN ISIDRO ISABELA 2	Isabela
809	MAO-SAN ISIDRO NUEVA ECIJA 3	Nueva Ecija
810	MAO-SAN ISIDRO SURIGAO DEL NORTE 13	Surigao Del Norte
811	MAO-SAN JACINTO PANGASINAN 1	Pangasinan
812	MAO-SAN JOSE ANTIQUE 6	Antique
813	MAO-SAN JOSE DEL MONTE BULACAN 3	Bulacan
814	MAO-SAN JOSE NUEVA ECIJA 3	Nueva Ecija
815	MAO-SAN JOSE OCCIDENTAL MINDORO 4C	Occidental Mindoro
816	MAO-SAN JOSE TARLAC 3	Tarlac
817	MAO-SAN JUAN	LA UNION
818	MAO-SAN JUAN ILOCOS SUR 1	Ilocos Sur
819	MAO-SAN JUAN LA UNION 1	La Union
820	MAO-SAN JUAN SOUTHERN LEYTE 8	Southern Leyte
821	MAO-SAN LEONARDO NUEVA ECIJA 3	Nueva Ecija
822	MAO-SAN LUIS AURORA 3	Aurora
823	MAO-SAN MANUEL ISABELA 2	Isabela
824	MAO-SAN MANUEL PANGASINAN 1	Pangasinan
825	MAO-SAN MANUEL TARLAC 3	Tarlac
826	MAO-SAN MARCELINO ZAMBALES 3	Zambales
827	MAO-SAN MARIANO ISABELA 2	Isabela
828	MAO-SAN MATEO ISABELA 2	Isabela
829	MAO-SAN MIGUEL BOHOL 7	Bohol
830	MAO-SAN MIGUEL BULACAN 3	Bulacan
831	MAO-SAN MIGUEL CATANDUANES 5	Catanduanes
832	MAO-SAN MIGUEL ILO-ILO 6	Ilo-Ilo
833	MAO-SAN MIGUEL LEYTE 8	Leyte
834	MAO-SAN MIGUEL R13	Surigao Del Norte
835	MAO-SAN MIGUEL SURIGAO DEL SUR 13	Surigao Del Sur
836	MAO-SAN MIGUEL ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
837	MAO-SAN NARCISO ZAMBALES 3	Zambales
838	MAO-SAN NICOLAS ILOCOS NORTE 1	Ilocos Norte
839	MAO-SAN NICOLAS PANGASINAN 1	Pangasinan
840	MAO-SAN PABLO ISABELA 2	Isabela
841	MAO-SAN PABLO ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
842	MAO-SAN QUINTIN PANGASINAN 1	Pangasinan
843	MAO-SAN RAFAEL BULACAN 3	Bulacan

844	MAO-SAN RAFAEL ILOILO 6	Iloilo City
845	MAO-SAN TEODORO ORIENTAL MINDORO 4B	Oriental Mindoro
846	MAO-SAN VICENTE ILOCOS SUR 1	Ilocos Sur
847	MAO-SAN VICENTE PALAWAN IV-B	San Vicente, Palawan
848	MAO-SANCHEZ MIRA CAGAYAN 2	Cagayan
849	MAO-SANTA ELENA CAMARINES NORTE 5	Camarines Norte
850	MAO-SANTA ILOCOS SUR 1	Ilocos Sur
851	MAO-SANTIAGO ILOCOS SUR 1	Ilocos Sur
852	MAO-SANTIAGO ISABELA 2	Isabela
853	MAO-SANTOL	LA UNION
854	MAO-SANTOL LA UNION 1	La Union
855	MAO-SARA ILOILO 6	Iloilo City
856	MAO-SARRAT ILOCOS NORTE 1	Ilocos Norte
857	MAO-SIAY ZAMBOANGA SIBUGAY 9	Zamboanga Sibugay
858	MAO-SIBALOM ANTIQUE 6	Ilo-Ilo
859	MAO-Sierra Bullonies R7	Bohol
860	MAO-SIGAY ILOCOS SUR 1	Ilocos Sur
861	MAO-SIGMA CAPIZ 6	Capiz
862	MAO-SIKATUNA BOHOL 7	Sikatuna, Bohol
863	MAO-SILAGO	SOUTHERN LEYTE
864	MAO-SILAGO SOUTHERN LEYTE 8	Southern Leyte
865	MAO-SINAIT ILOCOS SUR 1	Ilocos Sur
866	MAO-SINILOAN LAGUNA	Laguna
867	MAO-SIPALAY NEGROS OCCIDENTAL 6	Negros Occidental
868	MAO-SIPOCOT CAMARINES SUR 5	Camarines Sur
869	MAO-SISON PANGASINAN 1	Pangasinan
870	MAO-SN ISIDRO ABRA CAR	Sn Isidro abra
871	MAO-SOCORRO ORIENTAL MINDORO 4B	Oriental Mindoro
872	MAO-SOGOD SOUTHERN LEYTE 8	Southern Leyte
873	MAO-SOLANA CAGAYAN 2	Cagayan
874	MAO-SOLANO NUEVA VIZCAYA 2	Nueva Vizcaya
875	MAO-SOLANO NUEVA VIZCAYA II	Solano, Nueva Vizcaya
876	MAO-SOLINERY ABRA CAR	Abra
877	MAO-SOLSONA ILOCOS NORTE 1	Ilocos Norte
878	MAO-SOMIMOT ZAMBO DEL SUR 9	Zamboanga Del Sur
879	MAO-SORSOGON CITY SORSOGON 5	Sorsogon
880	MAO-ST MARCELA APAYAO CAR	St Marcela Apayao
881	MAO-ST. BERNARD SOUTHERN LEYTE 8	Southern Leyte
882	MAO-STA. ANA CAGAYAN 2	Cagayan
883	MAO-STA. BARBARA ILO-ILO 6	Ilo-Ilo
884	MAO-STA. BARBARA PANGASINAN 1	Pangasinan
885	MAO-STA. CATALINA ILOCOS SUR 1	Ilocos Sur
886	MAO-STA. CRUZ ILOCOS SUR 1	Ilocos Sur
887	MAO-STA. CRUZ OCCIDENTAL MINDORO 4C	Occidental Mindoro

888	MAO-STA. CRUZ ZAMBALES 3	Zambales
889	MAO-STA. FE LEYTE 8	Leyte
890	MAO-STA. FE NUEVA VIZCAYA 2	Nueva Vizcaya
891	MAO-STA. IGNACIA TARLAC 3	Tarlac
892	MAO-STA. IGNACIA TARLAC 3	Tarlac
893	MAO-STA. LUCIA ILOCOS SUR 1	Ilocos Sur
894	MAO-STA. MAGDALENA SORSOGON 5	Sorsogon
895	MAO-STA. MARCELA APAYAO CAR	Apayao
896	MAO-STA. MARIA BULACAN 3	Bulacan
897	MAO-STA. MARIA ILOCOS SUR 1	Ilocos Sur
898	MAO-STA. MARIA ISABELA 2	Isabela
899	MAO-STA. MARIA PANGASINAN 1	Pangasinan
900	MAO-STA. MARIA ZAMBOANGA CITY 9	Zamboanga City
901	MAO-STA. ROSA NUEVA ECIJA 3	Nueva Ecija
902	MAO-STA. TERESITA CAGAYAN 2	Cagayan
903	MAO-STA. BARBARA ILOILO 6	Iloilo City
904	MAO-STA. MARIA LAGUNA	LAGUNA
905	MAO-STO. DOMINGO ILOCOS SUR 1	Ilocos Sur
906	MAO-STO. DOMINGO NUEVA ECIJA 3	Nueva Ecija
907	MAO-STO. NIÑO SOUTH COTABATO 12	South Cotabato
908	MAO-STO. TOMAS DAVAO DEL NORTE 11	Davao Del Norte
909	MAO-STO. TOMAS ISABELA 2	Isabela
910	MAO-STO. TOMAS LA UNION 1	La Union
911	MAO-STO. TOMAS PANGASINAN 1	Pangasinan
912	MAO-SUAL PANGASINAN 1	Pangasinan
913	MAO-SUDIPEN LA UNION 1	La Union
914	MAO-SUGPON ILOCOS SUR 1	Sugpon, Ilocos Sur
915	MAO-SURALLAH SOUTH COT 12	South Cotabato
916	MAO-SUYO ILOCOS SUR 1	Ilocos Sur
917	MAO-TABACO CITY	Albay
918	MAO-TABACO CITY ALBAY 5	Albay
919	MAO-TABON-TABON LEYTE 8	Leyte
920	MAO-TABUK KALINGA APAYAO CAR	Kalinga Apayao
921	MAO-TACLOBAN CITY LEYTE 8	Leyte
922	MAO-TACURONG SULTAN KUDARAT 12	Sultan Kudarat
923	MAO-TAGO SURIGAO DEL SUR 13	Surigao Del Sur
924	MAO-TAGUM DAVAO DEL NORTE 11	Davao Del Norte
925	MAO-TALACOGON AGUS.	Agusan Del Sur
926	MAO-TALavera NUEVA ECIJA 3	Nueva Ecija
927	MAO-TALISAY CAMARINES NORTE 5	Camarines Norte
928	MAO-TALISAYAN ZAMBOANGA CITY 9	Zamboanga City
929	MAO-TALUGTOG NUEVA ECIJA 3	Nueva Ecija
930	MAO-TAMBULIG ZAMBO DEL SUR 9	Zamboanga Del Sur
931	MAO-TAMPILISAN ZAMBOANGA DEL NORTE	Zamboanga Del Norte
932	MAO-TANAUAN LEYTE 8	Leyte

933	MAO-TANAY RIZAL 4A	Rizal
934	MAO-TANUAN LEYTE 8	Leyte
935	MAO-TARLAC CITY TARLAC 3	Tarlac
936	MAO-TAYABAS QUEZON 4A	Quezon
937	MAO-TAYUG PANGASINAN 1	Pangasinan
938	MAO-TIBIAO ANTIQUE 6	Antique
939	MAO-TITAY ZAMBOANGA SIBUGAY 9	Zamboanga Sibugay
940	MAO-TOMAS OPPUS SOUTHERN LEYTE 8	Southern Leyte
941	MAO-TRENTO AGUSAN	Agusan Del Sur
942	MAO-TRINIDAD BOHOL 7	Bohol
943	MAO-TUAO CAGAYAN 2	Cagayan
944	MAO-TUBAO LA UNION 1	La Union
945	MAO-TUBIGON BOHOL 7	Bohol
946	MAO-TUBOD SURIGAO DEL NORTE 13	Surigao Del Norte
947	MAO-TUDELA MISAMIS OCCIDENTAL 10	Misamis Occidental
948	MAO-TUKURAN ZAMBO DEL SUR 9	Zamboanga Del Sur
949	MAO-TULUNAN NORTH COTABATO 12	North Cotabato
950	MAO-TUMAUINI ISABELA 2	Isabela
951	MAO-TUNGA LEYTE 8	Leyte
952	MAO-TUNGAWAN ZAMBOANGA SIBUGAY 9	Zamboanga Sibugay
953	MAO-UBAY BOHOL 7	Bohol
954	MAO-UMINGAN PANGASINAN 1	Pangasinan
955	MAO-URBIZTONDO PANGASINAN 1	Pangasinan
956	MAO-URDANETA PANGASINAN 1	Pangasinan
957	MAO-VALENCIA BOHOL 7	Bohol
958	MAO-VALENCIA CITY BUKIDNON 10	Bukidnon
959	MAO-VICTORIA ORIENTAL MINDORO 4B	Oriental Mindoro
960	MAO-VICTORIA TARLAC 3	Tarlac
961	MAO-VILLA VERDE NUEVA VIZCAYA 2	Nueva Vizcaya
962	MAO-VILLABA LEYTE 8	Leyte
963	MAO-VILLANUEVA MISAMIS ORIENTAL 10	Misamis Oriental
964	MAO-VILLASIS PANGASINAN 1	Pangasinan
965	MAO-VINTAR ILOCOS NORTE 1	Ilocos Norte
966	MAO-VIRAC CATANDUANES 5	Catanduanes
967	MAO-ZAMBOANGA CITY 9	Zamboanga City
968	MAO-ZARAGOZA NUEVA ECIJA 3	Nueva Ecija
969	MAO-ZARAGOZA NUEVA ECIJA 3	Nueva Ecija
970	MAO-ZARRAGA ILO-ILO 6	Ilo-Ilo