Republic of the Philippines
SECURITIES AND EXCHANGE COMMISSION
SEC Bldg. EDSA, Greenhills, Mandaluyong City

OFFICE OF THE GENERAL COUNSEL

19 April 2011

SEC-OGC Opinion No. 11-25
Foreign Ownership Restriction

SAULOG & DE LEON LAW OFFICES
Units 1704 & 1705, 88 Corporate Center
141 Valero Street corner Sedeno Street
Salcedo Village, Makati City

Attention: *Atty. Beverly D. Aguihap*

Atty. Aguihap:

This refers to your letter dated 27 October 2010 requesting opinion on whether **BHI Holdings, Inc.** (the "Company") is subject to any foreign ownership restriction.

As disclosed in your letter and the attached documents, the following are the relevant facts:

There was a finding of discrepancy by the Philippine Stock Exchange (PSE) between the representations made by the Company in its disclosures to the PSE and the information reflected on the PSE's system, as illustrated in the table[1] below:

Foreign Ownership Limit as indicated in the PSE Website	Public Ownership Report as of June 30, 2010	Report submitted regarding Update of Corporate Information on PSE website (Date of Submission)
40%	-	No Restriction (May 27, 2009)

To avoid any confusion regarding the Company's foreign ownership restrictions, PSE required the Company to submit an Opinion from the Commission on whether the Company is subject to such any restriction concerning foreign ownership.

Article II of the Company's Articles of Incorporation reveal that its primary purpose is:

[1] The table illustrating the cited discrepancy is reproduced from the PSE letter to the Company dated 19 October 2010.

"To carry on the business of an investment holding company and for that purpose, to receive, purchase or otherwise acquire an interest in, hold, own, pledge, mortgage, assign, dispose, exchange and generally deal in all kinds of securities including but not limited to shares of stock of corporations, voting trust certificates, bonds, debentures, notes, evidence of indebtedness and other securities or obligations of other corporations or associations, domestic or foreign, including those of the Republic of the Philippines or any of its instrumentalities, without necessarily engaging as stock broker or dealer in securities; acquire, hold, invest in, use, sell, assign, transfer, mortgage, exchange or otherwise dispose of real and personal property of every kind, nature and description; enter into any lawful arrangement for sharing profits with any corporation, association, partnership, person or entity, domestic or foreign, in carrying on or of any business which the corporation is authorized to carry on; or grant concessions, rights or licenses to others to operate, manage or deal with the same; and do any and all things necessary, suitable, convenient, proper or incidental to the accomplishment of the aforesaid purposes."

The above-quoted primary purpose refers to that of a holding company that is considered partially nationalized under Section 8 of Republic Act 7042[2] ("FIA"), as amended by Section 3 of Republic Act 8179 and List B of Executive Order No. 858[3] ("FINL"), which provides that *"domestic market enterprises with paid-in equity capital of less than the equivalent of US$200,000"* is partially reserved to Philippine nationals and foreign equity participation is limited only up to forty percent (40%).[4]

On the other hand, the Company's latest General Information Sheet for the year 2010 and its Annual Audited Financial Statements for the year 2009 showed that the amount of paid-up capital is Fifty Million Pesos (Php50,000,000.00), which is more than the required minimum paid-in equity capital equivalent of Two Hundred Thousand US Dollars (US$200,000) in Philippine peso under FIA, as amended. Hence, the existing forty percent (40%) limitation to foreign equity participation is not applicable.

In view of the foregoing, this Office is of the opinion that the Company, being a holding company itself and having exceeded the required minimum paid-in equity capital equivalent of Two Hundred Thousand US Dollars (US$200,000) in Philippine peso under FIA, as amended, is not covered by 40% restriction on equity participation found in List B of FINL. Hence, the Company may even have up to one hundred percent (100%) foreign equity participation subject to the required minimum paid-in capital requirement for domestic market enterprises.

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[2] Foreign Investments Act of 1991 (FIA)
[3] Eighth Regular Foreign Investment Negative List (FINL)
[4] SEC-OGC Opinion No. 30-09 (23 November 2009); SEC Opinion dated 25 March 1997 addressed to Atty. Demosthenes B. Donato.

However, the Company, in its business ventures as a holding company, must observe and comply with FIA, as amended, involving foreign ownership restrictions in nationalized or partly-nationalized activities.

It shall be understood, however, that the foregoing opinion is rendered based solely on the facts and circumstances disclosed and relevant solely to the particular issues raised therein and shall not be used in the nature of a standing rule binding upon the Commission in other cases or upon the courts whether of similar or dissimilar circumstances.[4] If, upon further inquiry and investigation, it will be disclosed that the facts relied upon are different, this opinion shall be rendered void.

Please be guided accordingly.

Very truly yours,

VESPER JULIUS B. GARCIA
Officer-In-Charge

[4] Paragraph 7, SEC Memorandum Circular No. 15, Series of 2003