

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A**



**ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SECTION 141 OF THE CORPORATION
CODE OF THE PHILIPPINES**

1. For the calendar year ended: **December 31, 2017**
2. SEC Identification Number: **ASO92-007059**
3. BIR Tax Identification No.: **002-010-620**
4. Exact name of registrant as specified in its charter:
VANTAGE EQUITIES, INC.
5. Province, Country or other jurisdiction of Incorporation or organization:
Philippines
6. (SEC Use Only)
Industry Classification Code
7. Address of Principal Office: **15TH Floor Phil. Stock Exchange, 5th Ave. cor 28th
St. Bonifacio Global City, Taguig**
8. Registrant's telephone number, including area code: **(632) 689-8090**
9. Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA

| Title of Each Class | Number of Shares of Common Stock Outstanding |
|--|--|
| Common Stock, P1.00 par value | 4,199,582,266 (Net of Treasury Shares of 135,599,500) |

11. Are any or all of these securities listed on the Philippine Stock Exchange
Yes [] No []
12. Check whether the registrant:
 - a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and SRC Rule 17 (a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
Yes [] No []
 - b) has been subject to such filing requirements for the past 90 days
Yes [] No []
13. Aggregate market value of the voting stock held by non-affiliates as of 31Dec 2017
P5,207,482,010

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Vantage Equities, Inc. (the “Corporation”), formerly iVantage Corporation, was incorporated in 20 October 1992 and is organized as an investment and financial holding company. It has authorized capital stock of One Billion Nine Hundred Million Pesos (P1,900,000,000), all of which are in common shares with a par value of P1.00 per share. Of the authorized capital stock, 1,788,312,570 are outstanding and 111,687,430 remain unsubscribed. On 12 January 2009, Securities & Exchange Commission (SEC) approved the increase of authorized capital stock of the Corporation to Two Billion Two Hundred Fifty Million Pesos (P2,250,000,000.00). Furthermore, the SEC has authorized the Corporation to issue 447,078,142 common shares out of its authorized but unissued capital stock to cover the twenty five percent (25%) stock dividend declared by the Corporation’s Board of Directors on 4 June 2008 and ratified by its shareholders on 27 June 2008. As of 31 March 2012, the Corporation has an authorized capital stock of Two Billion Two Hundred Fifty Million Pesos (P2,250,000,000.00) divided into 2,250,000,000 common shares with par value of P1.00 per share. Out of the authorized capital stock, 2,235,390,633 shares are issued, of which 135,599,500 shares are in treasury.

On August 1, 2015, the BOD and two-thirds (2/3) of the outstanding capital of the Company approved the increase in the authorized capital stock from 2,250,000,000 shares with par value of ₱1.00 per share in 2014 to 5,000,000,000 shares with par value of ₱1.00 per share in 2015. The SEC approved the increase in the authorized capital stock on October 27, 2015. On May 19, 2015, the BOD approved the declaration of stock dividends equivalent to a total of ₱2.10 billion representing 2,099,791,133 shares at ₱1.00 par value per share, payable to all stockholders of record as of January 8, 2016. The said dividends will be paid on February 3, 2016. The two-thirds (2/3) of the outstanding capital of the Company approved the dividend declaration on August 1, 2015.

The Corporation reverted to its original name by majority vote of the Board of Directors in November 2007, which the Securities and Exchange Commission subsequently approved in April 2008. The change in corporate name is consistent with the Company’s re-alignment of its investment focus towards the broad financial sector vis-a-vis its information technology focus during the early 2000’s.

On June 20, 2017, the Board of Directors (BOD) approved Article 3 of Articles of Incorporation to change its principal address from 2005 East Tower PSE Centre, Ortigas Center, Pasig City, Metro Manila, Philippines to 15th Floor Phil. Stock Exchange, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines. The Amended Articles of Incorporation was approved by the Securities and Exchange Commission on October 26, 2017.

Purpose

The Company was originally organized with the primary purpose of oil and gas exploration, and investments and developments as among its secondary purposes. On 3 October 2000, the Securities and Exchange Commission (SEC) approved the change in the Corporation’s primary purpose to financial holdings and investments, including but not limited to information technology companies and related ventures. Since the Registrant is an investment holding company, it is not competing in terms of sales and is not dependent upon a single customer or a few customers. Also, it needs no government approval of principal products or services and no cost and effect of compliance with environmental laws.

Investments

In June 2006, the Corporation divested its shareholdings in International Exchange Bank (“iBank”), its largest single investment at that time. The iBank sale generated ₱2.9 billion in cash and a ₱1.6 billion gain, capping an 11-year investment period that yielded a 16% compound annual return. The PSE Index, by comparison, only broke even during the same

period. The divestment was timely in light of the substantial decline in financial markets in the following years.

The Corporation decided to invest its ₱2.9 billion “war chest” in portfolio of equity and fixed-income securities. The mandate is to attain above market returns while adhering to prudent risk parameters, i.e. credit, liquidity and market risk. For this purpose, the Company hired its current President in October 2006 along with a team of finance professionals. The current team is also tasked to further professionalize management of the Vantage Group of Companies.

The operating subsidiaries that comprise the Vantage Group are the following:

e-Business Services, Inc. (“eBiz”) - 100% ownership

eBiz traces its beginnings as the first Asia-Pacific direct agent of Western Union, an International money transfer service provider. Aside from money transfer services, eBiz also offers Philequity Mutual Funds, eLoad, Bayad Center bills payment center and Cebu Pacific, Air Asia and FETA ticketing services. Starting from just 3 service centers in 1999, eBiz today operates 145 branches located in major cities and hubs throughout the country.

The company-owned branches are complemented by a network of sub-agents that effectively enables eBiz to extend its geographic reach to over 1,500 locations nationwide. eBiz agent-partners include some of the biggest commercial banks, supermarket chains and pawnshops in the country. Because of its reach and service excellence, eBiz achieved money transfer volume of over 5.5 million transactions worth in excess of USD 1.1 billion in 2015

eBiz Financial – 100% ownership

eBiz Financial is wholly owned by e-Business. eBiz Financial was incorporated on 11 April 2005 and started commercial operations on 9 May 2005. eBiz Financial is engaged in financing business.

On April 7, 2015, the Board of Directors (BOD) decided to shorten the Company’s term of existence until October 31, 2015. This was approved by the Stockholders on August 1, 2015.

iCurrencies – 100% ownership

iCurrencies, Inc. was incorporated on 3 February 2000 and started commercial operations on 31 May 2000. iCurrencies is organized primarily to engage in the business of buying and selling of foreign currencies.

In May 2001, the iCurrencies effectively stopped its business of buying and selling currencies as a result of Bangko Sentral ng Pilipinas Circular No. 264, issued on 26 October 2000. Among others, the new circular required additional documentation for sale of foreign currencies and required Foreign Exchange Corporations (FxCorps) to have a minimum paid-up capital of ₱50.0 million.

The Circular effectively aligned the regulations under which FxCorps are to operate to that of banks. To avoid duplication and direct competition with its previous major stockholder, iCurrencies decided to stop its business of buying and selling foreign currencies. The stockholders likewise decided not to increase its paid-up capital.

In the meantime, iCurrencies is sustained by income on its investments and interest income on its funds while awaiting for regulatory changes.

Philequity Balanced Fund, Inc. – 100% ownership

The Fund is engaged in selling its capital to the public and investing the proceeds in diversified portfolio of peso-denominated fixed-income and equity securities. As of 31 December 2015, the Fund has not yet launched its capital shares to the public.

Philequity Foreign Currency Fixed Income, Inc. – 100% ownership

The Fund is engaged in selling its capital to the public and investing the proceeds in diversified portfolio of foreign currency denominated fixed-income securities. As of 31 December 2016, the Fund has not yet launched its capital shares to the public.

Philequity MSCI Philippines Index Fund, Inc. (PMIF) – 100% ownership

PMIF was incorporated in the Philippines, and was registered with the SEC on December 15, 2017 under the Philippine ICA as an open-end mutual fund company. PMIF is engaged to subscribe for, invest and re-invest in, sell, transfer or otherwise dispose of securities of all kinds, including all types of stocks, bonds, debentures, notes, mortgages, or other obligations, commercial papers, acceptances, scrip, investment contracts, voting trust, certificates, certificates of interest, and any receipts, warrants, certificates, or other instruments representing any other rights or interests therein, or in any property or assets created or issued by any all persons, firms, associations, corporations, organizations, government agencies or instrumentalities thereof; to acquire, hold, invest and reinvest in, sell, transfer or otherwise dispose of, real properties of all kinds; and generally to carry on the business of an Open-End Investment Company in all the elements and details thereof as prescribed by law. As of December 31, 2017, PMIF has not yet launched its capital shares to the public. The initial investment amounted to ₱25.00 million.

Philequity Management, Inc. (“PEMI”) – 51% ownership

Philequity Management, Inc. (PEMI) is an investment management company established in 1993. PEMI is proud to be the investment manager and principal distributor of Philequity Fund, Inc. (PEFI), the Philippines’ best performing equity mutual fund. PEFI has been awarded by the Philippine Investment Funds Association (PIFA) as the best performing equity fund in the 10-year category, 2nd place in the 3 and 5-year categories. Philequity Peso Bond Fund, Inc. (PPBF) was also recognized by PIFA garnering 2nd place in the 5-year return category. Likewise, Philequity Dollar Income Fund, Inc. (PDIF) earned 1st place in the 5-year return category.

Government Regulation and Environmental Compliance

The Corporation does not need any government approval for its principal products or services and is not required to comply with specific environmental laws.

Distribution Methods of Products and Services

The Corporation, being a financial holding and investment company, has no distribution methods of products and services.

Competition of Subsidiaries

eBusiness Services, Inc. (“eBiz”) - 100% ownership

eBiz has a relatively strong competition among Western Union's direct agents and sub-agents. Agents primarily compete through location and customer service. It appears that the competition with other money transfer companies like Moneygram, Xoom, iRemit does not substantially affect the business of the Corporation. Competition however with

local money transfer companies like Cebuana Pera Padala and Palawan Pedala has increasingly been affecting the business of the Company in domestic money transfer.

Philequity Management, Inc. (“PEMI”) – 51% ownership

The Philippine mutual fund industry continues to grow with 60 funds as of December 2017 according to data tracked by the Philippine Investment Funds Association. The industry continues to benefit from decreasing interest rates and investors looking for higher yield apart from regular savings and time deposit accounts. As of December 2017, mutual funds manage over P 295 billion in net assets versus P 242 billion a year ago.

The industry is divided into 4 categories – stock, bond, balanced and money market funds. Majority of total assets under management (AUM) is invested in bond (37%) and stock (33%) funds which make up 70% of total market share. Philequity Management, Inc. (PEMI) only offers five funds to the public -- Philequity Fund, Inc. (PEFI), Philequity PSE Index Fund, Inc. (PPSE), Philequity Dividend Yield Fund, Inc. (PDYF), Philequity Peso Bond Fund, Inc. (PPBF), and Philequity Dollar Income Fund, Inc. (PDIF) which only compete in stock and bond funds.

Investors often use a funds’ performance as a gauge for comparison when choosing a mutual fund. In terms of performance, investors look at funds that have the highest return in their respective category as the basis for choosing a fund-- the higher the return, the more attractive the fund. Investors also look to a funds’ outperformance over the respective benchmark as a second form of comparison. The greater the outperformance over the benchmark, the more attractive the fund. It is important to note that not all benchmarks in a fund category are aligned. For instance, a stock fund uses 100% the Philippine Stock Exchange Index (PSEi) as its benchmark while another stock fund might use a 90-10 approach where 90% is composed of the PSEi and 10% is composed of a 91-day T-bill. As a result, investors tend to use consistency as the basis, where a fund (1) continuously outperforms its peers and (2) continuously outperforms its respective benchmark.

The industry does not have an aligned fee structure charged to their clients and as a result, investors look for the lowest sales load, management fee and exit fees and other fees involved that are charged by a mutual fund. Mutual funds that charge the lowest fees and have a lower minimum holding period are considered the main competitors of PEMI in terms of fees. PEMI has since received board approval to lower the sales load and holding period of the funds under management.

In terms of distribution, PEMI’s main competitors in the industry are Ayala Life Fund Management, First Metro Asset Management, ATR Kim Eng Asset Management, Philam Life Asset Management and Sun Life Asset Management. The former three are large banking institutions while the latter two are renowned insurance companies—all five companies have vast distribution channels through their network of branches or through their network of agents/financial advisors. PEMI on the other hand has agreed to partner with banks and other channels to distribute the funds.

Financial Performance

The Company derived its revenues from various activities:

| | 2017 | 2016 | 2015 |
|-----------------------------------|---------------------|---------------|---------------|
| Trading and investment securities | | | |
| gains (losses) - net | ₱366,347,322 | (₱73,325,465) | (₱57,932,803) |
| Money transfer service income | 316,876,435 | 317,938,573 | 311,528,380 |
| Service income | 259,844,354 | 273,490,480 | 285,559,385 |
| Share in foreign exchange | | | |
| differential | 132,585,944 | 115,683,759 | 105,804,407 |
| Interest income | 104,753,106 | 70,170,607 | 65,118,138 |

| | | | |
|-------------------------------|-----------------------|---------------------|---------------------|
| Money changing gain | 41,752,968 | 80,004,129 | 104,341,596 |
| Income from business partners | 23,071,620 | 21,821,659 | 19,705,482 |
| Dividend income | 17,757,656 | 21,607,713 | 43,149,613 |
| | ₱1,262,989,405 | ₱827,391,455 | ₱877,274,198 |

The breakdown of trading and investment securities gains (losses) - net follows:

| | 2017 | 2016 | 2015 |
|--|---------------------|----------------------|----------------------|
| Financial Assets at FVPL | | | |
| Realized gain on sale taken to profit or loss | ₱276,992,141 | ₱74,418,394 | ₱10,502,323 |
| Unrealized losses on changes in fair value | (3,024,976) | (7,461,349) | (2,126,449) |
| | 273,967,165 | 66,957,045 | 8,375,874 |
| AFS Investments | | | |
| Realized gain (loss) on sale taken to profit or loss | 92,380,157 | (106,572,843) | 134,691,333 |
| Recognized impairment loss | — | (33,709,667) | (201,000,010) |
| | 92,380,157 | (140,282,510) | (66,308,677) |
| Net trading and investment securities gains (losses) - net | ₱366,347,322 | (₱73,325,465) | (₱57,932,803) |

Total interest income follows

| | 2017 | 2016 | 2015 |
|------------------------------------|---------------------|--------------------|--------------------|
| Cash and cash equivalents (Note 7) | ₱77,408,450 | ₱37,061,898 | ₱11,070,460 |
| AFS investments (Note 10) | 17,200,634 | 27,697,597 | 53,314,138 |
| Financial assets at FVPL (Note 9) | 10,143,316 | 5,380,463 | 331,670 |
| Others | 706 | 30,649 | 401,870 |
| | 104,753,106 | 70,170,607 | 65,118,138 |
| Discontinued operations | — | — | 3,971,949 |
| | ₱104,753,106 | ₱70,170,607 | ₱69,090,087 |

As of December 31, 2017, the Company has a total of 483 employees as broken down below and is not subject to Collective Bargaining Agreements (CBA).

| Position | No. Of Employees | Anticipated No. of Additional Employees |
|--------------------------|------------------|---|
| Executive/Senior Officer | 10 | - |
| Managers | 11 | - |
| Supervisors | 19 | - |
| Prof | 4 | - |
| Specialist | 76 | - |
| Associate | 363 | - |
| TOTAL | 483 | - |

Financial Risk Management

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and market risk. The BOD reviews and approves the policies for managing each risk and these are summarized below:

Credit Risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by trading only with recognized, creditworthy third parties. It is the Group's policy that 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 with the result that the Group's exposure to bad debts is not significant.

Since the Group trades only with recognized third parties, there is no requirement for collateral.

The Company's maximum exposure to credit risk is equal to the carrying values of its financial assets since it does not hold any collateral or other credit enhancements that will mitigate credit risk exposure.

The fair values of financial assets at FVPL and AFS investments represent the credit risk exposure as of the reporting date but not the maximum risk exposure that could arise in the future as a result of changes in fair value of the said instruments.

There are no significant concentrations of credit risk within the Group.

Liquidity Risk is the risk that the Group will be unable to meet its obligations when they fall due under normal and stress circumstances. To limit the risk, the Group closely monitors its cash flows and ensures that credit facilities are available to meet its obligations as and when they fall due. The Group also has a committed line of credit that it can access to meet liquidity needs. Any excess cash is invested in short-term investments. These placements are maintained to meet maturing obligations.

Market Risk is the risk of change in fair value of financial instruments from fluctuation in market prices (price risk), foreign exchange rates (currency risk) and market interest rates (interest rate risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Group is exposed to the risk that the value of the Group's financial assets will be adversely affected by the fluctuations in the price level or volatility of one or more of the said assets. The two main components of the risks recognized by the Group are systematic risk and unsystematic risk.

Systematic risk is the variability in price caused by factors that affect all securities across all markets (e.g. significant economic or political events). Unsystematic risk, on the other hand, is the variability in price caused by factors which are specific to the particular issuer (corporation) of the debt or equity security. Through proper portfolio diversification, this risk can be minimized as losses on one particular debt or equity security may be offset by gains in another.

To further mitigate these risks, the Group ensures that the investment portfolio is adequately diversified taking into consideration the size of the portfolio.

Item 2. Properties

Vantage Equities, Inc. - Parent

Office Condominium - The condominium unit is located at Unit 2005 East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City. This is depreciated over an estimated useful life of 20 years and accounted for on a straight-line basis.

In December 2017 the acquired office units by the company were turned over, located at 15th floor Phil. Stock Exchange, 5th Avenue cor. 28th St. Bonifacio Global City, Taguig.

Office Improvements - These are improvements made to the Company's office space and being depreciated over an estimated useful life of 10 years accounted for on a straight line basis.

Furniture, Fixtures and Equipment - These equipments are used by the Company in conducting its daily operations and located at Unit 2005 East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City. These assets are being depreciated over an estimated useful life of 3 to 5 years and accounted for on a straight line basis.

Transportation Equipment - These equipments are used by the Company in conducting its daily operations and depreciated over 5 years and accounted for on a straight line basis.

eBusiness Services, Inc. (“eBiz”) - 100% ownership

Transportation Equipment - These equipments are used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 4-5 years.

Leasehold Improvements - The Company leases the spaces occupied by its branches with varying period of up to fifteen (15) years and renewable on such terms and conditions as shall be mutually accepted by the Company and the lessors. These leases are accounted for on a straight-line basis over 2 to 5 years or over the lease term, whichever period is shorter.

Office Furniture and Equipment - This furniture and equipment are used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 3 years. These assets are located at the Company's Head Office in 20/F East Tower, PSE Centre, Ortigas Center, Pasig City and various branches all over the Philippines.

Software License and Software Development – These pertains to the accounting software used by the company and amortized over a period 3 years accounted for on a straight line basis.

eBiz Financial Services, Inc. – 100% ownership

The Company does not own any properties and has already shortened its term of existence.

iCurrencies, Inc. – 100% ownership

The Company does not own any properties and already effectively stopped its business of buying and selling of currencies in May 2001 as a result of Bangko Sentral ng Pilipinas Circular No, 264, issued on October 26, 2000.

Philequity Balanced Fund, Inc. – 100% ownership

The Fund is not yet offered to the public and does not own any properties.

Philequity Foreign Currency Fixed Income Fund, Inc. – 100% ownership

The Fund is not yet offered to the public and does not own any properties.

Philequity Management, Inc. – 51% ownership

IT Equipment - These equipments are used by the Company in conducting its daily operations.

Leasehold Improvement - The Company is leasing its office space from Kim Seong Eun, located at Unit E-2104A 21/F, East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City at monthly rate of 110,771.48 inclusive of VAT and net of 5% withholding tax. The term of the contract is for a period of one (1) year from May 16, 2017 to May 31, 2018.

Office Equipment - These equipments are depreciated over the estimated useful life of 3 years. These office equipments are located at 2104A East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City

Office Furniture - This furniture is used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 3 years. Said office furniture are located in 2104A East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City

Transportation equipment - This is used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 5 years.

These properties are free from mortgage or lien. The Company has no plan of acquiring a property in the next twelve months.

Item 3. Legal Proceedings

3.1. G.R. No. 190477,
captioned "*Sure Express World Wide Corp. vs Hon. Court of Appeals and e-Business Services Inc. et. al*"; Supreme Court, Manila

Civil Case No. MC-05-2840
captioned "*eBusiness Services Inc. vs. Sure Express World Wide Corp.*"; RTC Branch 214, Mandaluyong City

E-Business filed a civil action against Sure Express to comply with its obligations under the Money Transfer Service Agreement and to pay the sum of Php 508,003.75 and US\$ 22,710.16 plus attorney's fees and damages. On September 27, 2007, the lower Court rendered a decision against Sure Express. Sure Express appealed before the Court of Appeals and thereafter the Supreme Court. The Supreme Court rendered a decision on February 03, 2010 dismissing the petition which became final and executory on April 12, 2010. Valerio & Associates law firm filed its Entry of Appearance before the RTC Branch 214 on February 1, 2012 and thereafter on March 14, 2012 a Motion for Execution of Judgment which was granted on July 17, 2012. Considering that the whereabouts of Sure Express is unknown, the writ of execution remained unimplemented.

3.2.Criminal Case No. MC-09-12289,
captioned "*People of the Philippines vs.Noriel G.Requiso*"; for: Qualified Theft
RTC 214, Mandaluyong City

This is a criminal case filed by e-Business as private complainant against accused NorielRequiso on December 9, 2008 after the latter unlawfully took the sum of Php 1,150,000.00 from the vault of E-Business' Edsa Market Place. On June 5, 2009, E-Business filed a Motion to Cancel Passport of the accused who was then known to be abroad. However, the Court denied aforesaid motion. Considering that the warrant of arrest cannot be implemented since accused whereabouts is unknown, the instant case is archived.

3.3. XV-06-INV-14G-00749,
captioned "*e-Business Services, Inc. vs. Kristine Pusing*"; for: Qualified Theft
Office of the City Prosecutor, Mandaluyong City

A complaint for Qualified Theft was filed against Kristine Pusing, a former teller of e-Business after the latter illegally took the money in the total amount of Php249,868.54 on September 07, 2013. Respondent failed to appear during the preliminary investigation; hence, the case was submitted for resolution of the investigating fiscal on August 20, 2014.

3.4.XV-01-INV-14G-01377,
captioned "*e-Business Services, Inc. vs. Vanessa Alhambra*"; for: Qualified Theft
Office of the City Prosecutor, Antipolo City

A complaint for Qualified Theft was filed against Vanessa Alhambra, a former employee of e-Business after the branch where Alhambra was detailed was allegedly held up on August 14, 2013 and money in the total amount of Php383,675.35 and USD 720.00 was taken by the identified suspect. e-Business doubts the narration of Alhambra because based on the investigation conducted by e-Business, the branch's entrance door has an auto-lock which can only be accessed remotely by her and that Alhambra did not activate the panic button located underneath her desk during the alleged robbery incident. The case was dismissed by the investigating prosecutor for lack of probable cause and e-Business decided not to appeal the dismissal.

3.5. NLRC NCR Case No. Sub-RAB 1-7-05-0343-15,

captioned "*Emma Concepcion Antipuesto vs. e-Business Services, Inc., and/or Edmundo Bunyi, Jr.; NLRC, Dagupan City*"

Complainant Antipuesto filed this case against e-Business for alleged non-payment/underpayment of salaries and other benefits in the total amount of Php216,494,.68. On the December 10, 2015, Labor Arbiter awarded the benefits being claimed by complainant prompting E-Business to file a partial appeal. NLRC granted the appeal and deleted the award of performance bonus for 2014 amounting to Php 106,800.00

3.6. NLRC NCR Case No. RAB IV-03000345-15L,

captioned "*Nancy Zaran, et. al vs. e-Business Services, Inc., Atty. Vida Bocar, Jesus Maagma and Edmundo Bunyi Jr.; NLRC Calamba City*"

Complainant Zaran filed this case against e-Business for alleged illegal suspension and illegal dismissal.

3.7. NLRC NCR Case No. RAB IV-03-003545-15L,

captioned, "*Vantage Equities and e-Business Services, Inc. vs. Atty. Vida Bocar, Commission on Bar Discipline, Pasig City*"

On August 3, 2015 e-Business together with Vantage Equities filed an administrative case against Atty. Vida Bocar, their former legal counsel for violation of the lawyer's Code of Professional Responsibility for appearing as lawyer/counsel for the opposing party in a labor case. E-Business and Vantage filed their Position Paper on March 30, 2016 while respondent Bocar filed her Position paper on April 29, 2016.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of the security holders during the fourth quarter of 2017.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant’s Common Equity and Related Stockholder Matters

| | 2017 | | 2016 | | 2015 | |
|-------------|-------------|-------------|-------------|-------------|------|------|
| | High | Low | High | Low | High | Low |
| 1st Quarter | 1.31 | 1.22 | <u>3.30</u> | <u>1.42</u> | 3.13 | 2.85 |
| 2nd Quarter | 1.16 | 1.36 | 1.80 | 1.49 | 3.25 | 3.02 |
| 3rd Quarter | <u>1.4</u> | <u>1.31</u> | 1.74 | 1.46 | 3.40 | 2.88 |
| 4th Quarter | <u>1.36</u> | <u>1.24</u> | <u>1.49</u> | <u>1.3</u> | 3.16 | 3.00 |

As of 31 December 2017, there were 616 shareholders of the 4,199,582,266 common shares issued and outstanding. As of the latest practicable trading date, 29 December 2017, the Registrant’s shares were traded at the price of P1.24 per share in Philippine Stock Exchange.

On May 19, 2015, the BOD approved the declaration of stock dividends equivalent to a total of ₱2.10 billion representing 2,099,791,133 shares at ₱1.00 par value per share, payable to all stockholders of record as of January 8, 2016. The said dividends was paid on February 3, 2016. The two-thirds (2/3) of the outstanding capital of the Company approved the dividend declaration on August 1, 2015.

On August 1, 2015, the BOD and two-thirds (2/3) of the outstanding capital of the Company approved the increase in the authorized capital stock from 2,250,000,000 shares with par value of ₱1.00 per share in 2014 to 5,000,000,000 shares with par value of ₱1.00 per share in 2015. The SEC approved the increase in the authorized capital stock on October 27, 2015.

On November 10 2009, the BOD approved the proposal to buy back from the market up to Three Hundred Million Pesos (P300,000,000.00) worth of shares of the Corporation. As of March 31, 2015, the total number of shares repurchased from the market is 135,599,500 worth P190.46 million.

On June 4, 2008, the BOD increased the Company's authorized capital stock from P1.9B to P2.25B, as well as the issuance of 25% stock dividend to all stockholders. This increase in capital stock was approved by the SEC on 12 January 2009, while the stock dividends were distributed to stockholders as of record date of 10 February 2009 on 06 March 2009.

In 2007, the Parent Company declared a five percent (5%) property dividend in favor of its shareholders-of-record as of 18 May 2007, payable in the form of common shares of Yehey! worth P89,415,629. In February 2008, the Parent Company distributed the property dividends declared.

There is no sale of unregistered securities within the past four (5) years.

Top 20 shareholders as of December 31, 2017:

| | RECORD OWNER | NO. OF SHARES | % TO TOTAL |
|----|--|---------------|------------|
| 1 | PCD NOMINEE CORP. | 4,222,039,778 | 97.390 |
| 2 | EAST PACIFIC INVESTORS CORPORATION | 9,040,000 | 0.209 |
| 3 | A. BROWN COMPANY, INC. | 6,882,500 | 0.159 |
| 4 | LUCIO W. YAN &/OR CLARA YAN | 6,812,500 | 0.157 |
| 5 | PCD NOMINEE CORPORATION (NON-FILIPINO) | 5,708,133 | 0.132 |
| 6 | WILLY NG OCIER | 4,616,000 | 0.106 |
| 7 | RICARDO L. NG | 3,248,750 | 0.075 |
| 8 | AGAPITO C. BALAGTAS, JR. | 2,875,000 | 0.066 |
| 9 | APRICINIA B. FERNANDEZ | 2,875,000 | 0.066 |
| 10 | SUZANNE LIM | 2,875,000 | 0.066 |
| 11 | CYGNET DEVELOPMENT CORPORATION | 2,812,500 | 0.065 |
| 12 | JERRY TIU | 2,731,250 | 0.063 |
| 13 | WILSON L. SY | 2,300,000 | 0.053 |
| 14 | TRANS- ASIA SECURITIES, INC. | 1,830,000 | 0.042 |
| 15 | AVESCO MARKETING CORPORATION | 1,437,500 | 0.033 |
| 16 | MARY TAN DE JESUS | 1,412,500 | 0.033 |
| 17 | SEC ACCOUNT FAO: VARIOUS CUSTOMERS OF GUOCO SECURITIES (PHILIPPINES), INC. | 1,265,000 | 0.029 |
| 18 | ELLEN LAY | 1,207,500 | 0.028 |
| 19 | CAMPOS, LANUZA & CO., INC. | 1,161,500 | 0.027 |
| 20 | FELY LEY | 1,150,000 | 0.027 |

Dividends

The Company has declared 100% stock dividends with a record date and payment date of 8 January 2016 and 3 February 2016, respectively. There were no cash dividends declared for the past 3 years. The bylaws of the company prohibit the distribution of dividends that would impair the capital of the Company.

Item 6. Management’s Discussion and Analysis or Plan of Operations

| In Millions (PHP) | 2017 | 2016 | 2015 |
|---|-------------|-------------|-------------|
| Balance Sheet | | | |
| Assets | ₱12,691.69 | ₱9,119.45 | ₱8,665.77 |
| Liabilities | 3,464.07 | 988.52 | 700.02 |
| Stockholder's Equity | 9,227.62 | 8,130.93 | 7,965.74 |
| Book Value Per Share | 2.20 | 1.94 | 3.79 |
| Income Statement | | | |
| Revenue | 1,262.98 | 826.70 | 877.27 |
| Expenses | 697.01 | 581.33 | 562.51 |
| Other Income/ (Charges) | 139.87 | 85.79 | 3.49 |
| Net Income | 705.84 | 254.02 | 339.83 |
| Earnings per Share attributable to equity holders of the Parent Company | 0.1558 | 0.0473 | 0.0366 |

| Key Performance Indicators | 2017 | 2016 | 2015 |
|---|-------------|-------------|-------------|
| Current Ratio ¹ | 3.66 | 5.09 | 4.46 |
| Leverage Ratio ² | 0.38 | 0.12 | 0.09 |
| Comprehensive Return on Equity ³ | 0.08 | -0.01 | -0.1 |

The manner by which the Fund calculates the above performance indicators for is as follows:

| Formula | |
|----------------|--------------------------------------|
| 1 | Current Assets / Current Liabilities |
| 2 | Total Debt / Total Equity |
| 3 | Comprehensive Income / Total Equity |

Results of Operations for the Year Ended 2017

The Company posted a consolidated net income of P705.11 million as of December 31, 2017, increased by 1,775.81% compared to Php254.02 million in 2016. On a per share basis, the Company earned P0.15 as of December 31, 2017 compared to P0.05 centavos as of December 31, 2016

It was a rather subdued 2017 for fixed income markets. Optimism in new leaders Trump and Duterte sent bond yields higher in the beginning of the year as both presidents showed pro-growth and a bias towards easing regulations. Yellen also made statements throughout the year stating that the US may be back on its feet and will be raising rates gradually to accommodate growth. However, rising commodity prices and creeping inflation pushed the BSP to revise its internal target higher. Most traders maintained their defensive stance throughout the year and the BSP auctioned more bonds towards the long end of the curve despite Socioeconomic Planning Secretary Ernesto Pernia’s reiterations that GDP would be around 7%. Markets also welcomed the new BSP governor Nestor Espenilla as investors took the appointment as a sign that the central bank would be “business as usual”.

Some hiccups along the way but an overall good year for Philippine stocks. It was a strong start to the year with the PSEi moving 4% in January alone, consolidating in February with congress debating the reimposition of the death penalty, moving slightly higher again in March with the S&P raising its growth forecast and Fitch affirming the country’s BBB- rating and a positive outlook. In April, the Duterte economic team took to the road and endorsed the Build, Build, Build program and it was all uphill until August when North Korea launched a new missile.

The “ber” months were again all uphill as investors took positively the passage of the long awaited tax reform package.

The following summarizes the operating results of the Company’s subsidiaries:

eBusiness Services, Inc. (“eBiz”)

eBiz achieved a total income of PhP 590.51 million for the year as compared to last year’s PhP 580.92 million, 2% growth. This was attributable to an increase in sources of foreign exchange differential and the interest income earned during the year. Revenue from Money Transfer and business partners finished the year with a slight movement.

The Company's operating expenses maintain its level at PhP 430M versus last year. This resulted to an increase of 6% in operating income before taxes.

eBiz posted a total comprehensive income of PhP 111.5 million in 2017, compared to last year’s PhP 115.31 or a decreased of 3%.

Philequity Management, Inc.

Service Income for the year amounted to PhP 259.84 million, with a 5% net decrease as compared to last year’s PhP 273.49 million as a result of lowered management fees and sales commission. Total cost of services for the year amounted to PhP 59.52 million previously at PhP 68.59 million with a total decrease of 13% due to decline in sales load and trail commissions paid to distributors and agents of the company. Also, services fees paid to third party providers were reduced to nil at year end.

As a result, total comprehensive income for the year decreased by 6% with aggregate amount of P105.24 million previously at PhP 112.43 million.

Other Matters

The Parent Company and its wholly-owned subsidiary, e-Business Services, Inc., continuously enter into currency forward transactions with bank counterparties to hedge their foreign exchange risk. The nominal amounts of these contracts are off-balance sheet while revaluation gains or losses are recognized as Miscellaneous Asset or Miscellaneous Liability, respectively.

Causes for any material changes (+/-5% or more) in the financial statements

Income Statement items - Y2017 versus Y2016

600% increase in trading and investment securities gains
Mainly due to gain on sale of financial assets at FVPL

49% increase in total interest income on AFS investments
Attributable to higher interest rates and higher money market placement activities and due to greater debt security holdings

15% increase in foreign exchange differential
Due to higher international money transfer transactions

18% decrease in dividend income
Attributable to decline in held equity security investments.

6% increase in income from business partners
Largely due to growth in revenue of ticketing products

48% decrease in money changing gain
Due to lower money changing transactions

400% increase in other income
Attributable to gain on sale of a property and equipment.

7% increase in cost of services
Attributable to increase in service and commission fees paid to distributors and agents of the group. Also, higher personnel costs consisting of salaries and other employee benefits

23% decrease in general and administrative expenses
Attributable to decrease in legal and professional fees paid for the year.

40% increase in interest expense and bank charges
Due to various short term loans availed from different counterparty banks.

Balance Sheet items – Y2017 versus Y2016

54% increase in cash and cash equivalents
From higher outstanding investments in short-term placements at the end of the year

15% decrease in loans and receivables
Lower receivable from management and commission income earned from the funds managed by the group and advertising and web development services.

514% increase in Financial Assets at Fair Value Through Profit and Loss (FVPL)
Primarily due to higher Unit Investment Trust Fund and Government bonds as of reporting period.

31% increase in prepayments and other current assets
Attributable to increase in Input value added tax.

14% decrease in Available for Sale investments (AFS)
Due to lower portfolio of equity securities

823% increase in property, plant and equipment
Pertains to office condominium office units acquired by the Company which were turned-over in December 2017.

47% decrease in retirement assets
Due to decrease in value of plan asset

100% decrease in deferred tax assets
No deferred tax asset had been recognized in the consolidated statements of financial position as management believes that there will be no sufficient future taxable income against which these can be applied.

54% increase in accounts payable and other current liabilities
Chiefly due to higher payables to sub-agents and brokers normally settled on a two to four days term. Also, increased in accrued expenses consisting of profit sharing costs, vacation leave and sick leave conversion, insurance, security services, cash delivery services, utilities, media buys and others.

387% increase in notes payable
Due to various short term loans availed from different counterparty banks.

33% increase deferred tax liabilities
Attributable to future taxable liabilities on unrealized foreign exchange gain and retirement assets

49 % increase in cumulative unrealized gain on change in fair value of available-for-sale investments

Arising from increase in fair value changes taken in equity for AFS investments

Item 7. Financial Statements

The audited consolidated financial statements and schedules listed in the accompanying index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

Information on Independent Accountant

SGV & Co. is the external accountant of the Company. The aggregate fees billed for each of the last three years for professional services rendered by the Company's external auditors in connection with annual audit of the Consolidated and Parent Company Financial Statements for statutory and regulatory filings are summarized below:

| | 2017 | 2016 | 2015 |
|--------------|--------------------|-------------------|-----------------|
| Audit fee | ₱790,309.30 | ₱1,640,509 | ₱739,767 |
| Tax Services | - | - | - |
| Other Fees | - | - | - |
| TOTAL | ₱790,309.30 | ₱1,640,509 | ₱739,767 |

The Independent Accountant does not render tax accounting compliance, advice, planning and other forms of tax services for the Corporation. The Independent Accountant also does not render other services for the Corporation.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no changes and matters of disagreement with accountants on any accounting & financial disclosures the last two (2) most recent fiscal years.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

| Office | Period Served | Name | Citizenship | Age |
|-----------------|--------------------------------|-----------------------|-------------|-----|
| Director | 2003 to present | Ignacio B. Gimenez | Filipino | 73 |
| Director | 2002 to present | Valentino C. Sy | Filipino | 62 |
| Chairman | 2005 to present | | | |
| Director | 2006 to present | Edmundo P. Bunyi, Jr. | Filipino | 53 |
| President & CEO | | | | |
| Director | 2003 to present | Joseph L. Ong | Filipino | 64 |
| Treasurer | 2005 to present | | | |
| Director | 1999 to present | Willy N. Ocier | Filipino | 61 |
| Director | 2003 to present | Roberto Z. Lorayes | Filipino | 74 |
| Director | 1993 to 2000 & 2005 to present | Wilson L. Sy | Filipino | 65 |
| Director | 2005 to present | Antonio R. Samson | Filipino | 72 |

| | | | | |
|---------------------------|-----------------|-------------------------|----------|----|
| Director | 2013 to present | Gregorio T. Yu | Filipino | 57 |
| Director | 2017 to present | Timothy Bryce A. Sy | Filipino | 33 |
| Director | 2017 to present | Kevin Neil A. Sy | Filipino | 32 |
| Director | 2017 to present | Darlene Mae A. Sy | Filipino | 31 |
| Director | 2017 to present | Bert Hontiveros | Filipino | 64 |
| Corporate Secretary | 1993 to present | A . Bayani K. Tan | Filipino | 61 |
| Asst. Corporate Secretary | 2017 to present | Ann Margaret K. Lorenzo | Filipino | 28 |

In accordance with the Corporation's By-Laws, the members of the Board of Directors are elected annually and therefore serve for a year after election.

The following is a brief write-up of the Board of Directors and Executive Officers.

Valentino C. Sy

Mr. Sy is currently the Chairman of the Company. He is also the Chairman of eBusiness Services. Concurrently, he is the Director of Wealth Securities (1998 to 2011) and the President of Equinox International Corp (1996 to present) and Wealth Securities (2011 to present). He holds a degree in Industrial Management Engineering from the De La Salle University.

Edmundo P. Bunyi, Jr.

Mr. Bunyi is currently the President and Chief Executive Officer of Vantage Equities, Inc. He is the President and Chief Executive Officer of e-Business Services, Inc., a Western Union franchise (2006-Jan, 2008) and was appointed President and Chief Executive Officer of eBusiness Services, Inc. effective February 2008 - present. He is also the President of Philequity Management, Inc., an investment company adviser, since October 2006. He is the former Senior Vice President and Treasurer of International Exchange Bank, Assistant Vice President and Head of FCDU & FX Sales of United Coconut Planters Bank, Assistant Manager for Corporate Banking Group of Far East Bank and Trust Company, and Assistant Manager for the Corporate Banking Department of Union Bank of the Philippines. He holds a degree in Management Engineering from the Ateneo de Manila University (1977).

Ignacio B. Gimenez

Mr. Gimenez became a Director of the Company in 2003. Mr. Gimenez is the Chairman of Philequity Management, Inc. He is also the Chairman and President of the following mutual fund: Philequity Fund, Inc., (1994 to present), Philequity Dollar Income Fund, Inc., and Philequity Peso Bond Fund, Inc., (1999 to present), Philequity Dividend Yield Fund (2012 to present), Philequity Balanced Fund, Inc., Philequity Foreign Currency Fixed Income, Philequity Resources Fund, Inc., and Philequity Strategic Growth Fund, Inc. (2008 to present). Concurrently, he is the Director of Vantage Equities Inc. and eBusiness Services Inc., (2007 to present). At the same time, he also holds positions as Director of PIFA-Philippine Investment Funds Association, and as the Corporate Secretary of I.B. Gimenez Securities, Inc. He is the Treasurer of I. B. Gimenez Securities, Inc., a stock brokerage firm (1976 - present). He is the President of the following mutual funds, namely, Philequity Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity PSE Index Fund, Inc. and Philequity Peso Bond Fund, Inc. (formerly Philequity Money Market Fund, Inc.). He is also the Sales and Marketing Manager of Society Publishing, Inc. (1991 - present). He holds a graduate degree in Business Administration from the Asian Institute of Management (1970) and a college degree from the University of the Philippines (1967).

Joseph L. Ong

Mr. Ong is the Treasurer of the Company. He became a Director of the Company in 2003. He is also the treasurer of Philequity Management, Inc., Independent Director of Vantage Equities,

Inc, and a director eBusiness Services, Inc. Currently, he is president of Chemcenter Corporation (1996 to present), a company engaged in import and distribution of industrial chemicals. Previously, he was connected with Exxon Chemical/Exxon Corp holding positions in sales, marketing, planning, and audit functions both here and abroad. He holds a degree in Chemical Engineering, Magna Cum Laude, from De La Salle University (1975)

Willy N. Ocier

Mr. Ocier has been a Director of the Company since 1999. He is also a Director of Philequity Management, Inc. and eBusiness Services, Inc. At the same time, he is also the Chairman and President of Pacific Online Systems Corporation (1999 to present) and serves as Vice Chairman of Belle Corporation and Co-Vice Chairman of Highlands Prime, Inc. (1999 to present). Concurrently, he is the Chairman of the Boards of the following corporations: (a) APC Group, Inc. (2005 to present) (b) Sinophil Corporation (2005 to present), (c) Premium Leisure and Amusement, Inc (1999 to present), (d) Tagaytay Midlands Golf Club, Inc. (1999 to present) and (e) Aragorn Power and Energy Corporation (1999 to present). He earned his Economics degree from the Ateneo de Manila University (1977).

Roberto Z. Lorayes

Mr. Lorayes is the Chairman of the company. He is also the Director of Vantage Equities, Inc. and eBusiness Services, Inc. (1994 to present). In the past he served as Chairman of the Philippine Stock Exchange (1993 to 1994) and Investment Companies Association of the Philippines (2005-2008). He also served as President of Manila Stock Exchange (1991-1992), UBP Securities (1989-1993), Citicorp (1987-1989), CT Corp, Scringeour, Vickers (1987-1989), and a Director of Philippine Central Depository (1995-1996). He received his Bachelor of Science in Commerce degree and Bachelor of Liberal Arts degree in De La Salle University (1966). He holds a Masters degree in Business Management from Ateneo de Manila University (1969).

Wilson L. Sy

Mr. Sy was reelected to the Board in 2005. He is the Vice Chairman of Asian Alliance Holdings, Corp. and Director of Vantage Equities, Inc.; eBusiness Services, Inc., Philequity Management, Inc., Xcell Property Ventures, Inc. (2005 to present), and Monte Oro Resources & Energy, Inc. (2005 to present) Mr. Sy is also an Independent Director of the reporting corporations: The Country Club at Tagaytay Highlands, Inc. (2011 to present), Tagaytay Highlands International Golf Club, Inc. (2011 to present), Tagaytay Midlands Golf Club, Inc. (2011 to present), and The Spa and Lodge at Tagaytay Highlands (2011 to present). He was a former Chairman of the Philippine Stock Exchange, Inc. (1994 to 1995) He holds a degree in Management Engineering from the Ateneo de Manila University (1975).

Antonio R. Samson

Mr. Samson is the Independent Director of the Company. He is also the Independent Director of Vantage Equities, Inc. and Philequity Management, Inc. and the Director of eBusiness Services, Inc. Concurrently (2005 to present), he is the President of the Manila Chamber Orchestra Foundation and the Metropolitan Museum and the Chairman of the Advertising Foundation (2001 to present). He is also a columnist of Business World and Business Day Magazine. He holds a Bachelor's degree in Economics from the Ateneo de Manila University (1966) and Masters of Business Administration from Asian Institute of Management (1971).

Gregorio T. Yu

Mr. Yu is the Independent Director of the Company. He is also the Independent Director of Vantage Equities, Inc. and Philequity Management, Inc. At the same time, he is the Director of the following companies: eBusiness Services, Inc., Philippine Airlines Inc., Philippine National Reinsurance Corporation, Iremit (2007 to present), Unistar Credit and Finance Corporation, Glyph Studios, Inc., Prople BPO Inc, Jupiter Systems Inc., Nexus Technologies, Inc. (2001 to present), Wordtext Systems Inc., Yehey Inc., CMB Partners Inc., Ballet Philippines, Manila

Symphony Orchestra, Iripple Inc (2007 to present). Concurrently, he is also the chairman of the following companies: CATS Motors Inc., CATS Asian Cars Inc. and CATS Automobile Corp. Also (2000 to present), he is currently the Trustee of the Government Service Insurance System (2010 to present), as well as a Trustee of Xavier School, Inc. and Xavier School Educational and Trust Fund, Inc (1993 to present). He has been a Director and a Member of Executive Committee and Audit Committee of the International Exchange Bank (1995-2006). He graduated from De la Salle University with a Bachelor of Arts in Economics (Honors Program 1978), summa cum laude. Mr. Yu holds a graduate degree in Business Administration from Wharton School, University of Pennsylvania (1983) where he was in the Director's Honor List.

The following are brief write-ups for those nominated to fill the three (3) new Board seats to be created after the approval of the proposed amendment to the Corporation's Articles of Incorporation increasing the membership of the Board of Directors:

Timothy Bryce A. Sy

Timothy Bryce A. Sy, Filipino, served as Treasury Head for the organization since 2010. He is also a director of Asian Alliance Holdings Corp. (2015 to present). He holds an MBA from Kellogg School of Management (2010) and an undergraduate degree from Northwestern University (2003) in Illinois USA.

Kevin Neil A. Sy

Kevin Neil Atienza Sy, Filipino, 32, is the current Vice President and Associated Person of Wealth Securities Inc (2012-Present). He was Assistant Manager for the Treasury Group of Rizal Commercial Banking Corporation's Foreign Interest Rate Risk Division (2010-2012). He was Junior Trader and Sales Associate for the Treasury Group of East West Banking Corporation's Global Debt Trading Desk (2008-2009). He holds a Bachelor's Degree in Corporate Finance and Accounting from Bentley University (2007).

Darlene Mae A. Sy

Darlene Mae A. Sy, Filipino, 31, is the Head of Sales and Marketing of Philequity Management, Inc. She also serves as a Director of Wealth Securities, Inc. She is licensed as a Fixed Income Salesman and as a Certified Investment Solicitor with the Securities and Exchange Commission. She holds a Bachelor's Degree from the University of British Columbia.

A third independent member of the Board of Directors has likewise been nominated for election at the annual shareholders' meeting:

Bert Hontiveros

Mr. Hontiveros, 64, Filipino, is the Independent Director of the fund. He is also the Independent Director of the following mutual funds from 2013 to present, namely: (a) Philequity Dollar Income Fund, Inc. (b) Philequity PSE Index Fund, Inc. and (c) Philequity Peso Bond Fund, Inc. Concurrently, he is the General Manager of HB Design Power Systems (2000 to present). He obtained his Bachelor of Science in Industrial Engineering from University of the Philippines in 1975.

A. Bayani K. Tan

Mr. A. Bayani K. Tan, 60, Filipino, is the Corporate Secretary of the Corporation (since January 1993, Publicly-Listed). He is also a Director, Corporate Secretary or both of the following reporting and/or listed companies: Asia United Bank Corporation (since February 2014 as Corporate Secretary*, since June 2014 as Director*, Publicly-Listed), Belle Corporation (since May 1994, Publicly Listed), Coal Asia Holdings, Inc. (since July 2012, Publicly-Listed), Destiny Financial Plans, Inc. (since 2003), Discovery World Corporation (since March 2013 as Director, since July 2003 as Corporate Secretary, Publicly-Listed), First Abacus Financial Holdings Corp. (since May 1994, Publicly Listed), I-Remit, Inc. (since May 2007, Publicly-Listed), Pacific

Online Systems Corporation (since May 2007, Publicly-Listed), Philequity Balanced Fund, Inc. (since March 2010), Philequity Dividend Yield Fund, Inc. (since January 2013), Philequity Dollar Income Fund, Inc. (since March 1999), Philequity Foreign Currency Fixed Income Fund, Inc. (since March 2010), Philequity Fund, Inc. (since June 1997), Philequity Peso Bond Fund, Inc. (since June 2000), Philequity PSE Index Fund, Inc. (since February 1999), Philequity Resources Fund, Inc. (since March 2010), Philequity Strategic Growth Fund, Inc. (since April 2008), Premium Leisure Corporation (since December 1993, Publicly-Listed), TKC Metals Corporation (since February 2007, Publicly-Listed), Tagaytay Highlands International Golf Club, Inc. (since November 1993), Tagaytay Midlands Golf Club, Inc. (since June 1997), The Country Club at Tagaytay Highlands, Inc. (since August 1995) and The Spa and Lodge at Tagaytay Highlands, Inc. (since December 1999). Mr. Tan is also a Director and the Corporate Secretary of Sterling Bank of Asia Inc. (since December 2006). He is the Managing Partner of the law offices of Tan Venturanza Valdez (since it was established in 1988), Managing Director/President of Shamrock Development Corporation (since May 1988), Director of Destiny LendFund, Inc. (since December 2005) and Pascual Laboratories, Inc. (since March 2014), President of Cataman Chamber Elementary School Foundation, Inc. (since August 2012), Managing Trustee of SCTan Foundation, Inc. (since 1986), Trustee and Treasurer of Rebisco Foundation, Inc. (since April 2013) and Trustee and Corporate Secretary of St. Scholastica's Hospital, Inc. (since February 2011).

Mr. Tan holds a Master of Laws degree from New York University (Class of 1988) and earned his Bachelor of Laws degree from the University of the Philippines (Class of 1980) where he was a member of the Order of the Purple Feather (U.P. College of Law Honor Society) and ranked ninth in his class. Mr. Tan passed the bar examinations in 1981 where he placed sixth. He has a Bachelor of Arts major in Political Science degree from the San Beda College (Class of 1976) from where he graduated Class Valedictorian and was awarded the medal for Academic Excellence.

Independent Directors

The nomination, pre-screening and election of independent directors were made in compliance with the requirements of the Revised Code of Corporate Governance and the Securities and Exchange Commission's Guidelines on the Nomination and Election of Independent Directors which have been adopted and made part of the Corporation's By-Laws. The Nomination Committee constituted by the Company's Board of Directors, indorsed the respective nominations given in favor of Mr. Samson (by Mr. A. Bayani K. Tan), Mr. Yu (by Mr. Edmundo Marco P. Bunyi, Jr.) and Mr. Bert Hontiveros as Independent Directors.

The Nomination Committee, composed of Mr. Lorayes (Chairman), Mr. Yu and Mr. Ong, has determined that these nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Company's Amended Manual on Corporate Governance and Rule 38 of the Implementing Rules of the Securities Regulation Code (SRC).

The nominees, whose required information are discussed above, are in no way related to the stockholders who nominated them and have signified their acceptance of the nominations. These nominees are expected to attend the scheduled Annual Stockholders' Meeting

Family relationships among Directors:

Messrs. Valentino Sy and Wilson Sy are brothers.

Independent Director

Mr. Gregorio T. Yu and Mr. Antonio R. Samson were re-elected as the independent directors of the Company in compliance with the requirements of Rule 38 of the Securities Regulation Code.

Involvement in Certain Legal Proceedings

The Company and its major subsidiaries and associates are not involved in, nor are any of their properties subject to, any material legal proceedings that could potentially affect their operations and financial capabilities.

Except as provided below, the Company is not aware of any of the following events wherein any of its directors, nominees for election as director, executive officers, underwriter or control person were involved during the past five (5) years:

- (a) any bankruptcy petition filed by or against any business of which any of the above persons was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (b) 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 the involvement of any of the above persons in any type of business, securities, commodities or banking activities; and,
- (c) any finding by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self regulatory organization, that any of the above persons has violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

As a result of the delay in the delivery of the facilities of the Universal Leisure Club, Inc., some of its members initiated a Complaint for Estafa (I.S. No. 08K-19713) against ULC, the Universal Rightfield Property Holdings, Inc. and the Universal Leisure Corp., as well as their respective officers and directors, including their former Corporate Secretary, Atty. A. Bayani K. Tan, an incumbent Director and the Corporate Secretary of the Corporation. The Complaint was submitted for resolution in 2009 and was acted upon and dismissed by the City Prosecutor of Manila (OCP) only on March 18, 2013. Complainants belatedly filed motion for reconsideration for which reason, among others, the OCP denied motion on June 16, 2014. A Petition for Review dated March 31, 2014 was filed by the Complainant before the Department of Justice (DOJ). On August 7, 2014, Atty. Tan filed his Comment to the said Petition. In a Resolution dated April 17, 2015, the Petition for Review was denied and the DOJ dismissed the complaint for Estafa.

Significant Employees

No employee is expected by the Corporation to make a significant contribution to the business

Item 10. Executive Compensation

Except for Messrs. Edmundo P. Bunyi, Jr., all of the Company’s directors and officers have not received any form of compensation from inception up to present other than a per diem of ₱6,000.00 (net of withholding tax) for each meeting attended and annual per diem during stockholders’ meeting. There is no employment contract between the Company and the above-named executive officer or current executive officers. In addition, except as provided below, there are no compensatory plans or arrangements with respect to named executive officers that resulted in or will result from the resignation, retirement or termination of such executive director or from a change-in-control in the Company.

Summary Compensation Table (Annual Compensation)

| Name and Principal Position | Year | Annual Compensation |
|------------------------------|------|---------------------|
| Valentino C. Sy | | |
| Chairman & CEO | | |
| Edmundo P. Bunyi, Jr. | | |

| | | |
|--|-----------------|-----------|
| President & COO | | |
| Joseph L. Ong | | |
| Treasurer | | |
| All officers and directors as a group | 2017 (Estimate) | 6,070,991 |
| | 2016 | 6,000,403 |
| | 2015 | 5,864,418 |

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners

As of 31 December 2017, Vantage Equities, Inc. knows no one who beneficially owns in excess of 5% of the Company's common stock except as set forth in the table below.

| Title of Class | Name and Address of Record/Beneficial Owner | Relationship with the Company | Record (r) Beneficial (b) Owner | Citizenship | Number of Shares | Percent of Class |
|----------------|--|-------------------------------|---------------------------------|-------------|------------------|------------------|
| Common | PCD Nominee Corp. (*) G/F MSE Building Ayala Avenue, Makati | Stockholder | r | Filipino | 4,213,939,032 | 97.20% |

(*)PCD Nominee Corporation (PCDNC) is a wholly-owned subsidiary of Philippine Central Depository, Inc. (PCD). The beneficial owners of the shares under the name of PCDNC are PCD's participants who hold the shares in their own behalf or in behalf of their respective clients. No single PCD participant currently owns more than 5% of the Corporation's shares forming part of the PCDNC account except **Wealth Securities, Inc.**, the beneficial owner of 3,620,841,828 common shares of the Corporation, equivalent to about 86.22% of the Corporation's outstanding capital stock.

No single beneficial owner of the shares registered in the name of Wealth Securities owns more than 5% of the outstanding capital stock of the Corporation except **Creative Wisdom, Inc.** which beneficially owns 1,768,701,436 common shares of Vantage, or the equivalent of about 42.12% of the Corporation's outstanding capital stock.

2. Security Ownership of Management

The following table shows the share beneficially owned by the directors and executive officers of the Company as of 31 December 2017:

| Title of Class | Name | No. of Shares | Citizenship | Percentage |
|---------------------------------------|-----------------------|---------------|-------------|------------|
| Common | Ignacio B. Gimenez | 25,000 | Filipino | 0 |
| Common | Roberto Z. Lorayes | 50,000 | Filipino | 0 |
| Common | Valentino C. Sy | 350,000 | Filipino | 0.01 |
| Common | Edmundo P. Bunyi, Jr. | 12,525,000 | Filipino | 0.3 |
| Common | Joseph L. Ong | 25,000 | Filipino | 0 |
| Common | Willy N. Ocier | 20,569,480 | Filipino | 0.49 |
| Common | Wilson L. Sy | 368,300,000 | Filipino | 8.77 |
| Common | Antonio R. Samson | 125,000 | Filipino | 0 |
| Common | Gregorio T. Yu | 5,200,000 | Filipino | 0.12 |
| Common | Timothy Bryce A. Sy | 204,025,500 | Filipino | 4.86 |
| Common | Darlene Mae A. Sy | 201,712,000 | Filipino | 4.8 |
| Common | Kevin Neil A. Sy | 203,520,876 | Filipino | 4.85 |
| Common | Bert C. Hontiveros | 1,946,000 | Filipino | 0.05 |
| All Directors and Officers as a group | | 1018,373,856 | | 24.25 |

Voting Trust Holders of 5% or More

There is no party which holds any voting trust or any similar agreement for 5% or more of Vantage's voting securities.

Changes in Control

The Company is not aware of any arrangement that may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

The Company has not been a party during the last two (2) years to any other transaction or proposed transaction, in which any director or executive officer of the Company, or any security holder owning 10% or more of the securities of the Company or any member of the immediate family of such persons, had a direct or indirect material interest.

Vantage Equities, Inc. is not under the control of any parent company.

The following table presents the balances of intercompany transactions of the Group as of and for the years ended December 31, 2017, 2016 and 2015

| Related Party | Category | 2017 | | |
|-------------------|--|-------------------|------------------------|---|
| | | Amount/ Volume | Outstanding Balance | Nature, terms and conditions |
| FAUSI (Associate) | Reimbursable expenses (Other receivables) | ₱515,513 | ₱61,246 | On demand, noninterest bearing and unsecured |

| Related Party | Category | 2016 | | |
|-------------------|--|-------------------|------------------------|---|
| | | Amount/ Volume | Outstanding Balance | Nature, terms and conditions |
| FAUSI (Associate) | Reimbursable expenses (Other receivables) | ₱515,513 | ₱61,246 | On demand, noninterest bearing and unsecured |

| Related Party | Category | 2015 | | |
|-------------------|--|-------------------|------------------------|---|
| | | Amount/ Volume | Outstanding Balance | Nature, terms and conditions |
| FAUSI (Associate) | Reimbursable expenses (Other receivables) | ₱99,902 | ₱576,759 | On demand, noninterest bearing and unsecured |

Remunerations of Directors and Other Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Group considers the members of the Executive Committee to constitute key management personnel for purposes of PAS 24, *Related Party Disclosures*.

The remuneration of the Group's key management personnel follows:

| | 2017 | 2016 | 2015 |
|---------------------|-------------|-------------|-------------|
| Salaries and wages | ₱26,342,234 | ₱19,817,717 | ₱17,845,410 |
| Retirement benefits | 2,828,213 | 1,002,777 | 695,824 |
| | ₱29,170,447 | ₱20,820,494 | ₱18,541,234 |

PART IV – CORPORATE GOVERNANCE

The Company has been monitoring compliance with SEC Memorandum Circular No. 6, Series of 2009, as well as other relevant SEC circulars and rules on good corporate governance. All directors, officers, and employees complied with all the leading practices and principles on good corporate governance as embodied in the Corporation's Manual. The Company complied with the appropriate performance self-rating assessment and performance evaluation system to determine and measure compliance with the Manual of Corporate Governance.

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

- a. Exhibits – See accompanying index to exhibits.

The following exhibit is filed as a separate section of this report:
Subsidiaries of the Company

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

- b. Reports on SEC Form 17 – C

- **Filed on 22 August 2017**
Results of Organizational Meeting of the Board of Directors
- **Filed on 22 August 2017**
Results of the Annual Stockholders' Meeting
- **Filed on 22 August 2017**
Amendment of the By-Laws
- **Filed on 22 August 2017**
Approval of the Amendments to the Corporation's Articles of Incorporation

SIGNATURES


Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on APR 03 2018.

VANTAGE EQUITIES, INC.

By:


VALENTINO C. SY
 Chairman


EDMUNDO MARCO P. BUNYI, JR.
 President and CEO


MARIBEL E. BERE
 Comptroller / Principal
 Accounting Officer


ATTY. ANN MARGARET K. LORENZO
 Asst. Corporate Secretary

| Name | CTC No. | Date of Issue | Place of Issue |
|-----------------------------|----------|------------------|----------------|
| Valentino C. Sy | 09951429 | January 10, 2018 | Manila |
| Edmundo Marco P. Bunyi, Jr. | 07850504 | January 15, 2018 | Pasig City |
| Maribel E. Bere | 07850503 | January 15, 2018 | Pasig City |
| Ann Margaret K. Lorenzo | 09951402 | January 05, 2018 | Manila |

¹ equivalent to Principal Executive Officer / Principal Operating Officer
² equivalent to Principal Financial Officer

SUBSCRIBED AND SWORN TO BEFORE ME
 AT PASIG CITY APR 03 2018 BY VA
 ABOVE AFFIANT
 DOC. NO. 451
 PAGE NO. 92
 BOOK NO. CLCIX
 SERIES OF 18


EDWIN S. CONDAYA
 NOTARY PUBLIC
 PASIG, PATEROS, SAN JUAN
 UNTIL DEC. 31, 2018
 PTR NO. 3826099/1-03-18
 IBP NO. 019004/12-19-17/UNTIL 20
 ROLL NO. 26683
 TIN NO. 210-588-191-000
 MCLE V-0004493
 2ND FLOOR ARMAL BLDG. URBAN
 VELASCO AVE. MALINAO, PASIG

VANTAGE EQUITIES, INC.

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17 – A, Item 7

Page No.

Consolidated Financial Statements

Statement of Management’s Responsibility for Financial Statements
Report of Independent Public Accountant
Consolidated Balance Sheets as of December 31, 2016 and 2015
Consolidated Statements of Income and Retained Earnings for the
Years Ended December 31, 2016, 2015 and 2014
Consolidated Statements of Cash Flows for the Years Ended
December 31, 2016, 2015 and 2014
Notes to Consolidated Financial Statements

Supplementary Schedules

Report of Independent Public Accountants on Supplementary Schedules

Part 1

- I Schedule of Retained Earnings Available for Dividend Declaration
(Part 1 4C, Annex 68-C)
- II Schedule of all effective standards and interpretations under PFRS
(Part 1 4J)
- III Map showing relationships between and among parent, subsidiaries, an associate,
and joint venture (Part 1 4H)

Part 2

- A Financial Assets (Part II 6D, Annex 68-E, A)
- B Amounts Receivable from Directors, Officers, Employees, Related Parties and
Principal Stockholders (Other than Affiliates)
(Part II 6D, Annex 68-E, B)
- C Amounts Receivable from Related Parties which are eliminated during the
consolidation of financial statements (Part II 6D, Annex 68-E, C)
- D Intangible Assets - Other Assets (Part II 6D, Annex 68-E, D)
- E Long-Term Debt (Part II 6D, Annex 68-E, E)
- F Indebtedness to Related Parties (included in the consolidated statement of
financial position) (Part II 6D, Annex 68-E, F)
- G Guarantees of Securities of Other Issuers (Part II 6D, Annex 68-E, G)
- H Capital Stock (Part II 6D, Annex 68-E, H)

These schedules, which are required by Part IV (a) of RSA Rule 48, have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company’s consolidated financial statements or the notes to consolidated financial statements.

INDEX TO EXHIBITS

Form 17-A

| <u>No.</u> | | <u>Page No.</u> |
|------------|---|-----------------|
| (3) | Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession | * |
| (5) | Instruments Defining the Rights of Security Holders, Including Indentures | * |
| (8) | Voting Trust Agreement | * |
| (9) | Material Contracts | * |
| (10) | Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders | * |
| (13) | Letter re: Change in Certifying Accountant | * |
| (16) | Report Furnished to Security Holders | * |
| (18) | Subsidiaries of the Registrant | * |
| (19) | Published Report Regarding Matters Submitted to Vote of Security Holders | * |
| (20) | Consent of Experts and Independent Counsel | * |
| (21) | Power of Attorney | * |
| (29) | Additional Exhibits | * |

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- These exhibits are either or not applicable to the Company or require no answer.

TABLE OF CONTENTS

| | Page No. |
|---|----------|
| PART I – BUSINESS AND GENERAL INFORMATION | |
| Item 1 Business | 1-6 |
| Item 2 Properties | 6-7 |
| Item 3 Legal Proceedings | 8-9 |
| Item 4 Submission of Matters to a Vote of Security Holder | 9 |
| PART II – OPERATIONAL AND FINANCIAL INFORMATION | |
| Item 5 Market for Registrant’s Common Equity and Related Stockholders Matters | 10 |
| Item 6 Management’s Discussion and Analysis or Plan of Operation | 11-14 |
| Item 7 Financial Statements | 14 |
| Item 8 Changes in and Disagreements with Accountants and Financial Disclosure | 14 |
| PART III – CONTROL AND COMPENSATION INFORMATION | |
| Item 9 Directors and Executive Office of the Registrant | 14-19 |
| Item 10 Executive Compensation | 19 |
| Item 11 Security Ownership of Certain Beneficial Owners and Management | 20-21 |
| Item 12 Certain Relationships and Related Transactions | 21 |
| PART IV – CORPORATE GOVERNANCE | |
| PART V – EXHIBITS AND SCHEDULES | |
| Item 14 a. Exhibits | 22 |
| b. Reports on SEC Form 17-C (Current Report) | 22 |
| SIGNATURES | 23 |
| INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES | 24 |
| INDEX TO EXHIBITS | 25 |