

Description of the Proposed Transaction

The proposed transaction is the acquisition by Gugo, Inc. of 100% of the issued and outstanding capital shares in Ion Chemicals.

Parties to the Transaction

The acquiring party is **Gugo, Inc.** It is a Philippine company engaged in the manufacturing, packaging, and distribution of all-natural shampoos and conditioners all under the tradename "*Virginia*". The following are the companies under its portfolio:

1. **Natural Lather Industries, Inc.** – the ultimate parent of Gugo, Inc. a holding company incorporated in the Philippines. Its shares are held by each of the five members of the Green Family; and
2. **MacDonald Farms** – a Philippine company engaged in the production of organic raw materials in the shampoo and conditioner business of Gugo, Inc.

The acquired party is **Ion Chemicals**. It is a Philippine company engaged in the manufacturing, packaging, and distribution of chemical commercial shampoos all carrying the tradename "*LadyFinger*" in the Greater Manila Area and Southeast Asia. The following are the companies under its portfolio which have horizontal and vertical relationships with the Notifying Group of the acquired party:

1. **Covalent Chemical Industries** – a Philippine holding company and the ultimate parent of Ion Chemicals; and
2. **Friendship Plastics, Inc.** – a Philippine company engaged exclusively in the manufacture of shampoo bottles.

Shares being Acquired and Manner of Acquisition

Gugo, Inc. proposes to acquire by purchase all the issued and outstanding capital shares in Ion Chemicals consisting of one billion (1,000,000,000) common shares and one million (1,000,000) preferred shares.

Consideration

Gugo, Inc. will acquire the shares of Ion Chemicals at the agreed purchase price of two billion five hundred thousand Philippine pesos (Php 2,500,000,000.00). This will be paid in full by Gugo, Inc. to the shareholders of Ion Chemicals on the seventh day following the approval of the Philippine Competition Commission of the proposed transaction as stipulated in the Share Purchase Agreement.

Intended Structure of Ownership and Control after Completion

After Completion, as defined in the Share Purchase Agreement, Gugo Inc. shall have full ownership and control over Ion Chemicals. The members of its existing Board of Directors are encouraged to finish their term. After expiration of their terms, the new shareholders of Gugo, Inc. shall nominate new directors, including independent directors.

Business Objectives of the Parties

Gugo, Inc. aims to transform Ion Chemicals into an all-natural shampoo manufacturing company by relaunching the brand “*LadyFinger*” as an all-natural shampoo.

Covalent Chemical Industries wants to dispose of its shampoo manufacturing business to focus on the manufacturing of plastics.

Assets of the Acquired Entity and Entities It Controls

Ion Chemicals’ assets consist of the factory equipment used in the manufacture and packaging of shampoos, trucks used in the transport of the products, the shampoo factory and warehouse, and the land on which the factory and warehouse stand. The number and fair market value of these assets are as follows:

<i>Asset</i>	<i>Quantity</i>	<i>Fair Market Value (in Php)</i>
Factory equipment	10	10,000,000.00
Cargo trucks	5	10,000,000.00
Factory	1	5,000,000.00
Warehouse	1	2,500,000.00
Land	1 ha.	100,000,000.00

Ion Chemicals does not have any shareholdings nor control in any other entity.