



**SAN MIGUEL  
CORPORATION**

October 23, 2025

Philippine Dealing & Exchange Corp.  
29th Floor, BDO Equitable Tower  
8751 Paseo de Roxas, Makati City 1226

Attention: Atty. Suzy Claire R. Selleza  
Head – Issuer Compliance and Disclosure Department  
Philippine Dealing & Exchange Corp.

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Gentlemen:

Please see attached disclosure of the Corporation.

Very truly yours,

  
**MARY ROSE S. TAN**  
Assistant Corporate Secretary



October 23, 2025

**The Philippine Stock Exchange, Inc.**  
Disclosure Department  
6th Floor, Philippine Stock Exchange Tower  
28th Street, corner 5th Avenue  
Bonifacio Global City, Taguig

Attention: **Atty. Johanne Daniel M. Negre**  
Officer-in-Charge, Disclosure Department

Re: Certificate of Filing of Enabling Resolutions  
Series 2-P, 2-Q and 2-R Preferred Shares

Gentlemen:

We advise that, on 23 October 2025, the Securities and Exchange Commission (SEC) issued a Certificate of Filing of Enabling Resolutions covering the issuance by the Company of up to 450,571,567 Series "2" Preferred Shares to be re-issued in three subseries, namely Subseries 2-P, 2-Q and 2-R.

A copy of the Certificate of Enabling Resolutions dated 23 October 2025 is attached.

Very truly yours,

  
**MARY ROSE S. TAN**  
Assistant Corporate Secretary



REPUBLIC OF THE PHILIPPINES  
SECURITIES AND EXCHANGE COMMISSION

The SEC Headquarters  
7907 Makati Avenue, Salcedo Village,  
Barangay Bel-Air, Makati City, 1209, Metro Manila

COMPANY REG. NO. PW00000277

**CERTIFICATE OF FILING OF ENABLING RESOLUTION**

**KNOW ALL PERSONS BY THESE PRESENTS:**

**THIS IS TO CERTIFY** that the Board Resolution executed on August 7, 2025 by at least a majority of the Board, containing the Enabling Resolution of

**SAN MIGUEL CORPORATION**

copy annexed, that the Corporation be authorized to conduct of an exchange offer to the holders of the Series 2-J and 2-K Preferred Shares (the "Exchange Shares") through a voluntary tender offer to exchange the Exchange Shares for 450,571,567 cumulative, non-voting, non-participating, non-convertible, redeemable, re-issuable Philippine Peso-denominated perpetual preferred shares to be re-issued from the treasury shares of the Corporation (the "Offer Shares"), at an exchange ratio of one (1) Offer Share for every one (1) Exchange Share (the "Exchange Offer"). The Board of Directors of the Corporation authorized the Management of the Corporation to negotiate, agree on and approve the final terms and conditions of the Offer Shares, approved by its Board of Directors on August 07, 2025, was filed with this Office and attached to the other papers pertaining to said corporation, pursuant to Section 6 of the Revised Corporation Code of the Philippines (Republic Act No. 11232).

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at The SEC Headquarters, 7907 Makati Avenue, Salcedo Village, Barangay Bel-Air, Makati City, 1209, Metro Manila, Philippines, this 23<sup>rd</sup> day of October, Twenty Twenty Five.

  
DANIEL P. GABUYO

Assistant Director

SO Order 1188 Series of 2018

# COVER SHEET

For Applications at  
COMPANY REGISTRATION AND MONITORING DEPARTMENT

Nature of Application

**Enabling Resolution**

SEC Registration Number

P	W	0	0	0	0	0	2	7	7
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Former Company Name

S	A	N	M	I	G	U	E	L	C	O	R	P	O	R	A	T	I	O	N

AMENDED TO:  
New Company Name


Principal Office (No./Street/Barangay/City/Town)Province)

4	0	S	A	N	M	I	G	U	E	L	A	V	E	N	U	E
M	A	N	D	A	L	U	Y	O	N	G	C	I	T	Y		

zip code

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Company's Email Address	<b>COMPANY INFORMATION</b> Company's Telephone Number/s <div style="border: 1px solid black; padding: 2px; text-align: center;">8888-0999</div>	Mobile Number
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**CONTACT PERSON INFORMATION**  
*The designated person **MUST** be a Director/Trustee/Partner/Officer/Resident Agent of the Corporation*

Contact Person	Email Address	Telephone Number/s	Mobile Number
<div style="border: 1px solid black; height: 20px;"></div>			
Contact Person's Address			
<div style="border: 1px solid black; height: 20px;"></div>			

**To be accomplished by CRMD Personnel**

	Date	Signature
Assigned Processor _____	_____	_____
_____	_____	_____
_____	_____	_____

Document I.D.

Received by Corporate Filing and Records Division (CFRD) \_\_\_\_\_

Forwarded to:

<input type="checkbox"/> Corporate and Partnership Registration Division (CPRD)	_____	_____
<input type="checkbox"/> Green Lane Unit (GL)	_____	_____
<input type="checkbox"/> Financial Analysis and Audit Division (FAAD)	_____	_____
<input type="checkbox"/> Licensing Unit (LU)	_____	_____
<input type="checkbox"/> Compliance Monitoring Division (CMD)	_____	_____

5 September 2025

**COMPANY REGISTRATION AND MONITORING DEPARTMENT  
SECURITIES AND EXCHANGE COMMISSION**

7907 Makati Avenue, Salcedo Village,  
Barangay Bel-Air, Makati City 1209

Re: **SAN MIGUEL CORPORATION**  
*Request for Comments/Recommendation*

**Ladies and Gentlemen:**

This is to respectfully request your clearance on the proposed application of our client, San Miguel Corporation, to be filed with the Company Registration and Monitoring Department (CRMD), details of which are as follows:

Name of Requesting Corporation / Partnership	<b>SAN MIGUEL CORPORATION</b>
Address of Requesting Corporation / Partnership	No. 40 San Miguel Avenue, Mandaluyong City, Metro Manila, Philippines 1550
SEC Registration No. (if applicable)	N/A
Type of SEC-issued Secondary License (if applicable)	PW-277
Type of Proposed CRMD Application	Filing of Enabling Resolutions for Series 2-P, 2-Q, and 2-R Preferred Shares
Contact Person	Moises Ronette C. Colobong Picazo Buyco Tan Fider Santos & Dee <i>Issuer's Counsel</i>  Samantha Esther T. Buyco Picazo Buyco Tan Fider Santos & Dee <i>Issuer's Counsel</i>
Contact Number	(02) 8888-0999

Moreover, we also request that you furnish the CRMD a copy of your reply to our request. We have attached a copy of the aforesaid application for your review/evaluation only and for the purpose of the issuance of the Markets and Securities Regulation Department's (MSRD) clearance thereto. It is further understood that the MSRD is not responsible for the actual processing of the above-mentioned application of the corporation.

Finally, should there be any violation of any existing laws, rules and regulations implemented by the MSRD, the company undertakes to: (1) submit all the required report/s within seven (7) days from notification of approval of the application/s; and (2) pay the corresponding penalty.

We trust that you will find everything in order. Kindly let us know if there are any concerns/questions on this matter.

Very truly yours,

**PICAZO BUYCO TAN FIDER & SANTOS & DEE**

By:

  
**MOISES RONETTE C. COLOBONG**

  
**SAMANTHA ESTHER T. BUYCO**

REPUBLIC OF THE PHILIPPINES )  
MANDALUYONG CITY, METRO MANILA ) S.S.

### SECRETARY'S CERTIFICATE

I, **MARY ROSE S. TAN**, of legal age, Filipino, with office address at 40 San Miguel Avenue, Mandaluyong City, Metro Manila, Philippines, after having been duly sworn in accordance with law, do hereby depose and state that:

1. I am the Assistant Corporate Secretary of **SAN MIGUEL CORPORATION** (the "**Corporation**"), a corporation duly organized and registered in accordance with the laws of the Republic of the Philippines with principal office at 40 San Miguel Avenue, Mandaluyong City;

2. In a resolution approved by the Board of Directors on August 7, 2025, a copy of which is attached herewith as **Annex "A"**, the Board of Directors of the Corporation approved the conduct of an exchange offer to the holders of the Series 2-J and 2-K Preferred Shares (the "**Exchange Shares**") through a voluntary tender offer to exchange the Exchange Shares for 450,571,567 cumulative, non-voting, non-participating, non-convertible, redeemable, re-issuable Philippine Peso-denominated perpetual preferred shares to be re-issued from the treasury shares of the Corporation (the "**Offer Shares**"), at an exchange ratio of one (1) Offer Share for every one (1) Exchange Share (the "**Exchange Offer**"). The Board of Directors of the Corporation authorized the Management of the Corporation to negotiate, agree on and approve the final terms and conditions of the preferred shares.

3. Pursuant to the authorization issued by the Board of Directors, the Management of the Corporation approved and confirmed the offer and issuance of the Offer Shares, under the terms and conditions attached to this certification as **Annex "B"** (the "**Terms of the Offer Shares**").

4. The dividend rate for the Offer Shares as well as the specific Terms of the Offer Shares indicated as subject to confirmation, shall be subject to approval by the Management of the Corporation before the issuance of the final tender offer report and the approval by the Philippine Stock Exchange of the listing application covering the Offer Shares.

5. The enabling resolution for the Series 2 Preferred Shares of the Corporation as approved by the Board of Directors on August 7, 2025 and the Terms of the Offer Shares as approved by the Management of the Corporation shall form part of the Corporation's latest Amended Articles of Incorporation and Amended By-laws.

6. To the best of my knowledge, no action or proceeding has been filed or is pending before any Court involving any intra-corporate dispute and/or a claim by any person or group against the Board of Directors, individual directors and/or corporate officers of the Corporation as its duly elected and appointed directors or officers or vice versa.

7. I am executing this certification in compliance with the requirements of the Securities and Exchange Commission for the application of the Corporation for a certificate of filing of enabling resolution.

[ SIGNATURE PAGE FOLLOWS ]

IN WITNESS WHEREOF, I have hereunto set my hands on SEP - 4 2025 in  
Mandaluyong City, Metro Manila.

  
**MARY ROSE S. TAN**  
Assistant Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this SEP - 4 2025 at Mandaluyong  
City, Metro Manila, affiant exhibited to me her Philippine Passport No. P6179528B issued on  
January 26, 2021 at DFA NCR Central.

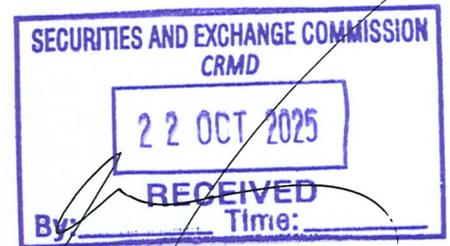
Doc. No. 11;  
Page No. 5;  
Book No. 1;  
Series of 2025.

  
**JOSE ANGELITO M. ILANO**  
Commission No. 0520-25  
Notary Public for Mandaluyong City  
Until December 31, 2026  
SMC, 40 San Miguel Ave., Mandaluyong City  
Roll of Attorneys No. 62172  
PTR No. 3274412; 01/06/25; Mandaluyong City  
IBP Lifetime Member No. 018833; 12/14/17; Q.C.  
MCLE Compliance No. VII-0020653; 01/27/25; Pasig City



REPUBLIC OF THE PHILIPPINES )  
MANDALUYONG CITY, METRO MANILA ) S.S.

ANNEX A



**SECRETARY'S CERTIFICATE**

I, **MARY ROSE S. TAN**, of legal age, Filipino, and with office address at No. 40 San Miguel Avenue, Mandaluyong City, Metro Manila, Philippines, after having been duly sworn to in accordance with law, hereby certify that:

1. I am the Assistant Corporate Secretary of **SAN MIGUEL CORPORATION** (the "**Corporation**"), a corporation organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at No. 40 San Miguel Avenue, Mandaluyong City, Metro Manila, Philippines.

2. At the duly constituted meeting of the Board of Directors of the Corporation held on **7 August 2025**, at which a quorum was present and acted throughout, the following resolutions were passed and approved:

**Resolution No. 2025-08-07-03**

**"RESOLVED, AS IT IS HEREBY RESOLVED**, that the Corporation be authorized, as it is hereby authorized and empowered, to conduct an exchange offer to the holders of the Series 2-J and 2-K Preferred Shares (the "**Exchange Shares**") through a voluntary tender offer to exchange the Exchange Shares for 450,571,567 cumulative, non-voting, non-participating, non-convertible, redeemable, re-issuable Philippine Peso-denominated perpetual preferred shares to be re-issued from the treasury shares of the Corporation (the "**Offer Shares**"), at an exchange ratio of one (1) Offer Share for every one (1) Exchange Share (the "**Exchange Offer**");

**"RESOLVED, FURTHER**, that the Offer Shares shall be re-issued in three (3) subseries: Series 2-P, Series 2-Q, and Series 2-R, which have the features of optional redemption and dividend rate step up, ranging from 3 to 7 years, and 5 to 10 years, respectively;

**"RESOLVED FURTHER**, that the Management of the Corporation be authorized to determine such other terms and conditions of the re-issuance of the Offer Shares as may be advantageous to the Corporation and in accordance with the scope of authority by the Board, including but not limited to the determination of the dividend rate of the Offer Shares;

**"RESOLVED, FURTHER**, that the Corporation, through Management, be authorized to do the following acts:

- (a) preparation, filing and submission of an (i) application for voluntary tender offer; (ii) application for confirmation of valuation of the Exchange Shares, and (iii) application for confirmation of exemption of the Exchange Offer, with the relevant departments of the Securities and Exchange Commission (the "**SEC**"), as may be necessary to effect and implement the Exchange Offer;
- (b) filing and submission of an application for lifting of trading suspension/application for listing of the Series 2 Preferred Shares, pursuant to its listing requirements, in order to effect the listing of the Offer Shares with the Philippine Stock Exchange ("**PSE**");
- (c) signing, execution, and delivery of any and all documents, contracts, agreements and instruments as may be required or necessary in connection with (i) the application for voluntary tender offer; (ii) the application for confirmation of valuation, (iii) the application for

confirmation of exempt transaction, (iv) the listing with the PSE, and (v) the Exchange Offer of the Offer Shares;

- (d) engagement of an independent valuation expert, legal counsels, and other agents as may be necessary, proper or desirable to effect and implement the Exchange Offer, and the listing with the PSE of the Offer Shares, under such terms and conditions as Management may deem to be fair and reasonable in the best interest of the Corporation;

**“RESOLVED FINALLY**, that any one (1) of the Chairman and Chief Executive Officer, Mr. Ramon S. Ang or the President and Chief Operating Officer, Mr. John Paul L. Ang, acting singly, or any two (2) of Messrs. Ferdinand K. Constantino, Virgilio S. Jacinto, Joseph N. Pineda, Bryan U. Villanueva, Mesdames Aurora T. Calderon and Bella O. Navarra, acting and signing jointly, are designated and authorized to sign, execute and deliver, for and on behalf of the Corporation, all applications, registration forms, deeds, documents, contracts, agreements and instruments, and to perform such further acts and deeds and may be necessary, convenient or appropriate, to give force and effect to the foregoing resolutions:

<u>NAME</u>	<u>SPECIMEN SIGNATURE</u>
Ramon S. Ang	_____
John Paul L. Ang	_____
Ferdinand K. Constantino	_____
Virgilio S. Jacinto	_____
Joseph N. Pineda	_____
Bryan U. Villanueva	_____
Aurora T. Calderon	_____
Bella O. Navarra	_____

3. The foregoing resolutions have not been revoked, amended, or in any manner, modified, and accordingly, the same may be relied upon until written notice to the contrary is issued by the Corporation.

[ SIGNATURE PAGE FOLLOWS ]

IN WITNESS WHEREOF, we have hereunto set our hands this AUG - 8 2025 in  
MANDALUYONG CITY, Metro Manila.

  
**MARY ROSE S. TAN**  
Assistant Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this AUG - 8 2025 in Mandaluyong City, affiant  
exhibiting to me her Philippine Passport No. P6179528B issued on January 26, 2021 at DFA NCR  
Central.

Doc. No. 421  
Page No. 88  
Book No. 5  
Series of 2025.

  
**MA. KRISTINA S. ZAMORA**  
Commission No. 0513-25  
Notary Public for Mandaluyong City  
Until December 31, 2026  
SMC, 40 San Miguel Ave., Mandaluyong City  
Roll of Attorneys No. 61379  
PTR No. 3274416; 01/06/25; Mandaluyong City  
IBP Lifetime Member No. 018307; 12/14/17; RSM  
MCLE Compliance No VIII-0039380; 07/04/25; Pasig City



**ANNEX B**  
**TERMS AND CONDITIONS OF THE OFFER SHARES**  
**(Series 2-P, Series 2-Q, and Series 2-R Preferred Shares)**

<b>Issuer</b>	San Miguel Corporation (the “Company” or “SMC”)
<b>Instrument</b>	Cumulative, non-voting, non-participating, non-convertible, redeemable, re-issuable Philippine Peso-denominated perpetual Series “2” Preferred Shares
<b>Offer Shares</b>	<p>The Company shall undertake an exchange offer to the holders of the 266,666,667 Subseries 2-J of the Series “2” Preferred Shares (“<b>Series 2-J Preferred Shares</b>”) and 183,904,900 Subseries 2-K of the Series “2” Preferred Shares (“<b>Series 2-K Preferred Shares</b>”, and together with the Series 2-J Preferred Shares collectively, the “<b>Exchange Shares</b>”) through a voluntary tender offer to exchange the Exchange Shares for 450,571,567 Series “2” Preferred Shares (the “<b>Offer Shares</b>”), at a rate of one Exchange Share to one of any of the Offer Shares, to be re-issued in up to three (3) subseries, namely Subseries 2-P, 2-Q, and/or 2-R.</p> <p>The Offer Shares will be issued out of the Series “2” Preferred Shares held in treasury by the Company.</p> <p>On October 10, 2025, an aggregate of 251,474,020 Exchange Shares, consisting of 173,760,520 Series 2-J Preferred Shares and 77,713,500 Series 2-K Preferred Shares were tendered to the Company for exchange to 171,370,380 Series 2-P Preferred Shares, 53,815,840 Series 2-Q Preferred Shares, and 26,287,800 Series 2-R Preferred Shares. Accordingly, the remaining 92,906,147 Series 2-J Preferred Shares and 106,191,400 Series 2-K Preferred Shares shall be redeemed by the Company on October 29, 2025 and December 10, 2025, respectively.</p>
<b>Par Value</b>	The Offer Shares shall have a par value of ₱5.00 per share.
<b>Issue Price</b>	The issue price of the Offer Shares shall be ₱75.00 per share.
<b>Listing</b>	The Offer Shares shall be listed on the Main Board of the <b>PSE</b> , subject to compliance with PSE listing rules. Upon listing, the Series 2-P, Series 2-Q and Series 2-R Preferred Shares shall be traded under the ticker codes “ <b>SMC2P</b> ”, “ <b>SMC2Q</b> ”, and “ <b>SMC2R</b> ”, respectively.
<b>Exempt Transaction</b>	The issuance of the Offer Shares is an exempt transaction on the basis of Section 10.1(j) of the Securities Regulation Code (SRC), which provides that “ <i>the exchange of securities by the issuer with its existing security holders exclusively, where no commission or other remuneration is paid or given directly or indirectly for soliciting such exchange</i> ” shall not be subject to registration under the SRC.
<b>Issue Date</b>	October 24, 2025 or such other date when the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares are listed on the Main Board of the PSE.
<b>Dividend Rate</b>	As and if cash dividends are declared by the Board of Directors, cash dividends on the Series 2-P, Series 2-Q and Series 2-R shall be at the initial rates of:

Series 2-P Preferred Shares: 6.9650%

Series 2-Q Preferred Shares: 7.2560%

Series 2-R Preferred Shares: 7.5360%

in all cases calculated for each share by reference to the issue price of ₱75.00 in respect of each Dividend Period (each, the “**Initial Dividend Rate**” for the relevant subseries).

Dividend Rate means (a) from the Issue Date up to the relevant Step-Up Date, the applicable Initial Dividend Rate, and (b) from the relevant Step-Up Date, until the date the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares are redeemed, the higher of the applicable Initial Dividend Rate and the applicable Step-Up Rate. (*Please see below relevant definitions.*)

#### **Dividend Payment Date**

Cash dividends on the Offer Shares will be payable once for every Dividend Period on such date set at the time of declaration by the Board of Directors (each a “**Dividend Payment Date**”) in accordance with the terms and conditions of the Offer Shares. The Dividend Payment Date shall be any day within the period commencing on (and including) the last day of a Dividend Period and seven (7) Trading Days from the end of the relevant Dividend Period.

The quarterly dividend is computed by multiplying the Issue Price by the applicable Dividend Rate, and thereafter dividing by four. For the first Dividend Period, the dividend will be pro-rated to cover only the number of days from the Issue Date up to the end of such Dividend Period. For the succeeding Dividend Periods, the corresponding Dividend Payment Date may also fall on any date between the last day of the Dividend Period and seven (7) Trading Days from the end of the relevant Dividend Period.

If a Dividend Payment Date occurs after the end of a Dividend Period, there shall be no adjustment to the amounts of dividends to be paid.

The dividends on the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares will be calculated on a 30/360-day basis.

If the Dividend Payment Date is not a Business Day, dividends will be paid on the next succeeding Business Day, without adjustment as to the amount of dividends to be paid.

Dividends on the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares will be cumulative. If for any reason the Issuer’s Board of Directors does not declare dividends on the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares for a Dividend Period, the Issuer will not pay dividends on such Dividend Payment Date for such Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares must receive the dividends due to them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares prior to such Dividend Payment Date.

## Dividend Period

A “**Dividend Period**” shall refer to the period commencing on the Issue Date and having a duration of three (3) months, and thereafter, each of the successive periods of three (3) months commencing on the last day of the immediately preceding Dividend Period up to, but excluding the first day of the immediately succeeding Dividend Period; provided that, the first Dividend Period of the Offer Shares shall be the period commencing on the Issue Date and ending on the last day of the then current Dividend Period for the other outstanding Series “2” Preferred Shares, and provided, further that the last Dividend Period of the Offer Shares shall be the period commencing on the first day of the then current Dividend Period of the Offer Shares and ending on the Optional Redemption Date.

For reference, the current dividend periods for the outstanding Series “2” Preferred Shares are as follows:

- September 21 – December 20
- December 21 – March 20
- March 21 – June 20
- June 21 – September 20

To align with the dividend periods of the Company’s outstanding Series “2” Preferred Shares, the dividend periods of the Offer Shares shall be adjusted to as follows:

### *First Dividend Period*

If the Issue Date of the Offer Shares is on October 24, 2025, the first Dividend Period for the Offer Shares shall be from October 24, 2025 to December 20, 2025 or a cash dividend payment equivalent to fifty-seven (57) days.

### *Last Dividend Period*

For example:

- (i) If the Issuer will redeem the Series 2-P Preferred Shares on the third (3<sup>rd</sup>) anniversary of the Issue Date or on October 24, 2028, the last Dividend Period for the Series 2-P Preferred Shares will be from September 21, 2028 to October 24, 2028 or a cash dividend payment equivalent to thirty-three (33) days.
- (ii) If the Issuer will redeem the Series 2-P Preferred Shares on the last day of any Dividend Period after the third (3<sup>rd</sup>) anniversary of the Issue Date, for instance on March 20, 2029, the last Dividend Period for the Series 2-P Preferred Shares will be from December 21, 2028 to March 20, 2029 or a cash dividend payment equivalent to ninety (90) days.
- (iii) If the Issuer will redeem the Series 2-P Preferred Shares on the fifth (5<sup>th</sup>) anniversary of the Issue Date or on October 24, 2030, the last Dividend Period for the Series 2-P Preferred Shares will be from September 21, 2030 to October 24, 2030 or a cash dividend payment equivalent to thirty-three (33) days.

**Conditions on  
Declaration and Payment  
of Cash Dividends**

The declaration of cash dividends will be subject to the discretion of the Board of Directors to the extent permitted by law.

The Board of Directors will not declare and pay cash dividends on any Dividend Payment Date where:

- (a) payment of the cash dividend would cause SMC to breach any of its financial covenants; or
- (b) the profits available to SMC to distribute as cash dividends are not sufficient to enable SMC to pay in full both the cash dividends on the Offer Shares and the dividends on all other classes of the shares of SMC that are scheduled to be paid on or before the same date as the cash dividends on the Offer Shares and that have an equal right to dividends as the Offer Shares.

If the profits available to distribute as dividends are, in the opinion of the Board of Directors, not sufficient to enable SMC to pay in full on the same date both cash dividends on the Offer Shares and the dividends on other shares that have an equal right to dividends as the Offer Shares, SMC is required (i) to pay in full, or to set aside an amount equal to, all dividends scheduled to be paid on or before that Dividend Payment Date on any shares with a right to dividends ranking in priority to that of the Offer Shares; and (ii) to pay cash dividends on the Offer Shares and any other shares ranking equally with the Offer Shares as to participation in profits pro rata to the amount of the cash dividends scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividend payable on that date and any arrears on past cumulative dividends on any shares ranking equal in the right to dividends with the Offer Shares.

Any such cash dividends deferred or not declared in accordance with the above provisions shall constitute "Arrears of Dividends" which shall accrue cash dividends at the prevailing Dividend Rate. The profits available for distribution are, in general and with some adjustments, equal to the accumulated realized profits of SMC less accumulated realized loss.

Cash dividends on the Offer Shares will be cumulative. If for any reason the Board of Directors of SMC does not declare a cash dividend on the Offer Shares for a Dividend Period, SMC will not pay a cash dividend on the Dividend Payment Date for that Dividend Period. However, on any future Dividend Payment Date on which cash dividends are declared, holders of the Offer Shares will receive the accrued and unpaid cash dividends due them on such Dividend Payment Date as well as all Arrears of Dividends to the holders of the Offer Shares prior to such Dividend Payment Date.

Holders of the Offer Shares shall not be entitled to participate in any other or further dividends, cash, property or stock beyond the dividends specifically payable on the Offer Shares. SMC will covenant that, in the event:

- (a) any cash dividends due with respect to any Series "2" Preferred Shares then outstanding for any period are not declared and paid in full when due;
- (b) where there remains outstanding Arrears of Dividends; or

- (c) any other amounts payable under the terms and conditions of the Offer Shares described in the Tender Offer materials are not paid in full when due for any reason,

then it will not declare or pay any dividends or other distributions in respect of, or repurchase or redeem, securities ranking *pari passu* with, or junior to, the Offer Shares (or contribute any moneys to a sinking fund for the redemption of any securities ranking *pari passu* with, or junior to, the Offer Shares) until any and all Arrears of Dividends and accrued but unpaid cash dividends have been paid to the holders of the Offer Shares.

#### **Optional Redemption and Purchase**

As and if approved by the Board of Directors, the Company may redeem in whole (but not in part), any subseries of the Offer Shares as follows:

- (a) in respect of Series 2-P Preferred Shares, on the third (3<sup>rd</sup>) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a “**Series 2-P Optional Redemption Date**”);
- (b) in respect of Series 2-Q Preferred Shares, on the fifth (5<sup>th</sup>) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a “**Series 2-Q Optional Redemption Date**”); and
- (c) in respect of Series 2-R Preferred Shares, on the seventh (7<sup>th</sup>) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a “**Series 2-R Optional Redemption Date**”)

(each of the Series 2-P Optional Redemption Dates, Series 2-Q Optional Redemption Dates, and Series 2-R Optional Redemption Dates, being an “**Optional Redemption Date**”), after giving not more than sixty (60) nor less than thirty (30) days’ prior written notice to the intended date of redemption, at a redemption price equal to the issue price of ₱75.00 plus all dividends due them on such Optional Redemption Date as well as all Arrears of Dividends after deduction of transfer costs customarily chargeable to stockholders, as applicable, to effect the redemption (the “**Redemption Price**”). Such notice to redeem shall be deemed irrevocable upon issuance thereof.

For the avoidance of doubt, on the applicable Optional Redemption Date, the Issuer has the option to redeem, in whole but not in part, any of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares.

In the event an Optional Redemption Date which the Issuer has chosen as the date to redeem the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares falls on a day that is not a Business Day, the redemption shall be made on the next succeeding day that is a Business Day, without adjustment as to the Redemption Price and the amount of dividends to be paid.

The Issuer may also redeem any of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares, in whole but not in part, at any time prior to any Optional Redemption Date if an Accounting Event or a Tax Event (each as defined below) has occurred and is continuing. The redemption due to an Accounting Event or a Tax Event shall be made by the Issuer at the Redemption Price, provided that if the Accounting Event or Tax Event is

specific to a subseries, then the foregoing optional redemption may be exercised only with respect to such subseries.

After listing on the PSE, the Issuer reserves the right to purchase the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares at any time in the open market or by public tender or by private contract at any price through PSE without any obligation to purchase or redeem the other Series 2-P, Series 2-Q, and Series 2-R Preferred Shares. The Series 2-P, Series 2-Q, and Series 2-R Preferred Shares so purchased may either be redeemed (pursuant to their terms and conditions as set out in the Tender Offer materials) and cancelled or kept as treasury shares, as applicable.

#### **Step-Up Dividend Rate**

Unless the Offer Shares are redeemed by the Issuer, in respect of the Series 2-P Preferred Shares, five (5) years from the Issue Date (the "**Series 2-P Step-Up Date**"), in respect of the Series 2-Q Preferred Shares, seven (7) years from the Issue Date (the "**Series 2-Q Step-Up Date**"), and in respect of the Series 2-R Preferred Shares, ten (10) years from the Issue Date (the "**Series 2-R Step-Up Date**") (each of the Series 2-P Step-Up Date, the Series 2-Q Step-Up Date, and the Series 2-R Step-Up Date being a "**Step-Up Date**"), or on the next Business Day in case the relevant Step-Up Date falls on a non-Business Day, the dividends on each subseries will be adjusted as follows:

- (a) for the Series 2-P Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the 10-year BVAL (each reference rate, a "**BVAL**") (or if the 10-year BVAL is not available or cannot be determined, any such successor rate as determined by the Bankers Association of the Philippines ("**BAP**") or the *Bangko Sentral ng Pilipinas* ("**BSP**"), as published on the website of the PDS or, if unavailable, the Philippine Dealing & Exchange Corp. ("**PDEX**") page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-P Step-Up Date, plus 3.00% (the "**Series 2-P Step-Up Dividend Rate**");
- (b) for the Series 2-Q Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the interpolated 15-year BVAL (or if the interpolated 15-year BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP, as published on the website of the PDS or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-Q Step-Up Date, plus 3.00% (the "**Series 2-Q Step-Up Dividend Rate**"); and
- (c) for the Series 2-R Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the 20-year BVAL (or if the 20-year BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP, as published on the website of the PDS or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-R Step-Up Date, plus 3.00% (the "**Series 2-R Step-Up Dividend Rate**").

Provided, that in the event the relevant Step-Up Date falls on a day that is not a Business Day:

- (i) the rate setting will be done on the immediately succeeding Business Day using the average of the relevant BVAL rates for the three (3) consecutive Business Days preceding and inclusive of the said rate setting date; and
- (ii) the higher of the applicable Initial Dividend Rate and the applicable Step-Up Dividend Rate will be applied commencing on the Step-Up Date (which is five (5) years from the Issue Date of the Series 2-P Preferred Shares, seven (7) years from the Issue Date of the Series 2-Q Preferred Shares, and ten (10) years from the Issue Date of the Series 2-R Preferred Shares).

(Each of the Series 2-P Step-Up Dividend Rate, Series 2-Q Step-Up Dividend Rate, and the Series 2-R Step-Up Dividend Rate being a “**Step-Up Dividend Rate**”.)

Dividends on the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares will be cumulative. If for any reason the Issuer's Board of Directors does not declare dividends on the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares for a Dividend Period, the Issuer will not pay dividends on such Dividend Payment Date for such Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares must receive the dividends due to them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares prior to such Dividend Payment Date.

**No Sinking Fund**

The Company is not legally required, has not established, and currently has no plans to establish, a sinking fund for the redemption of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares.

**Accounting Event**

An accounting event shall occur if an opinion of any recognized person authorized to perform auditing services in the Government has stated that there is more than an insubstantial risk that the funds raised through the issuance of the Offer Shares may no longer be recorded as equity pursuant to the PFRS, or such other accounting standards which succeed PFRS, as adopted by the Government, applied by SMC for drawing up its consolidated financial statements for the relevant financial year and such event cannot be avoided by SMC taking reasonable measures available to it.

**Tax Event**

A tax event shall occur if dividend payments become subject to higher withholding tax or any new tax (including a higher rate of an existing tax) as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to SMC.

**Purchase of the Offer Shares**

After listing on the PSE, SMC may purchase the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares, then tradeable at that time at any time in the open market or by public tender or by private contract at any price through the PSE without any obligation to purchase or redeem the other outstanding Series 2-P, Series 2-Q, and Series 2-R Preferred Shares.

**Redemption by reason of a Tax Event**

All payments in respect of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Government, including, but not limited to, stamp, issue, registration, documentary, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Issuer will pay additional amounts so that the holders of Series 2-P, Series 2-Q, and Series 2-R Preferred Shares will receive the full amount of the relevant payment which otherwise would have been due and payable, provided, however, that the Issuer shall not be liable for: (a) any withholding tax applicable on dividends earned or on any amounts payable to the holders of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares, including any additional tax on such dividends imposed by changes in law, rule, or regulation; (b) any income tax (whether or not subject to withholding); percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the redemption price) of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares or on the liquidating distributions as may be received by a holder of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares; (c) any expanded value added tax which may be payable by any holder of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares on any amount to be received from the Issuer under the terms and conditions of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares; (d) any withholding tax, including any additional tax imposed by change in law, rules, or regulation, on any dividend payable to any holder of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares or any entity which is a non-resident foreign corporation; and (e) any applicable taxes on any subsequent sale or transfer of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares by any holder of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).

In the event payments in respect of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares become subject to additional withholding or any new tax as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem each of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares at any time in whole but not in part, at the Redemption Price.

**Redemption by reason of an Accounting Event**

In the event an opinion of a recognized accounting firm authorized to perform auditing services in the Government has been delivered to the Issuer stating that there is more than an insubstantial risk that the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares may no longer be recorded as equity in the audited consolidated financial statements of the Issuer prepared in accordance with PFRS, or such other accounting standards which succeed PFRS as adopted by the Issuer for the preparation of its audited consolidated financial statements for the relevant financial year, and such event cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem each of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares in whole, but not in part, at the Redemption Price.

**Taxation**

All payments in respect of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties

imposed by or on behalf of the Government, including but not limited to, stamp, issue, registration, documentary, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, SMC will pay additional amounts so that the holders of Series 2-P, Series 2-Q, and Series 2-R Preferred Shares will receive the full amount of the relevant payment which otherwise would have been due and payable; provided, however, that SMC shall not be liable for:

(a) any withholding tax applicable on dividends earned or on any amounts payable to the holders of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares, including any additional tax on such dividends imposed by changes in law, rule, or regulation; (b) any income tax (whether or not subject to withholding); percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the redemption price) of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares or on the liquidating distributions as may be received by a holder of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares; (c) any expanded value added tax which may be payable by any holder of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares on any amount to be received from the Issuer under the terms and conditions of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares; (d) any withholding tax, including any additional tax imposed by change in law, rules, or regulation, on any dividend payable to any holder of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares or any entity which is a non-resident foreign corporation; and (e) any applicable taxes on any subsequent sale or transfer of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares by any holder of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).

**Form, Title and  
Registration of the  
Preferred Shares**

The Series 2-P, Series 2-Q, and Series 2-R Preferred Shares will be issued in scripless form through the electronic book-entry system of SMC Stock Transfer Service Corporation as Registrar for the Offer Shares and lodged with the Philippine Depository & Trust Corporation (“PDTC”) as Depository Agent on Issue Date through the Participating Brokers nominated by the applicants. For this purpose, applicants shall indicate in the proper space provided for in the Application to Tender Shares the name of the Participating Broker under whose name their Offer Shares will be registered. After Issue Date, shareholders may request the Registrar, through their nominated Participating Broker, to (a) open a scripless registry account and have their holdings of the Offer Shares registered under their name, or (b) issue stock certificates evidencing their investment in the Offer Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting shareholder.

Legal title to the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares will be shown in an electronic register of shareholders (the “**Registry of Shareholders**”) which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Offer Shares that is effected in the Registry of Shareholders (at the cost of the requesting shareholder). The Registrar shall send (at the cost of SMC) at least once every quarter a statement of account to all shareholders named in the Registry of Shareholders, except certificated shareholders and depository participants, confirming the number of Offer Shares held by each shareholder on record in the Registry of Shareholders.

Such statement of account shall serve as evidence of ownership of the relevant shareholder as of the given date thereof. Any request by shareholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting shareholder.

For scripless shares, the maintenance and custody fee payable to the PDTC shall be for the account of the shareholder.

**Selling and Transfer Restrictions**

After listing, the subsequent transfers of interests in the Offer Shares shall be subject to normal selling restrictions for listed securities as may prevail in the Philippines from time to time.

**Governing Law**

The Series 2-P, Series 2-Q, and Series 2-R Preferred Shares will be issued pursuant to the laws of the Republic of the Philippines.

**Features of the Preferred Shares**

Please refer to Annex B-1 for the features and other terms and conditions of the Series "2" Preferred Shares, including the Offer Shares.

**Other Terms of the Offer**

**Minimum Subscription to the Preferred Shares**

The number of Tendered Shares to be exchanged for each subseries of Offer Shares must be in multiples of ten (10) shares. No Application for multiples of any other number of Offer Shares will be considered.

**Expected Timetable**

The timetable of the Tender Offer is expected to be as follows:

Commencement of the Tender Offer	September 8, 2025
Tender Offer Period	September 8, 2025 – October 10, 2025
PSE Filing of the Listing Application	Week of September 8, 2025
Initial Dividend Rate Setting	October 10, 2025
Initial Dividend Rate Announcement	October 10, 2025
Exchange of Series 2-J and Series 2-K Preferred Shares with the Offer Shares	October 24, 2025
Issue Date and commencement of trading on the PSE	October 24, 2025

Any change in the dates included above may be subject to approval of the SEC and the PSE, as applicable, and other conditions.

**Depository Agent**

Philippine Depository & Trust Corp.

**Registrar/Stock Transfer Agent**

SMC Stock Transfer Service Corporation

**ANNEX B-1**  
**GENERAL FEATURES OF SERIES “2” PREFERRED SHARES**

The Offer Shares have a par value of ₱5.00 per share and with the following general features:

- (a) **Dividends** – The Board of Directors shall have the sole discretion to declare dividends on the Series 2 Preferred Shares, including the Offer Shares, provided that SMC has unrestricted retained earnings and the rate of dividend or formula for determining the same rate shall be indicated in the relevant enabling resolutions.

The holders of the Series 2 Preferred Shares, including the Offer Shares, shall not be entitled to any participation or share in the retained earnings remaining after dividend payment shall have been made on the shares as aforementioned, nor shall they be entitled to any other kind of dividend payment whether cash, property, or stock, other than corresponding to the dividend rate determined by the Board of Directors.

***Dividend Policy in Respect of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares***

The declaration and payment of cash dividends on the Offer Shares on each Dividend Payment Date (as defined below) will be subject to the sole and absolute discretion of the Issuer’s Board of Directors to the extent permitted by law, and subject to the covenants (financial or otherwise) in the agreements to which the Company is a party. The declaration and payment of dividends (except stock dividends) do not require any further approval from the shareholders.

- (b) **Conversion** – The Offer Shares are not convertible to any common shares or other preferred shares of the Company.
- (c) **Redemption** – SMC has the option, but not the obligation, to redeem in whole, but not in part, any subseries of the Offer Shares at such time that the Board of Directors shall determine. The Offer Shares, when redeemed, shall not be considered retired and may be re-issued by SMC at a price to be determined by the Board of Directors.

As and if declared by the Board of Directors, SMC may redeem the Offer Shares on the redemption price determined therefor.

If at any time, SMC is allowed to redeem more than one subseries of the Offer Shares, and provided that such subseries is already redeemable in accordance with the terms and conditions of their issuance, SMC has the option to redeem, without preference or priority, in whole (but not in part), any or all of the subseries of the Offer Shares.

- (d) **Liquidation** – In the event of a return of capital in respect of liquidation, dissolution, bankruptcy or winding up of the affairs of SMC but not on a redemption or purchase by SMC of any of its share capital, the holders of the Offer Shares at the time outstanding will be entitled to receive, in Philippine Pesos, out of the assets of SMC available for distribution to shareholders, together with the holders of any other shares of SMC ranking, as regards repayment of capital, *pari passu* with the Offer Shares and before any distribution of assets is made to holders of any class of shares ranking after the Offer Shares as regards repayment of capital, liquidating distributions in an amount equal to the Redemption Price of (and including) the date of commencement of the winding up of SMC or the date of any such other return of capital, as the case may be. If, upon any return of capital in the winding up of SMC, the amount payable with respect to Series 2 Preferred Shares, inclusive of the Offer Shares are not paid in full, the holders of such shares will share proportionately in any such distribution of the assets of SMC in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the

Offer Shares will have no right or claim to any of the remaining assets of SMC and will not be entitled to any further participation or return of capital in a winding up.

***Liquidation Right of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares***

Each of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares has a liquidation right equal to the Offer Price of the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares plus an amount equal to any dividends declared but unpaid in respect of the previous Dividend Period and any accrued and unpaid dividends for the then current Dividend Period to (and including) the date of commencement of the Company's winding up or the date of any such other return of capital, as the case may be (the "Liquidation Right").

In the event of the winding-up of the Company, the Series 2-P, Series 2-Q, and Series 2-R Preferred Shares rank junior in right of payment to all indebtedness of the Company and junior in right of payment to securities of, or claims against, the Company which rank or are expressed to rank senior to the Offer Shares. The Offer Shares, however, rank *pari passu* with other preferred shares. There is a substantial risk that an investor in the Offer Shares will not receive any return of the principal amount or any unpaid amounts due under the terms of the Offer unless SMC can satisfy in full all of its other obligations ranking senior to the Offer Shares.

- (e) **Voting Rights** – Holders of the Series 2 Preferred Shares shall not be entitled to vote except in cases expressly provided by law. Thus, the holders of the Offer Shares are not eligible, for example, to vote for or elect the Board of Directors of SMC. Holders of the Series 2 Preferred Shares, including the Offer Shares, however, may vote on matters which the Revised Corporation Code considers significant corporate acts that may be implemented only with the approval of shareholders, including those holding shares denominated as non-voting in the articles of incorporation. The following acts require the approval of the shareholders representing at least two-thirds (2/3) of the issued and outstanding capital stock of SMC in a meeting duly called for the purpose:

- Amendment of the Amended Articles of Incorporation (including any increase or decrease of capital stock);
- Delegation to the Board of Directors of the power to amend or repeal the Amended By-laws or to adopt a new by-laws;
- Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the assets of SMC;
- Incurring, creating or increasing bonded indebtedness;
- Increase or decrease of authorized capital stock;
- Merger or consolidation of SMC with another corporation or corporations;
- Investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which SMC was organized;
- Ratification of contracts of a director or an officer with SMC;
- Extension or shortening of the corporate term of SMC;
- Declaration and issuance of stock dividends; and
- Dissolution of SMC.

However, for the amendment of the Amended By-laws, the stockholders of the corporation representing at least 2/3s of the outstanding capital stock, approved the delegation to the Board of Directors the power to amend its By-laws.

- (f) **Pre-emptive Rights** – Holders of the Series 2 Preferred Shares including the Offer Shares, shall have no pre-emptive right to any issue or disposition of any class of any share of SMC.

## **Other Rights and Incidents Relating to the Preferred Shares**

The other rights and incidents relating to the Offer Shares, which may also apply to other classes of shares of SMC, are as follows:

### **Derivative Suit**

Philippine law recognizes the right of a shareholder to institute, under certain circumstances, proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights, as for example, where the directors themselves are the malefactors.

### **Appraisal Rights**

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

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

In these circumstances, the dissenting shareholder may require the corporation to purchase his shares at a fair value which, in default of agreement, is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the corporation, and the third by the two thus chosen. The SEC will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. The dissenting shareholder will be paid if the corporate action in question is implemented and the corporation has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting shareholders.

### **Shareholders' Meetings**

At the annual meeting or at any special meeting of shareholders of the Company, the latter may be asked to approve actions requiring shareholder approval under Philippine law.

### **Quorum**

The Revised Corporation Code provides that, except in instances where the assent of shareholders representing two-thirds of the outstanding capital stock is required to approve a corporate act (usually involving the significant corporate acts where even non-voting shares may vote, as identified above) or where the by-laws provide otherwise, a quorum for a meeting of shareholders will exist if shareholders representing a majority of the capital stock are present in person or by proxy.

### **Voting**

Holders of the Offer Shares shall not be entitled to vote except in cases specifically set forth in the Amended Articles of Incorporation of the Company and as expressly provided by law. At any such shareholders' meeting where holders of the Offer Shares are allowed to vote, each holder of the Offer Shares shall be entitled to vote in person, or by proxy, all shares held by him which have voting power, upon any matter duly raised in such meeting.

The By-laws of SMC provide that proxies shall be in writing and signed and in accordance with the existing laws, rules and regulations of the SEC. Duly accomplished proxies must be submitted to the office of the Corporate Secretary not later than ten (10) Trading Days prior to the date of the shareholders' meeting.

#### **Fixing Record Dates**

The Board of Directors has the authority to fix in advance the record date for shareholders entitled: (a) to notice of, to vote at, or to have their votes voted at, any shareholders' meeting; (b) to receive payment of dividends or other distributions or allotment of any rights; or (c) for any lawful action or for making any other proper determination of shareholders' rights. The Board of Directors may, by resolution, direct the stock transfer books of the Company be closed for a period not exceeding 20 working days preceding the date of any meeting of shareholders. The record date shall in no case be earlier than 45 working days nor later than 10 working days preceding such meeting of shareholders.

#### **Accounting and Auditing Requirements/Rights of Inspection**

Philippine stock corporations are required to file copies of their annual financial statements with the SEC. Corporations whose shares are listed on the PSE are also required to file quarterly and annual reports with the SEC and the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board of Directors is required to present to shareholders at every annual meeting a financial report of the operations of the corporation for the preceding year. This report is required to include audited financial statements.

#### **Changes in Control**

There is no provision in the Amended Articles of Incorporation and Amended By-laws of SMC which would delay, deter or prevent a change in control of SMC. There are no existing arrangements to which SMC is a party or which are otherwise known to SMC that may result in a change in control of SMC.