

C06734-2017

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

**CURRENT REPORT UNDER SECTION 17  
 OF THE SECURITIES REGULATION CODE  
 AND SRC RULE 17.2(c) THEREUNDER**

1. Date of Report (Date of earliest event reported)

Nov 9, 2017

2. SEC Identification Number

11840

3. BIR Tax Identification No.

000-100-341-000

4. Exact name of issuer as specified in its charter

SAN MIGUEL PURE FOODS COMPANY INC.

5. Province, country or other jurisdiction of incorporation

Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

23/F The JMT Corporate Condominium, ADB Avenue, Ortigas Center, Pasig City, Metro Manila

Postal Code

1605

8. Issuer's telephone number, including area code

(632) 317-5000

9. Former name or former address, if changed since last report

N/A

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common (PF)	166,667,096
Preferred (PFP2)	15,000,000

11. Indicate the item numbers reported herein

Item 9. Other Events

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



**San Miguel Pure Foods Company, Inc.**

**PF**

**PSE Disclosure Form LR-1 - Comprehensive Corporate Disclosure on Issuance of Shares**

**(Private Placements, Share Swaps, Property-for-Share Swaps  
or Conversion of Liabilities/Debt into Equity)  
Reference: Rule on Additional Listing of Securities**

**Subject of the Disclosure**

Issuance of the Company's shares to San Miguel Corporation (SMC) in exchange for SMC's shares in San Miguel Brewery Inc. (SMB) and Ginebra San Miguel, Inc. (GSMI) (the "Share Swap Transaction")

**Background/Description of the Disclosure**

On November 3, 2017, the Board of Directors of SMC approved the internal restructuring of the San Miguel Group of Companies to consolidate its food and beverage businesses under the Company. To implement such consolidation, SMC will transfer all of its 7,859,319,270 common shares in SMB and 216,972,000 common shares in GSMI (collectively, the "Exchange Shares") to the Company. In consideration for the Exchange Shares, the Company will issue 4,242,549,130 new common shares (the "New Shares") to SMC.

**Date of Approval by  
Board of Directors**

Nov 3, 2017

**Comprehensive Corporate Disclosure**

**Description of the proposed transaction including the timetable for implementation, and related regulatory requirements**

**The Share Swap**

Transaction involves the issuance by the Company of New Shares to SMC. In exchange and as payment for the New Shares, SMC will transfer the Exchange Shares to the Company.

In this connection, the following corporate actions were approved by the Board of Directors of the Company on November 3, 2017: (a) amendments to the Articles of Incorporation to change/expand the primary purpose of the Company to include the beverage business and accordingly change its corporate name, reduce the par value of the Company's common shares and deny pre-emptive rights for issuances or dispositions of all common shares (collectively, the "First Amendments"); (b) the increase in the Company's authorized capital stock and the amendment to the Articles of Incorporation to reflect such increase (the "Increase"); (c) the acquisition of SMB and GSMI shares from SMC and issuance by the Company of New Shares to SMC as consideration for such Exchange Shares; (d) the tender offer for SMB and GSMI shares held by minority shareholders (the "Tender Offer"), if required; and (e) the listing on the Exchange of the additional shares resulting from the reduction of par value of shares (the "Stock Split") and the New Shares to be issued to SMC.

Stockholders' approval shall be sought for these corporate actions in a special stockholders' meeting to be held on January 18, 2018.

After obtaining stockholder approval, the Company will submit to the Securities and Exchange Commission (SEC) its amended Articles of Incorporation reflecting the First Amendments. Following receipt of SEC approval for the First Amendments, the Company will submit the Increase to the SEC. The Deed of Exchange of Shares between SMC and the Company, as well as other related or incidental agreements will also be executed.

Upon receipt of SEC approval for the Increase, the Company will conduct the Tender Offer, if required, then list on the Exchange the additional shares resulting from the Stock Split, as well as the New Shares. Closing will be upon the actual crossing of shares at the Exchange.

**Rationale for the transaction including the benefits which are expected to be accrued to the listed issuer as a result of the transaction**

The rationale and benefits of the Share Swap Transaction include (1) the creation of a significant consumer food and beverage (F&B) vertical under SMC, (2) investors in SMC will be provided a visible valuation benchmark for SMB and GSML to support SMC's sum of parts valuation, (3) public investors will be provided direct access to SMC's F&B business through the Company, and (4) the substantial deepening of the trading liquidity of the Company and the broadening of its shareholder base towards institutional and retail investors.

**The aggregate value of the consideration, explaining how this is to be satisfied, including the terms of any agreements for payment on a deferred basis**

The aggregate value of the New Shares, which will be issued out of the increase in the Company's authorized capital stock, is Php336,349,294,992.60. This will be satisfied by the transfer by SMC of the Exchange Shares to the Company upon closing of the Share Swap Transaction.

**The basis upon which the consideration or the issue value was determined**

The issue value was the result of an independent valuation analysis conducted by ING Bank, N.V., the Company's independent financial advisor, on the price per share of the Company, SMB and GSML using a discounted cash flow approach and validated by trading and transaction comparables.

**Detailed work program of the application of proceeds, the corresponding timetable of disbursements and status of each project included in the work program. For debt retirement application, state which projects were financed by debt being retired, the project cost, amount of project financed by debt and financing sources for the remaining cost of the project**

The proceeds to be received by the Company from the Share Swap Transaction are all of SMC's common shares in SMB and GSML. Closing will be upon the actual crossing of shares at the Exchange. (Please also see discussion above in Description of the proposed transaction including the timetable for implementation, and related regulatory requirements.)

Upon completion of the Share Swap Transaction, the Company shall be transformed into the F&B holding company of SMC, with SMB and GSML becoming subsidiaries of the Company. The Company shall own at least 51.16% of SMB and at least 78.26% of GSML. On the other hand, the percentage ownership of SMC in the total issued and outstanding common stock of the Company shall increase from 85.37% as of September 30, 2017, to 95.87% upon closing of the Share Swap Transaction.

**Identity and/or corporate background of the beneficial owners of the shares subscribed, including the following**

Beneficial Owners/Subscribers	Nature of Business	Nature of any material relationship with the Issuer and the parties to the joint venture, their directors/officers or any of their affiliates
San Miguel Corporation	Manufacturing	Please see Annex A to this disclosure.

**Organizational/Ownership Structure of Subscribers**

Beneficial Owners/Subscribers	Controlling Shareholders of Subscribers	Number of Shares Held	%
San Miguel Corporation	Top Frontier Investment Holdings, Inc.	1,573,100,340	66.03

**For subscribers with no track record or with no operating history: the Subscriber must present a statement of active business pursuits and objectives which details the step undertaken and proposed to be undertaken by the Issuer in order to advance its business. Projected financial statements shall only be required should there be references made in the Statement to forecasts or targets**

Not applicable.

**The interest which directors of the parties to the transaction have in the proposed transaction**

None.

**Statement as to the steps to be taken, if any, to safeguard the interests of any independent shareholders**

The Company will hold a special shareholders' meeting to approve the Share Swap Transaction, including the corporate actions necessary to implement the same, as noted in the discussion above in Description of the proposed transaction including the timetable for implementation, and related regulatory requirements.

Moreover, shareholders who shall vote against the proposals to change/expand the primary purpose of the Company, and in relation thereto for the Company to acquire SMB and GSML shares from SMC, which investments are in corporations or businesses not related to the Company's current primary purpose, shall be entitled to exercise their right of appraisal for a period commencing on the date on which the proposal is approved by the shareholders as notified to the SEC and disclosed to the PSE, until the 30 days therefrom. The fair value of the dissenting shares shall be the fair value thereof as of the day prior to the date of the approval of the proposal by the shareholders, excluding any appreciation or depreciation in anticipation of such action.

#### Any conditions precedent to closing of the transaction

The closing of the transaction is conditioned on the approval by the SEC of the application for the amendment of the Articles of Incorporation of the Company to:

- (a) expand the primary purpose of the Company;
- (b) reduce the par value of its common shares from Php10.00 to Php1.00 per share;
- (c) deny pre-emptive rights to the issuance or dispositions of all common shares; and
- (d) increase its authorized capital stock by Php9,540,000,000.00 divided by 9,540,000,000 common shares with a par value of Php1.00 per share.

The New Shares shall be issued out of the increase in the authorized capital stock of the Company.

#### Change(s) in the composition of the Board of Directors and Management

None.

### Effects on the following

#### Ownership structure

Principal Shareholders	Before		After	
	Number of shares	%	Number of shares	%
San Miguel Corporation	1,422,792,670	85.37	5,665,341,800	95.87

#### Capital structure

##### Issued Shares

Type of Security /Stock Symbol	Before	After
Common/PF	1,708,748,540	5,951,297,670
Preferred/PFP2	15,000,000	15,000,000

##### Outstanding Shares

Type of Security /Stock Symbol	Before	After
Common/PF	1,666,670,960	5,909,220,090
Preferred/PFP2	15,000,000	15,000,000

##### Treasury Shares

Type of Security /Stock Symbol	Before	After
Common/PF	42,077,580	42,077,580

##### Listed Shares

Type of Security /Stock Symbol	Before	After
Common/PF	1,708,748,540	5,951,297,670
Preferred/PFP2	15,000,000	15,000,000

Effect(s) on the public float, if any	Decrease from 14.60% to 4.12%.
Effect(s) on foreign ownership level, if any	Decrease from 5.46% to 1.54%.
Other Relevant Information	
None.	
Filed on behalf by:	
Name	Alexandra Trillana
Designation	AVP & Corporate Secretary

**Nature of any material relationship with the Issuer and the parties to the joint venture, their directors/ officers or any of their affiliates:**

SMC is the intermediate parent of the Company.

Mr. Eduardo M. Cojuangco, Jr. is the Chairman of the Board of the Company, SMC and GSML.

Mr. Ramon S. Ang is Vice Chairman of the Board of the Company, a Director of SMC (where he is President), GSML (where he is President) and SMB (where he is Chairman).

Mr. Francisco S. Alejo III is the President of the Company and a Director of GSML.

Mr. Menardo R. Jimenez is a Director of the Company and SMC.

Ms. Minita V. Chico-Nazario is an Independent Director of the Company and GSML.