



January 18, 2022

The Philippine Stock Exchange, Inc.

Disclosure Department

6th Floor, Philippine Stock Exchange Tower

28th Street, corner 5th Avenue

Bonifacio Global City, Taguig City

Attention: **Janet A. Encarnacion**
Head, Disclosure Department

Gentlemen:

We reply with respect to the news article entitled “SMC's cement project gets FIRB tax perks” posted in Manila Bulletin on January 17, 2022, which reported in part that:

“The inter-agency Fiscal Incentives Review Board (FIRB) has approved the grant of tax incentives to a P10-billion cement manufacturing project of San Miguel Equity Investments, Inc. in Mindanao, the Department of Finance (DOF) announced.

In a statement, the DOF said on Monday, Jan. 17, that the FIRB, upon the recommendation of the Board of Investments, approved the tax incentives for a proposed P10-billion project of the Oro Cemento Industries Corp. in Davao del Sur.

Oro Cemento, now named Southern Concrete Industries Inc., is a wholly-owned subsidiary of San Miguel Equity Investments, which in turn is 100 percent owned by the diversified conglomerate San Miguel Corp.

‘The project is estimated to produce around 50.4 million cement bags per year to help meet the growing infrastructure requirements in Mindanao,’ the DOF said.

. . . .

The cement manufacturing project was granted a two-year income tax holiday, followed by five years of enhanced deductions, and duty exemption on importations of capital equipment, raw materials, spare parts, or accessories for the project.

The project is set to start commercial operations in July this year in Sta. Cruz, Davao del Sur.

. . . .”

By way of response to the Exchange, we confirm that the Fiscal Incentives Review Board, upon the favorable recommendation of the Board of Investments, approved the grant of tax incentives for the P10 billion cement manufacturing project of Oro Cemento Industries Corporation (now named Southern Concrete Industries Inc.- Southern Concrete) in Davao del Sur (the "Project"). Such approval was announced by the Department of Finance (DOF), as reported in the news article. Southern Concrete is a wholly-owned subsidiary of San Miguel Equity Investments, Inc. - a 100% owned holding corporation of San Miguel Corporation. Commercial operations of the Project are expected to start by July, 2022.

As reported in the aforementioned article, the Project was granted a two (2)-year income tax holiday, with five (5) years of enhanced deductions and duty exemptions on the importation of capital equipment, raw materials, spare parts and accessories required for the Project. The cement production of the Project will meet the infrastructure requirements in Mindanao, per the DOF.

Very truly yours,

A handwritten signature in black ink, appearing to read 'FERDINAND K. CONSTANTINO', with a long horizontal stroke extending to the right.

FERDINAND K. CONSTANTINO
Corporate Information Officer