

Steniel Manufacturing Corporation

Comprehensive Corporate Disclosure of Activities

Steniel Manufacturing Corporation (“Steniel”, “STN” or the “Company”) was incorporated and registered with the Securities and Exchange Commission on September 13, 1963. The Company and its subsidiaries, Steniel Mindanao Packaging Corporation (SMPC) and Steniel Cavite Packaging Corporation (SCPC) (collectively, the “Group”) are engaged in manufacturing, processing and selling of all kinds of paper products, paper board and corrugated carton containers, and all other allied products and processes.

In 2000, the Company entered into a loan agreement with a group of banks and financial institutions pursuant to which the Company was granted a P636 Million term loan. The loan was secured by real and chattel mortgages. Due to the working capital drain experienced by the Group as a result of prior debt service payments and the difficult business and economic conditions during the period, however, the Group found it difficult to sustain further payments of debt while at the same time ensuring continued operations. As a result, the lending banks declared the Company in default on May 25, 2006 due to its failure to settle its loans. Subsequent to declaring the Company in default, the lending banks assigned and sold the loan balances to third parties.

On July 5, 2006, the Company’s shareholders approved the filing of borrower-initiated petitions for rehabilitation. At the time of the filing of the said petitions, the Company lacked liquidity but had assets that can adequately cover its liabilities. Following the Company’s disclosure of the authorization to enter into rehabilitation proceedings, the Philippine Stock Exchange (“PSE”) imposed a trading suspension on the Company on July 5, 2006.

From 2007 to 2009, petitions for corporate rehabilitation were filed with different regional trial courts, which were all dismissed in 2009.

Amended and Restated Omnibus Agreement

After the assignment and sale of the aforesaid loan, discussions were made with the new creditors/lenders to restructure the outstanding loans. On October 15, 2010, the Company signed the Amended and Restated Omnibus Agreement (the "Restructuring Agreement") with its new creditors.

Pursuant to the Restructuring Agreement, the Company’s outstanding principal and accrued interest was reduced through the (i) dacion en pago of the Group’s idle machineries and spare parts, and (ii) conversion of debt to equity resulting to the issuance of 123,817,053 shares in favor of Roxburgh Investments Limited (“Roxburgh”), one of the creditors.

Request for Lifting of the Temporary Trading Suspension

On April 5, 2011, the Company submitted its initial request for lifting of the trading suspension on the ground that with the dismissal and termination of the rehabilitation proceedings, as well as having already concluded a debt restructuring agreement with the creditors, the circumstances for the imposition of trading were no longer existent. As a result of the restructuring, the Company was in a position to avail of existing cash flows and better manage the repayment of its debts as they fall due.

In response, the Company was directed to submit supporting documents relating to the dismissal of the petitions for rehabilitation, the Restructuring Agreement, its existing loans and the Company’s business plan. On March 13, 2015, the Company was directed to comply with the provisions of the

Financial Rehabilitation and Insolvency Act, specifically the “Out of Court or Informal Restructuring Agreement” including its publication in newspapers of general circulation, and to submit the list of creditors as of the restructuring date. The Company submitted its list of creditors and affidavits of publication of the Notice of the Restructuring Agreement on June 19, 2015.

Several correspondences were made between the Company and the Exchange between 2015 to 2017. The Company was able to provide all the documents requested by the Exchange in 2017. However, as explained by the Exchange, its trading will remain suspended since its stockholders’ equity has remained negative since 2008.

Sale of SMPC

In December 2013, the Company sold its entire equity share in SMPC. The book value then of SMPC was Php 0.932 per share but it was sold by the Company at a purchase price of Php 2.16 per share. The Company saw an opportunity to cash in on its investment considering that due to stagnating operations and with SMPC’s increasing deficit, the continuing ownership of SMPC will further affect the deficit of STN. The sale was completed in December 2013 where STN realized a premium of Php 1.23 per share.

Resolving the Negative Stockholders’ Equity

On June 26, 2019, the Company approved the following:

- reacquisition of SMPC through a share swap transaction involving the transfer of 100% of the outstanding capital stock of SMPC in favor of the Company in exchange for STN shares; and
- conversion of debt to equity

In preparation for these share issuances, the Company’s Board approved the increase of the Company’s authorized capital stock from ₱ 1 Billion to ₱ 2 Billion. The same was approved and ratified by the stockholders during the annual stockholders’ meeting held on July 17, 2019 and reconfirmed on November 19, 2020.

Upon approval by the SEC of the application for increase of authorized capital stock on December 29, 2020, STN issued (i) 269,260,000 shares in exchange for 100% of SMPC, and (ii) 149,562,081 shares upon conversion of its loans to Greenkraft Corporation and Roxburgh into equity. These approvals were made in view of the need to address the negative capital of the Company.

With the above approval by the SEC of the Company’s application for increase of capital stock, the Company’s negative stockholders’ equity was resolved.

Share Purchase Agreement and Tender Offer

In October 2020, Greenkraft, Golden Bales Corporation (“Golden Bales”), Corbox Corporation (“Corbox”), Mr. Rex Chua and Mr. Clement Chua, as purchasers (collectively, the “Buyer Group”) entered into a Share Purchase Agreement with Steniel Netherland Holdings B.V. (SNHBV) as seller to acquire 649,908,308 common shares of the Company, equivalent to 64.99% of the total shareholdings, pursuant to the Company’s Business Plan.

In compliance with the Securities and Regulations Code and its Implementing Rules and Regulations, the Buyer Group made a tender offer involving the remaining outstanding shares of the Company, excluding the 70,940,604 common shares of SNHBV not included in the Share Purchase Agreement.

A total of 11,780,533 common shares of STN were tendered, which comprise approximately 1.18% of the total issued and outstanding shares of STN. The acquisition of 10,851,138 common shares of STN tendered by stockholders during the Mandatory Tender Offer (MTO) conducted as a consequence of the private sale has not yet been recorded in the books of STN as the CARs therefor have not yet been issued by the Bureau of Internal Revenue.

Following the completion of the tender offer, SNHBV and the Buyer Group executed the deed of sale in November 2020 involving the 649,908,308 shares of the Company. The transfer of the 649,908,308 common shares in favor of the Buyer Group has been recorded in the books of STN. The transfer effectively reduced the shareholding of SNHBV to 5% of the Company's outstanding capital stock.

Acquisition of Box Plant Assets

In December 2021 and January 2022, the Group acquired the box plant assets used by Dole Philippines, Inc. ("Dole") in Davao del Norte for the production of its packaging materials. The box plant assets, all located in Davao Del Norte, consist of the buildings, other land improvements, machines, motor vehicles as well as the land where the box plant is located. SCPC acquired the land from Diamond Farms, Inc. and the rest of the box plant assets from Dole.

Simultaneous to the acquisition of the box plant assets was the execution of an agreement between Dole and SMPC for the supply of boxes, labels and other packaging materials made of paper related products. With a minimum purchase commitment from Dole, the supply agreement shall be effective from August 24, 2022 to February 23, 2032.

Compliance with the Minimum Public Ownership Requirement

In October 2023, SNHBV and Greenkraft sold a total of 130,940,604 shares for purposes of complying with the minimum public ownership requirement of at least 20% of the company's outstanding capital stock.

As of the date hereof, the Company's major shareholders are Greenkraft (18.20%), Golden Bales (19.45%), Corbox (19.45%), Roxburgh (18.46%), and Mr. Clement O. Chua¹ (9.82%) with an aggregate ownership equivalent to 77.73% of STN's capital stock.

¹ Mr. Clement O. Chua is a shareholder of Greenkraft Corporation, Corbox Corporation and Golden Bales Corporation, and has indirect shares in STN.