



INVESTMENTS
CORPORATION

August 1, 2022

PHILIPPINE DEALING & EXCHANGE CORP.

29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City

Attention: **Atty. Marie Rose M. Magallen-Lirio**
Head, Issuer Compliance and Disclosure Department

Re: **Merger of Allfirst Equity Holdings, Inc. and
SM Investments Corporation**

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Ladies and Gentlemen:

On August 1, 2022, SM Investments Corporation (**SMIC**) received the approval from the Securities and Exchange Commission (**SEC**) on the merger of SMIC and Allfirst Equity Holdings, Inc. (**Allfirst**), with SMIC as surviving corporation. Please refer to the attached Certificate of Filing of the Articles and Plan of Merger issued by the SEC on July 29, 2022.

We submit to you our disclosure on the merger of Allfirst and SMIC filed with The Philippine Stock Exchange, Inc., amended to reflect the approval of the merger by the SEC.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Elmer B. Serrano', written over a horizontal line.

ELMER B. SERRANO
Corporate Secretary

Encl. a/s

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)

Aug 1, 2022

2. SEC Identification Number

16342

3. BIR Tax Identification No.

000-169-020-000

4. Exact name of issuer as specified in its charter

SM Investments Corporation

5. Province, country or other jurisdiction of incorporation

Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

10th Floor, One E-com Center, Harbour Drive, Mall of Asia Complex, Pasay City

Postal Code

1300

8. Issuer's telephone number, including area code

(632) 8857-0105

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

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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	1,226,114,338

11. Indicate the item numbers reported herein

Item 9

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.

SM Investments Corporation

SM

PSE Disclosure Form 4-23 - Mergers and Consolidations
References: SRC Rule 17 (SEC Form 17-C) and
Section 4.4 and/or Section 5 of the Revised Disclosure Rules

Subject of the Disclosure

Merger of Allfirst Equity Holdings, Inc. (Allfirst) and SM Investments Corporation (SMIC), with SMIC as surviving entity

Background/Description of the Disclosure

On August 1, 2022, SM Investments Corporation (SMIC) received the approval from the Securities and Exchange Commission (SEC) on the merger of SMIC and Allfirst Equity Holdings, Inc., with SMIC as surviving corporation. Please refer to the attached Certificate of Filing of the Articles and Plan of Merger issued by the SEC on July 29, 2022.

Date of Approval by Board of Directors	Apr 1, 2022
Date of Approval by Stockholders	Apr 27, 2022
Other Relevant Regulatory Agency, if applicable	N/A
Date of Approval by Relevant Regulatory Agency	N/A
Date of Approval by Securities and Exchange Commission	Jul 29, 2022

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

To invest directly in clean renewable energy-related production, which is a national priority and aligned with SMIC's commitments to environmental stewardship and to tackling climate change.

To additionally create value for SMIC's minority shareholders and ensure alignment of the interests of all shareholders in the geothermal property.

Description of the transaction including the timetable for implementation and related regulatory requirements, if any

Merger of Allfirst and SMIC, with SMIC as the surviving entity as approved by the Board of Directors on 1 April 2022.

The timetable for implementation of the merger shall be based on the regulatory approval of the Securities and Exchange Commission (SEC).

Identities of the parties to the transaction

Name	Nature of Business	Nature of any material relationship with the Issuer, their directors/officers or any of their affiliates
SM Investments Corporation	SMIC is a leading Philippine company that is invested in market-leading businesses in retail, banking, and property. It also invests in ventures that capture high growth opportunities in the emerging Philippine economy.	--

Allfirst Equity Holdings, Inc.	Allfirst is the parent company of Philippine Geothermal Production Company, Inc. which carries on the general business of development and utilization of minerals, mineral oils, geothermal and other similar products.	SMIC has 19% ownership in Allfirst. Mr. Harley T. Sy, shareholder and director of SMIC, is a director and has 26.91% equity ownership in Allfirst. Ms. Elizabeth T. Sy, shareholder of SMIC, is a director and has 26.91% equity ownership in Allfirst. Mr. Hans T. Sy, shareholder of SMIC, has 26.92% equity ownership in Allfirst. Mr. Frederic D. DyBuncio, President and CEO of SMIC, owns 1 qualifying share as nominee director in Allfirst.
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Terms and conditions of the transaction

Plan of merger
SMIC to issue 43 SMIC common shares in exchange for one (1) Allfirst common share or a total of 21.5M SMIC common shares, subject to fairness opinion by an independent appraiser. Out of the 21.5M SMIC common shares, 4.0M shares will be issued by SMIC to itself, and treated as treasury shares, and 17.4M shares will be issued to the other shareholders of Allfirst.
Ratio of exchange of shares
SMIC to issue 43 SMIC common shares in exchange for one (1) Allfirst common share or a total of 21.5M SMIC common shares, subject to fairness opinion by an independent appraiser. Out of the 21.5M SMIC common shares, 4.0M shares will be issued by SMIC to itself, and treated as treasury shares, and 17.4M shares will be issued to the other shareholders of Allfirst.
Basis upon which the exchange ratio was determined
Estimated appraised net asset value of Allfirst vs SMIC 60-day VWAP as of 31 March 2022
Number of shares subject of the merger
21.5M SMIC shares subject to fairness opinion by an independent appraiser
Timetable
The timetable for implementation of the merger cannot be fixed as the same is subject to regulatory approval of the SEC. SMIC and Allfirst, however, expect to complete the transaction by the third quarter of 2022.
Conditions precedent to closing of the transaction, if any
Approval by stockholders of both SMIC and Allfirst. Final approval of the merger by SEC.
Procedures for exchange
TBA

Description of the company subject of the transaction

Nature and business
Allfirst is the parent company of Philippine Geothermal Production Company, Inc. which carries on the general business of development and utilization of minerals, mineral oils, geothermal and other similar products.
Discussion of major projects and investments
N/A

List of subsidiaries and affiliates, with percentage holdings

Name	% Ownership
Philippine Geothermal Production Company, Inc. (effective ownership)	100

Capital structure

Authorized capital stock

Type of Security /Stock Symbol	Amount	Number of Shares
Common	50,000,000.00	500,000

Subscribed Shares

Type of Security /Stock Symbol	Amount	Number of Shares
Common	50,000,000.00	500,000

Paid-Up Capital

Amount	50,000,000.00
Number of Shares	500,000

Issued Shares

Type of Security /Stock Symbol	Amount	Number of Shares
Common	50,000,000.00	500,000

Outstanding Shares

Type of Security /Stock Symbol	Amount	Number of Shares
Common	50,000,000.00	500,000

Par Value

Type of Security /Stock Symbol	Amount
Common	100.00

Ownership Structure (including percentage holdings)

Name	Number of Shares	% Ownership
SM Investments Corporation	94,999	19
Hans T. Sy	134,584	26.92
Elizabeth T. Sy	134,583	26.91
Harley T. Sy	134,583	26.91
Adelia C. Cua	625	0.13
Asuncion J. Yap	625	0.13
Frederic C. Dybuncio	1	0

Board of Directors

Name	(Regular or Independent)
Frederic C. DyBuncio	Regular
Elizabeth T. Sy	Regular
Harley T. Sy	Regular
Adelia C. Cua	Regular
Asuncion J. Yap	Regular

Principal Officers

Name	Position/Designation
Frederic C. DyBuncio	Chairman/President
Elizabeth T. Sy	Vice President
Elizabeth Anne C. Uychaco	Treasurer
Arthur A. Sy	Corporate Secretary

Effect(s)/impact on the business, financial condition and operations of the Issuer

The transaction will bring SMIC's ownership in Allfirst to 100%. The merger is expected to be EPS-accretive to shareholders of SMIC.

Other Relevant Information

Earlier disclosure is being amended to indicate Date of Approval by Securities and Exchange Commission.

Filed on behalf by:

Name	Elmer Serrano
Designation	Corporate Secretary



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
Ground Floor, Secretariat Building, PICC
City of Pasay, Metro Manila

**CERTIFICATE OF FILING OF THE
ARTICLES AND PLAN OF MERGER**

KNOW ALL PERSONS BY THESE PRESENTS:

THIS IS TO CERTIFY that the Articles and Plan of Merger executed on **April 28, 2022** and **April 26, 2022**, respectively, by and between:

SM INVESTMENTS CORPORATION
(Surviving Corporation)
and
ALLFIRST EQUITY HOLDINGS, INC.
(Absorbed Corporation)

copy annexed, approved by a majority vote of the Board of Directors on **April 1, 2022** and by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock on **April 27, 2022**, signed by their Presidents, certified by their respective Corporate Secretaries, whereby the entire assets and liabilities of **ALLFIRST EQUITY HOLDINGS, INC.** will be transferred to and absorbed by **SM INVESTMENTS CORPORATION** was approved by this Office on this date pursuant to the provisions of Sections 75 to 79 of the Revised Corporation Code of the Philippines, Republic Act No. 11232, which took effect on February 23, 2019, and attached to the other papers pertaining to said corporations subject to compliance with Republic Act 10667 or the Philippine Competition Act.

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at Pasay City, Metro Manila, Philippines, this **29th** day of July, Twenty Twenty Two.

GERARDO F. DEL ROSARIO
Director
Company Registration and Monitoring Department

MY/100



ARTICLES OF MERGER

Pursuant to Section 77 of the Revised Corporation Code,

SM INVESTMENTS CORPORATION, a corporation duly organized under and by virtue of the laws of the Philippines, with office address at the 10th Floor, One E-Com Center, Harbour Drive, Mall of Asia Complex, CBP-1A, Pasay City (**SMIC**);

- and -

ALLFIRST EQUITY HOLDINGS, INC., a corporation duly organized under and by virtue of the laws of the Philippines, with office address at the 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, Pasay City (**AEHI**)

(SMIC and AEHI are collectively referred to as **Constituent Companies**)

hereby adopt the following Articles of Merger for the purpose of merging the Constituent Companies into one, with **SMIC** as the surviving corporation (the **Merger**):

ARTICLE I

PARTIES TO THE MERGER

The parties to these Articles of Merger are:

1. SMIC, a domestic corporation duly licensed and authorized to engage in and conduct business as a holding company.
2. AEHI, a domestic corporation duly licensed and authorized to engage in and conduct business as a holding company.

ARTICLE II

PLAN OF MERGER

In their respective meetings held on 1 April 2022, at least a majority of the Board of Directors of SMIC and AEHI approved the terms of which their corporations will be merged as one, with SMIC as the surviving corporation and authorized the Plan of Merger (a copy of which is attached hereto as **Annex A**).

In their respective meetings held on 27 April 2022, the stockholders of SMIC and AEHI representing at least two-thirds (2/3) of the outstanding capital stock of each of the Constituent Companies similarly approved the Merger and the Plan of Merger.

Copies of the Secretary's Certificates attesting to the meetings of the Board of Directors and stockholders of each of SMIC and AEHI approving the Merger and authorizing the Plan of Merger are attached hereto as **Annexes B** and **C**, respectively.

The Plan of Merger sets forth the terms and conditions of the Merger and its implementation pursuant to Sections 75-79 of the Revised Corporation Code.

ARTICLE III

NUMBER OF SHARES OUTSTANDING

The respective authorized capital stock, total number of outstanding and issued shares, the par value of each share and the total paid-up capital for each of SMIC and AEHI are as follows:

SMIC

	Number of Shares	Type of Shares	Amount (at ₱10 par value per share)
Authorized Capital Stock	2,790,000,000	Common	27,900,000,000.00
	10,000,000	Preferred	100,000,000.00
Subscribed Capital Stock	1,204,582,867	Common	12,045,828,670.00
Paid-Up Capital	1,204,582,867	Common	12,045,828,670.00

AEHI

	Number of Shares	Type of Shares	Amount (at ₱100 par value per share)
Authorized Capital Stock	500,000	Common	50,000,000.00
Subscribed Capital Stock	500,000	Common	50,000,000.00
Paid-Up Capital	500,000	Common	50,000,000.00

ARTICLE IV

NUMBER OF SHARES VOTING FOR AND AGAINST THE PLAN OF MERGER

Out of the total 1,204,582,867 issued and outstanding common shares of stock of SMIC, the surviving corporation, stockholders owning 1,002,143,672 representing 83.19% of said total and outstanding shares voted to approve and confirm the Merger and the Plan of Merger during the Annual Stockholders' Meeting of SMIC duly called for that purpose and held on 27 April 2022. Shareholders of SMIC owning 83,431,774 representing 6.93% of the total and outstanding shares of SMIC voted against the Merger. Please refer to **Annex B** for the Secretary's Certificate attesting to the meetings of the Board of Directors and stockholders of SMIC approving the Merger.

Out of the total 500,000 issued and outstanding common shares of AEHI, the absorbed corporation, stockholders owning and representing 100% of said total and outstanding shares voted to approve and confirm the Merger and the Plan of Merger during the Stockholders' meeting of AEHI duly called for that purpose and held on 27 April 2022. No stockholder of AEHI voted against the Merger or the Plan of Merger. Please refer to **Annex C** for the Secretary's Certificate attesting to the meetings of the Board of Directors and stockholders of AEHI approving the Merger.

ARTICLE V

EFFECTIVE DATE OF MERGER

The Effective Date of the Merger shall be, for all intents and purposes, the first day of the calendar month following the issuance of the Certificate of Filing of the Articles and Plan of Merger by the Securities and Exchange Commission (the **Effective Date of Merger**).

ARTICLE VI

EFFECT OF DISAPPROVAL OF MERGER

These Articles of Merger shall be retroactively cancelled and terminated and shall have no effect whatsoever should the Constituent Companies fail to secure approval of the Merger by the Securities and Exchange Commission and, in effect, no liability whatsoever shall accrue or attach to either SMIC or AEHI.

ARTICLE VII

VALUES BEFORE AND AFTER MERGER

The pooling of interest method will be used in the merger of the accounts of SMIC and AEHI. The carrying amounts and fair values of each of their assets and liabilities, as well as the pro-forma values thereof, as merged, using the accounting method, is attached as **Annex D**.

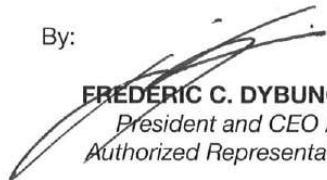
[Signature page follows]



IN WITNESS WHEREOF, the parties have caused the execution of these Articles of Merger this APR 28 2022 at PASIG CITY, Metro Manila, Philippines.

SM INVESTMENTS CORPORATION

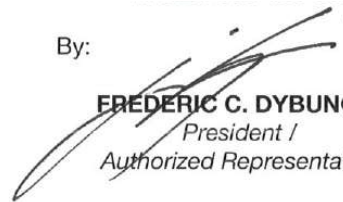
By:



FREDERIC C. DYBUNCIO
President and CEO /
Authorized Representative

ALLFIRST EQUITY HOLDINGS, INC.

By:



FREDERIC C. DYBUNCIO
President /
Authorized Representative

CERTIFIED CORRECT:



ELMER B. SERRANO
Corporate Secretary
SM INVESTMENTS CORPORATION



ARTHUR A. SY
Corporate Secretary
ALLFIRST EQUITY HOLDINGS, INC.

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S

BEFORE ME, A NOTARY PUBLIC, in and for PASIG CITY,
Philippines, this APR 28 2022, personally appeared:

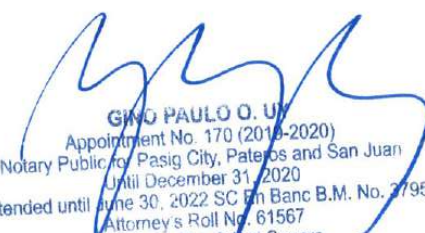
Name	ID	Date & Place Issued
Frederic C. DyBuncio		
Elmer B. Serrano		
Arthur A. Sy		

all known to me and to me known to be the same persons who executed the foregoing Articles of Merger and they acknowledged to me that the same is their free and voluntary act and deed, and the free and voluntary act and deed of the corporations they represent.

This instrument refers to the Articles of Merger to merge SM Investments Corporation and Allfirst Equity Holdings, Inc. consisting of 4 pages, including this acknowledgment page.

WITNESS MY HAND AND SEAL on the date and at the place first above mentioned.

Doc. No. 212 ;
Page No. 45 ;
Book No. VI ;
Series of 2022.


GINO PAULO O. UY
Appointment No. 170 (2018-2020)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2020
Extended until June 30, 2022 SC En Banc B.M. No. 2795
Attorney's Roll No. 61567
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8131813; 01.05.22; Pasig City
IBP Receipt No. 171897; 01.04.22; RSM
MCLE Compliance No. VI-0011985; 04.14.22

PLAN OF MERGER

This Plan of Merger (the **Plan**) is made and executed this 26th day of April 2022 at Parig City, by and between:

SM INVESTMENTS CORPORATION, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at the 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City 1300 (**SMIC**);

- and -

ALLFIRST EQUITY HOLDINGS INC., a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at the 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, Pasay City (**AEHI**)

(SMIC and AEHI are hereinafter collectively referred to as the **Constituent Companies**).

WITNESSETH: That -

- (1) The Constituent Companies are corporations duly organized and existing under Philippine laws.
- (2) To invest directly in clean renewable energy-related production, which is a national priority and aligned with the Constituent Companies' commitment to environmental stewardship and to tackling climate change, the respective Boards of SMIC and AEHI, deemed it necessary and advisable to merge the Constituent Companies into one, with SMIC as the surviving corporation (the **Merger**), in order that greater efficiency and economy in the management and operations of the Constituent Companies may be achieved to their and their stockholders' advantage and best interest.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants herein contained and in accordance with the Revised Corporation Code of the Philippines, the parties have mutually agreed and hereby agree to accomplish the Merger under the following terms and conditions:

ARTICLE I

MERGER

1. Subject to the terms and conditions of this Plan, the Constituent Companies agree to merge in accordance with Title IX of the Revised Corporation Code with SMIC as the surviving corporation.
2. On the first day of the calendar month following the issuance and release of the *Certificate of Filing of the Articles and Plan of Merger* by the Securities and Exchange Commission (**SEC**) approving the Constituent Companies' Articles and Plan of Merger (the **Effective Date of Merger**), AEHI shall be merged into and

form part of SMIC as the surviving corporation in the Merger, and the separate corporate existence of AEHI shall cease by operation of law as provided for under Section 79(b) of the Revised Corporation Code.

3. The identity, existence, purposes, franchises, powers, rights, and immunities of SMIC shall continue to be unaffected and unimpaired by the Merger, and its Articles of Incorporation and By-laws shall remain in full force and effect on and after the Effective Date of Merger. SMIC shall continue to be subject to all its duties and liabilities, as those existing prior to the Effective Date of Merger.

ARTICLE II

ASSIGNMENT OF ASSETS

Upon the Effective Date of Merger, all the assets, rights, powers, privileges, immunities, franchises, and businesses of AEHI as well as its properties, contractual and property rights, claims, bank deposits, retained earnings, and investments of whatever nature, including subscriptions to shares, choses in action, goodwill, and intangible assets, owned or which may have been acquired by AEHI, as of 31 December 2021 up to the Effective Date of Merger, shall be deemed assigned, conveyed, transferred to, possessed and owned by, and vested in SMIC as the surviving corporation by operation of law, without need of any further act or deed, as provided for under Section 79(d) of the Revised Corporation Code.

SMIC hereby agrees to accept said conveyance, assignment, and transfer.

ARTICLE III

ASSUMPTION OF LIABILITIES

On the Effective Date of Merger, SMIC shall assume all outstanding liabilities, obligations, and undertakings of AEHI, contractual or otherwise, express or implied, actual or contingent, as of 31 December 2021 up to the Effective Date of Merger, in the same manner and to the same extent as if SMIC had itself incurred or contracted the same; provided, however, that SMIC shall be able to exercise all of the defenses, rights, privileges, set-offs and counterclaims of every kind and nature which AEHI may have under the circumstances.

The rights of AEHI's creditors, if any, or any lien upon any of AEHI's properties shall not be impaired by the Merger, and any claim existing or action or proceeding pending by or against AEHI may be prosecuted by or against SMIC, as the surviving corporation, which may avail of all of the defenses, rights, privileges, set-offs, and counterclaims of every kind and nature which AEHI may have under the circumstances.

ARTICLE IV

SUBSTITUTION

1. Pursuant to the Merger, the term of existence of AEHI shall be shortened to the Effective Date of Merger, and all rights, privileges, powers,

immunities, franchises, assets (including goodwill), and properties of AEHI (whether real, personal or mixed), and all debts due AEHI on whatever act or instrument, and all other things in action belonging to AEHI as of the Effective Date of Merger, shall be transferred and assigned to, and vested in SMIC, as the surviving corporation, without need of any further act or deed (unless by express requirements of law or government regulation, any separate or specific deed or instrument to legally effect the transfer or assignment of a property or asset is required, in which case such deed or instrument shall be executed accordingly), and all properties, rights, privileges, powers, immunities, franchises, and all appointments, designations, and nominations, and all other rights and interest of AEHI as trustee, executor, administrator, assignee, receiver, or representative in a fiduciary capacity, and all and every other interest of AEHI, shall thereafter become the property, right, or interest of SMIC.

2. All the rights of AEHI's creditors and all liens upon any property of AEHI shall be preserved and unimpaired, and all debts, liabilities, obligations, duties, and undertaking of AEHI (whether contractual or otherwise), duties and undertaking of AEHI (express or implied, and actual or contingent), shall henceforth attach to SMIC which shall be responsible therefor, and against which the same may be enforced as though originally incurred or contracted by SMIC, subject, however, to all rights, privileges, defenses, set-offs, and counterclaims which SMIC are entitled to exercise under the circumstances.

3. Upon the Effective Date of Merger, all references to AEHI in any deed, document, or instrument of whatever kind or nature and wherever found shall be deemed, for all intents and purposes, as referring to SMIC, as the surviving corporation, as if references were direct references to SMIC.

4. Upon the Effective Date of Merger, any and all gains, income, and losses arising from the conduct of business by AEHI from the date hereof until the Effective Merger Date shall accrue in favor of SMIC. Accordingly, the expenses of the Merger shall be borne by SMIC.

5. Upon the Effective Date of Merger, each and every employee of AEHI shall automatically become the employee of SMIC, the surviving corporation.

6. The Constituent Companies and their respective officers and authorized representatives will each, from time to time, execute such documents and do such further acts and deeds and take or cause to be taken such actions as SMIC may deem reasonably necessary or desirable in order to vest in and confirm to SMIC, as the surviving corporation, the title to and possession of all the rights, privileges, powers, immunities, franchises, assets, properties, and business of AEHI and otherwise to carry out the full intents and purposes of this Plan.

ARTICLE V

CANCELLATION OF STOCK

In the implementation of the Merger, all the shares of the capital stock of AEHI issued and outstanding on the Effective Date of Merger shall be cancelled.

In exchange for the net assets of AEHI and the cancelled AEHI shares of stock of its stockholders, 21,531,471 SMIC shares will be issued as follows:

Stockholder	No. of Shares
SM Investments Corporation*	4,090,980
Hans T. Sy	5,795,583
Elizabeth T. Sy	5,795,540
Harley T. Sy	5,795,540
Adelia C. Cua	26,914
Asuncion J. Yap	26,914
TOTAL	21,531,471

**Including one (1) nominee share of Mr. Frederic C. DyBuncio*

ARTICLE VI

BOARD OF DIRECTORS

The incumbent directors and officers of SMIC as of the Effective Date of Merger shall continue to be the directors and officers of SMIC.

ARTICLE VII

CONSENT OF CREDITORS

Upon the Effective Date of Merger, SMIC and AEHI shall have obtained the prior written consent of, or given notice to, their respective creditors with regard to the execution and implementation of this Plan of Merger where such prior consent or notice is required to be obtained or given under existing agreements with such creditors or pursuant to applicable laws.

ARTICLE VIII

APPROVAL AND ADOPTION

This Plan will be approved by the stockholders of SMIC and AEHI, and the SEC. Until this Plan is approved by said parties, each Constituent Company shall give each other immediate notice of any claim, event, or transaction which could or does materially and adversely affect the business, properties, or financial condition of such corporation.

SMIC and AEHI agree to cooperate in implementing the provisions of this Plan to the end that upon approval of the Merger, this Plan may be consummated. Prior to the approval of the Plan, however, SMIC and AEHI agree to carry on their respective businesses and affairs in the usual customary manner.

Nothing herein, expressed or implied, is intended or shall be construed to confer upon or give any person or corporation other than SMIC and AEHI, any right or remedy under or by reason of this Plan.



ARTICLE IX

RESTRICTIONS PRIOR TO MERGER

From the date this Plan is executed up to and until the Effective Date of Merger, or the termination or abandonment of this Plan, AEHI shall not, without the consent of SMIC: (1) declare any cash, stock or property dividend; (2) issue or sell any of their shares of stock or issue any option affecting their shares of stock; (3) enter into any employment agreement or other compensation plan except in the ordinary course of business; and (4) enter into or engage in any conduct, activity, or transaction other than in the ordinary course of business, except as contemplated in this Plan.

ARTICLE X

AMENDMENT OF PLAN

The Constituent Companies, by the action of a majority of their respective Board of Directors and affirmative vote of 2/3 of the respective stockholders of each of the Constituent Companies, may amend, modify, or supplement this Plan of Merger in such manner as may be agreed upon by them in writing at any time before or after the initial approval hereof by the stockholders of the Constituent Companies; provided, however, that no such amendment, modification, or supplement after approval of this Plan of Merger by the stockholders of the Constituent Companies shall substantially change the terms of the Merger.

ARTICLE XI

FURTHER ACTS AND DEEDS; LEGAL COMPLIANCE

The Constituent Companies shall immediately take all necessary corporate acts to implement this Merger, and shall cooperate with each other in obtaining all necessary regulatory filings, consents and approvals, as well as in complying with all applicable laws and regulatory rules and regulations.

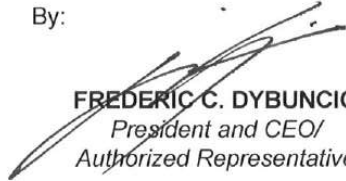
[Signature page follows]



IN WITNESS WHEREOF, the parties have caused the execution of this Plan of Merger at the date and place first above written.

SM INVESTMENTS CORPORATION

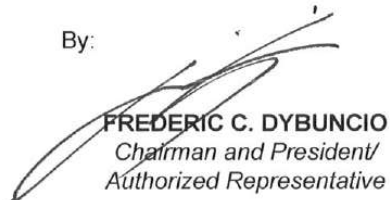
By:



FREDERIC C. DYBUNCIO
*President and CEO/
Authorized Representative*

ALLFIRST EQUITY HOLDINGS, INC.

By:



FREDERIC C. DYBUNCIO
*Chairman and President/
Authorized Representative*

CERTIFIED CORRECT:



ELMER B. SERRANO
Corporate Secretary
SM INVESTMENTS CORPORATION



ARTHUR A. SY
Corporate Secretary
ALLFIRST EQUITY HOLDINGS, INC.