

**IN THE MATTER OF THE PROPOSED
SUBSCRIPTION BY SUMMIT TELCO
CORPORATION PTE. LTD. OF
SHARES IN DITO CME HOLDINGS
CORPORATION**

MAO Case No. M-2025-002

X-----X

COMMISSION DECISION NO. 07-M-2025

This refers to the proposed subscription by Summit Telco Corporation Pte. Ltd. (Summit Singapore) of shares in DITO CME Holdings Corporation (DITO CME) (hereinafter shall be collectively referred to as the Parties). The Parties submit this subscription (the Transaction) to the Philippine Competition Commission (the Commission) for review.¹

Upon careful review of the existing market conditions, various submissions, representations of the Parties to the Commission, application of the Philippine Competition Act (PCA), its Implementing Rules and Regulations, related issuances and regulatory framework, and based on the findings and recommendation of the Mergers and Acquisitions Office (MAO), the Commission finds that the Transaction will not likely result in substantial prevention, restriction, or lessening of competition in the relevant markets for the reasons discussed below.

The Transaction

Pursuant to the Subscription Framework Agreement (the Agreement) executed by Summit Singapore and DITO CME on 4 November 2024, Summit Singapore will subscribe to up to 9 billion common shares of DITO CME.

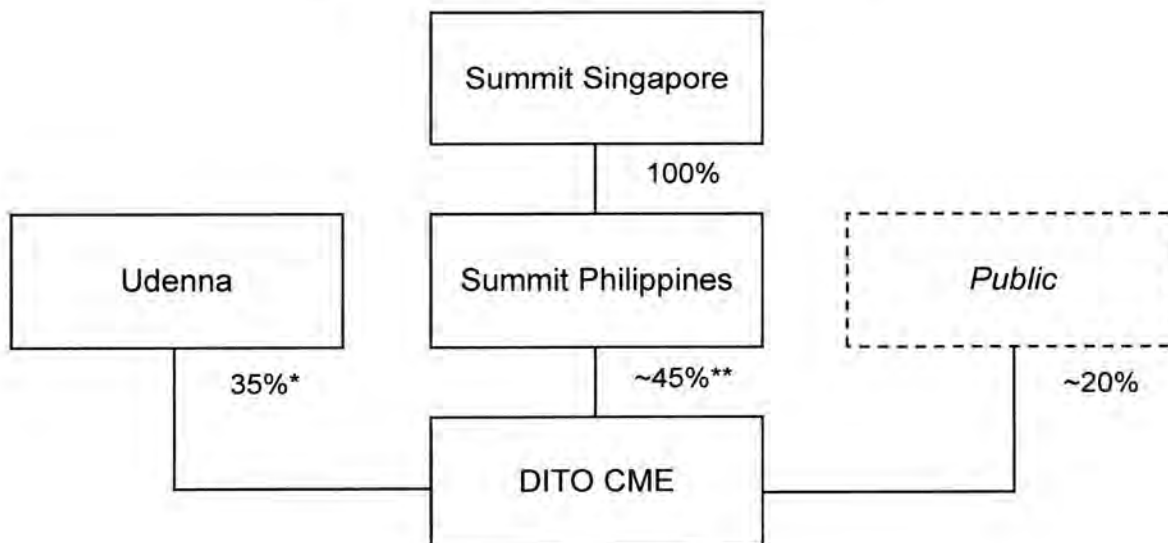
Post-Transaction, Summit Singapore's overall shareholding in DITO CME will increase to ~45.56%, compared to its shareholdings Pre-Transaction amounting to 25.03%. Meanwhile, Udenna's shareholdings will be reduced to 35%. DITO CME's minimum public ownership of at least 20% will be maintained.² The post-Transaction ownership structure is illustrated in **Figure 1**.

¹ The Philippine Competition Commission conducts reviews of mergers and acquisitions, including joint ventures, pursuant to Sections 16 and 17 of Republic Act (R.A.) No. 10667, otherwise known as the Philippine Competition Act (PCA), and Section 1, Rule 4 of the Implementing Rules and Regulations of the PCA.

² Pre-Transaction, Udenna holds 54.77% shareholdings in DITO CME and public shareholders at 20.15%.



Figure 1. Post-Transaction Structure.



**Lowest percentage of ownership after dilution*

*** Estimated values which may vary, post-Transaction*

The Parties

DITO CME is a publicly-listed domestic corporation operating as a holding company.³ It serves as the holding company of DITO Telecommunity Corporation (DITO Tel Philippines), a company engaged in the business of telecommunications and information technology services.⁴ DITO Tel Philippines is a holder of a 25-year long congressional franchise that will expire on 24 April 2048,⁵ and a Certificate of Public Convenience and Necessity⁶ to install, operate, and maintain public telecommunications facilities and services in the Philippines.

DITO CME's Ultimate Parent Entity (UPE) is Udenna Corporation (Udenna), which operates across multiple sectors, including petroleum and retail, shipping and logistics, information and communications technology, education, food, tourism, energy, infrastructure development, and property development and management. Pre-Transaction, Udenna's shareholdings in DITO CME is 54.77% as the majority stockholder.

³ DITO CME's Articles of Incorporation; DITO CME Notification Form, Appendix 8.3.

⁴ Summit Philippines Notification Form, Appendix 5.1. DITO Tel Philippines offers a variety of services, particularly Mobile Prepaid, Mobile Postpaid, and Fixed Wireless Access (FWA) Postpaid.

⁵ Republic Act No. 11537 extended the franchise for another 25 years from its original expiration on 24 April 2023.

⁶ National Telecommunications Commission (NTC) Memorandum Circular No. 09-09-2018.

Summit Singapore is an investment company incorporated in Singapore [REDACTED]

[REDACTED] Summit Telco Holdings Corporation (Summit Philippines), is a domestic investment and holding company specifically incorporated to invest in DITO CME.⁸ Pre-Transaction, Summit Singapore owns a total of 25.03% of DITO CME's issued and outstanding capital stock.⁹

Summit Singapore's UPE is Summit Financial Pte. Ltd. (Summit Financial).¹⁰ [REDACTED]

[REDACTED] It does not maintain any other business activities, assets, or operations both globally or in the Philippines.¹²

Discussion

After careful assessment, the Commission finds that the Transaction will not likely result in substantial prevention, restriction, or lessening of competition, as there are no horizontal overlaps and vertical—including complementary—relationships between entities in the Summit Financial Notifying Group¹³ and DITO CME, including the entities they control.¹⁴

Absence of Horizontal Overlaps

There are no horizontal overlaps between Summit Financial's Notifying Group and DITO CME and the entities it controls at either (i) the holding company level,¹⁵ or (ii)

7 [REDACTED]

8 Summit Philippines Notification Form, Appendix 3.4.

9 Out of Summit Singapore's total share of 25.03% in DITO CME, 16.89% is indirect owned through its subsidiary Summit Philippines.

10 Based on MAO's determination of control pursuant to Rule 6 of the PCA-IRR. See also Sec. 25, PCA on instances when control exists despite owning less than half of the voting power.

11 [REDACTED]

12 [REDACTED]

13 Under Section 1.4(f) of the PCC Rules on Merger Procedure, Notifying Group refers to all entities directly or indirectly controlled by the UPE filing the proposed merger to the PCC for its review.

14 See Figure 1, Post-Transaction Structure.

15 Holding companies are generally categorized into: (i) investment holding companies, (ii) managerial holding companies, and (iii) operating holding companies. Investment holding companies derive profits solely from investments in the securities of their subsidiaries. Managerial holding companies, in addition to deriving profits from investments, intervene in their subsidiaries' transactions. Lastly, operating holding companies, aside from deriving profits from investments, also sell products or

the operational level.

Summit Financial and DITO CME operate under different holding company structures. Summit Financial, through Summit Singapore and Summit Philippines, operates solely as an investment holding company, deriving profits from investments in the securities of its subsidiaries. On the other hand, DITO CME acts as an operating holding company for DITO Tel Philippines. On top of passively deriving profits from its investments, DITO CME actively manages DITO Tel Philippines.

The governing telecommunications regulatory framework¹⁶ distinguishes operational involvement in telecommunications services from solely financial investment activities. The National Telecommunications Commission (NTC) maintains oversight over DITO Tel Philippines' operations. Meanwhile, foreign investments in telecommunication companies, changes in the board composition and capital-raising activities do not typically require direct NTC approval.¹⁷

Moreover, Summit Singapore's shareholdings in DITO CME do not constitute doing business in the Philippines.¹⁸ The board composition of DITO CME consists of nominees from the Udenna Group and independent directors. Summit Singapore does not have board representation or any involvement in the management of DITO CME's day-to-day operations.

Post-Transaction, the role of Summit Singapore in DITO CME will remain limited to that of a financial investor with no operational or management involvement.¹⁹ Despite the increase of Summit Singapore's shareholdings in DITO CME, the Agreement does not provide for automatic board representation or management participation,²⁰ thereby maintaining the current DITO CME's operational control post-Transaction.

On a related point, considering that Summit Singapore acts only as the financial investor, the Commission finds that the Transaction will not likely result in any change to the telecommunications market structure. Post-Transaction, the market share of DITO Tel Philippines will remain at [REDACTED] while Globe Telecom, Inc. and Smart

provide services to its customers. See Erlinda Echanis, "Holding Companies: A Structure for Managing Diversification," *Philippine Management Review* 16, no. 1 (2009): 1-42 available at: <https://pmr.upd.edu.ph/index.php/pmr/article/view/164/163> (last accessed on 24 January 2025).

¹⁶ R.A. No. 7925 or the Public Telecommunications Policy Act of the Philippines, as amended; R.A. No. 7042 or the Foreign Investments Act of 1991, as amended by R.A. No. 8179 and R.A. No. 11647.

¹⁷ MAO's Interview with the NTC.

¹⁸ Section 3(d) of the Foreign Investments Act (R.A. 7042, as amended by R.A. 8179 and R.A. 11647) and its Implementing Rules and Regulations, provides that a foreign entity is not considered to be doing business in the Philippines solely by (i) holding an investment as a shareholder in domestic corporations duly registered to do business, or (ii) appointing a nominee director or officer to represent its interest in such corporation.

¹⁹ Parties' Subscription Framework Agreement.

²⁰ Subscription Agreement, Sections 4.2 and 7.1.

**COMMISSION DECISION NO. 07-M-2025
IN THE MATTER OF THE PROPOSED SUBSCRIPTION BY
SUMMIT TELCO CORPORATION PTE. LTD. OF SHARES
IN DITO CME HOLDINGS CORPORATION**

Page 5 of 6

Communications, Inc. will continue to lead the telecommunications market, with market shares of approximately [REDACTED] and [REDACTED], respectively.²¹

Overall, the distinction between Summit Financial and DITO CME as an investment holding company and operational holding company, respectively, precludes any horizontal overlap.

Absence of Vertical Relationships

There are no vertical relationships between the Parties. Summit Singapore does not participate in the operations of, nor maintain investments in, any upstream or downstream market that would give rise to buyer-seller relationships with DITO CME or its subsidiaries.

ACCORDINGLY, the Commission resolves to **CLEAR** the proposed subscription by Summit Telco Corporation Pte. Ltd. of shares in DITO CME Holdings Corporation, without prejudice to the referral of the Transaction to the relevant government departments or administrative agencies, pursuant to Sections 38 and 39 of the Implementing Rules and Regulations of the Public Service Act, and Sections 69 and 70B of the Implementing Rules and Regulations of the Foreign Investment Act.

This Decision is rendered solely based on the facts disclosed, circumstances of the Transaction known to the Commission during the review period, and documents submitted by Summit Singapore and DITO CME.

SO ORDERED.

27 February 2025.

[Signature page follows]

²¹ MAO's Interview with the Notifying Parties and a Competitor.

**COMMISSION DECISION NO. 07-M-2025
IN THE MATTER OF THE PROPOSED SUBSCRIPTION BY
SUMMIT TELCO CORPORATION PTE. LTD. OF SHARES
IN DITO CME HOLDINGS CORPORATION**

Page 6 of 6

(On official business)
MICHAEL G. AGUINALDO
Chairperson


MARAH VICTORIA S. QUEROL
Commissioner


(On leave)
MICHAEL B. PELOTON
Commissioner


LOLIBETH RAMIT-MEDRANO
Commissioner


FERDINAND M. NEGRE
Commissioner

Copies Furnished:

Summit Telco Holdings Corporation
24th Floor PSE Tower, One Bonifacio
High Street
5th Avenue corner 28th Street
Fort Bonifacio, Taguig City

Serrano Law
*Counsel for Summit Telco Holdings
Corporation*
1105 Tower 2 High Street South
Corporate Plaza
26th Street, Bonifacio Global City,
Taguig City
Fort Bonifacio, Taguig City


DITO CME Holdings Corp.
21st Floor Udenna Tower
Rizal Drive corner 4th Avenue
Fort Bonifacio, Taguig City
info@ditocme.ph


Mergers and Acquisitions Office
25/F, Vertis North Corporate Center 1
North Avenue, Quezon City
mergers@phcc.gov.ph