



# CIRCULAR FOR BROKERS NO. 5180-2004

## The Philippine Stock Exchange, Inc.

<input checked="" type="checkbox"/> Disclosures	<input type="checkbox"/> Stockholders' Meeting	Others: _____
<input type="checkbox"/> Dividend Notice	<input type="checkbox"/> SEC / Gov't Issuance	_____
<input type="checkbox"/> Stock Rights Notice	<input type="checkbox"/> Transfer Agent's Notice	_____

Date : **November 26, 2004**

Subject : **SANITARY WARES MANUFACTURING CORPORATION**

Sanitary Wares Manufacturing Corporation ("SWM" or the "Company"), in its letter dated November 26, 2004, informed the Exchange that:

"x x x

The Board of Directors of the Company, at its meeting held today, 26 November 2004, approved, among others, a resolution for the cessation of the Company's operations and closure of its manufacturing plant with effect from 26 November 2004. The Board also approved a resolution authorizing the filing of a petition for insolvency liquidation and eventual dissolution of the Company following the completion of the insolvency liquidation process. xxx"

Attached for your reference is a copy of the Company's disclosure.

Under the Involuntary Delisting Rules of the Exchange, a listed company that is experiencing one of the following conditions shall be considered for delisting:

"x x x

- (e) Whenever liquidation of the listed company's assets has been authorized, or dissolution of the listed company has been ordered by any competent authority. An announcement by the listed company of an intent to file, or the actual filing of, proceedings for suspension of payments or under the Insolvency Law, or the listed company otherwise becomes the subject of legal proceedings under the Insolvency Law shall merit an immediate suspension of the trading of security(ies) of the listed company;

x x x"

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Finance / Admin / Membership	Compliance & Surveillance Grp.	Listing & Disclosures Grp.	COO / Automated Trading Grp.	Business Dev't & Info. Group	CEO / Legal
Tel. No.688-7560/7440/7460	Tel. No. 688-7559	Tel. No. 688-7501/7510	Tel. No. 688-7405/819-4400	Tel. No. 688-7590	Tel. No. 688-7400/819-4408



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In view of the foregoing, **the Exchange shall issue an indefinite trading suspension on the Company's securities effective on Tuesday, November 30, 2004.** The Exchange shall inform the Trading Participants and the investing public of further developments with regard to the aforementioned matter.

For your information.

***(Original Signed)***  
**MA. PAMELA D. QUIZON-LABAYEN**  
***Head, Disclosure Department***

Finance / Admin / Membership	Compliance & Surveillance Grp.	Listing & Disclosures Grp.	COO / Automated Trading Grp.	Business Dev't & Info. Group	CEO / Legal
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VICTOR JOHANN N. ESPINOSA  
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RAMONITO E. SANTOS  
ANNA VICTORIA M. VELOSO  
TRISTAN R. YU

ROMAN OZALIA (1921 - 1972)  
HERMINIO OZALIA (1966 - 1976)  
JESUS G. SAYOC (1968 - 2002)

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26 November 2004

[By facsimile (02) 636-0809 and by hand]

**Philippine Stock Exchange, Inc.**  
**Listings & Disclosures Group**  
4<sup>th</sup> Floor, PSE Center, Exchange Road  
Ortigas Center, Pasig City

Attention: Ms. Jurisita M. Quintos  
Senior Vice-President  
Listing and Disclosure Group

Gentlemen:

Pursuant to its disclosure obligations, Sanitary Wares Manufacturing Corporation ("SWM" or the "Company") hereby reports that:

The Board of Directors of the Company, at its meeting held today, 26 November 2004, approved, among others, a resolution for the cessation of the Company's operations and closure of its manufacturing plant with effect from 26 November 2004. The Board also approved a resolution authorizing the filing of a petition for insolvency liquidation and eventual dissolution of the Company following the completion of the insolvency liquidation process. Specifically, the following resolutions were approved today:

- (a) **RESOLVED**, that all authority for persons to sign for and on behalf of the Company on any and all bank accounts maintained by the Company with Citibank, N.A., including authority for drawdowns on existing credit facilities, issued prior to this date, 26 November 2004, be as they are hereby, revoked and cancelled with immediate effect.

- (b) RESOLVED, that henceforth, the following authorized persons ("Authorized Persons") be, as they are hereby, authorized to sign for and on behalf of the Company on any and all bank accounts maintained by the Company with Citibank, N.A., and the following Authorized Persons shall be the only persons authorized to sign for and on behalf of the Company;

<u>Name</u>	<u>Signature Category</u>
Mark McRae	A
Ernesto Carpio	B

- (c) RESOLVED FURTHER, that any Communication (defined below) to pay or transfer funds of the Company shall require both an A and B category signature;
- (d) RESOLVED, that the foregoing Authorized Persons be, as they are hereby, authorized to transmit or communicate their instructions from time to time via phone, letter, authenticated telex and telecopier (facsimile) process (the "Communications") in connection with the exercise of the foregoing powers, in accordance with which Citibank shall be entitled (but shall not be bound) to rely and act upon such Communications which it believes in good faith to be signed and/or authorized, or apparently signed and/or authorized, by the authorized signatories of the Company;
- (e) RESOLVED, that the Company shall be considered fully bound by such medium of instructions and by the terms and conditions of Citibank's standard forms for the transactions covered by the Communications, to the same extent and in the same manner as if its authorized signatories had accomplished Citibank's standard forms;
- (f) RESOLVED, that the Company shall indemnify and keep Citibank free and harmless from any losses, damages or liabilities (including any disclosure of information as a result of the means of communication adopted) which the Company may suffer by reason of the bank's compliance with any instructions transmitted by phone, letter, authenticated telex or telecopier (facsimile) process, provided that the bank acted in good faith and believed such instructions/signatures to be genuine and/or authorized.
- (g) RESOLVED FURTHER that, the Company cease operations and close its manufacturing plant with effect from 26 November 2004.
- (h) RESOLVED FURTHER that, the Company undertake all actions necessary to ensure an orderly shutdown of the manufacturing plant, cessation of the Company's operations, and separation of the employees in accordance with the requirements of existing laws and regulations, contracts, the collective bargaining agreement, the retirement plan, and established company practice.
- (i) RESOLVED, FURTHER that, the Company be, as it is hereby, authorized to engage the services of contractors and/or consultants and to enter into any and all contracts which may be necessary for the shutdown and clean-up of the manufacturing plant, including, but not limited to, contracts for the clean-

up of the plant in compliance with applicable environmental rules and regulations.

- (j) RESOLVED FURTHER that, management be as it is hereby directed to conduct a comprehensive review of the Company's assets and liabilities, engaging the services of such financial and legal advisors as is deemed necessary and appropriate for the purpose.
- (k) RESOLVED FURTHER that the Company be authorized to file with the appropriate court in the Philippines a petition for insolvent liquidation at such time when the necessary documentation has been prepared for filing purposes with authority to hire legal representation as is deemed necessary and appropriate for the purpose.
- (l) RESOLVED FURTHER that, upon the resolution of the proceedings for insolvent liquidation, the Company be authorized to take all steps necessary under relevant substantive and procedural law for the dissolution of the Company, including the filing of a motion, petition or application with the appropriate government tribunal or agency in the Philippines, with authority to hire legal representation as is deemed necessary and appropriate for the purpose.
- (m) RESOLVED FINALLY that, the Company authorize and designate Mr. Ernesto B. Carpio and/or Mr. Mark McRae to make, sign, execute and deliver any documents, agreements, papers or instruments, and to do any and all acts, for and on behalf of the Company, to carry out the foregoing resolutions, including, but not limited to, signing the petition for insolvent liquidation and all necessary verifications/certifications thereto, applying for a provisional receiver if necessary, dealing with the assignee/creditors/employees, enter into a composition if feasible, and to act on any matter that may arise in connection with the filing or prosecution of the petition for insolvent liquidation or may be required by law or the rules of procedure, and/or any incident related thereto.

Also attached is a copy of a letter addressed to the shareholders of the Company explaining the decisions taken today. We ask you to disseminate, through your facilities, this letter to your member brokers and their clients.

Very truly yours,

**ROMULO, MABANTA, BUENAVENTURA,  
SAYOC & DE LOS ANGELES**

By:   
**CYNTHIA ROXAS-DEL CASTILLO**

# American Standard

NEW STANDARDS FOR LIVING

26 November 2004

Dear Shareholders,

We want you to know of an important development concerning Sanitary Wares Manufacturing (SWM) Corporation.

Today the Board of Directors voted to close SWM's manufacturing facility and cease commercial operations effective immediately. The Board has also approved the filing of a petition of insolvent liquidation once the necessary papers are prepared.

This was difficult, but necessary decision given the significant business reverses, financial losses and spiraling costs Sanitary Wares Manufacturing has experienced over the past several years. Our operating losses through the first nine months of this year total ₱89.5 million this year.

Despite the best efforts of our local team, our financial condition makes it prohibitive for us to secure the substantial funding needed to upgrade our plant and maintain manufacturing operations in this market. Our liabilities exceed the value of our assets, and we are no longer a going concern. The filing of a petition for insolvency requires no further actions from shareholders and creates no liabilities for shareholders.

Sanitary Wares Manufacturing management team is conducting a comprehensive review of assets and liabilities to ensure that the business is closed out in an orderly fashion.

We will continue to share all appropriate information with Philippine Stock Exchange and the Securities and Exchange Commission when there are any developments that affect the shareholders.

Sincerely,



Norman Livingstone  
Director  
Sanitary Wares Manufacturing

6/6



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