

COVER SHEET

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S.E.C. Registration Number

C R O W N A S I A C H E M I C A L S

C O R P O R A T I O N

(Company's Full Name)

K M 3 3 M C A R T H U R H I G H W A Y

B O T U K T U K A N G U I G U I N T O B U L A C A N

TITA P. VILLANUEVA

3 4 1 2 0 6 3 9

Contact Person

Company Telephone Number

1 2 3 1

SEC FORM 17-A

0 5 1 2

Month Day

FORM TYPE

Month Day

Fiscal Year

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

6 2

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED  
ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year: December 31, 2021
2. SEC Identification number: 159950
3. BIR Tax Identification No: 025-240-902-000
4. Exact name of issuer as specified in its charter: **CROWN ASIA CHEMICALS  
CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization: Metro Manila
6. Industry Classification Code:  (SEC Use Only)
7. Address of issuer's principal office: Km 33 Mc Arthur Highway Bo. Tuktukan Guiguinto,  
Bulacan

Postal Code: 3015

8. Issuer's telephone number, including area code: (632) 3412-06-39 to 41
9. Former name, former address and former fiscal year, if changed since last report: Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class

**Common stock**

Number of shares of common  
stock outstanding

**610,639,000**

Amount of Debt Outstanding  
as of December 31, 2021

**P412,728,414**

11. Are any or all of the securities listed on a Stock Exchange?

Yes [ / ] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

**The Philippine Stock Exchange, Inc.**

**Total of 610,639,000 common shares with par value of P1.00 per share**

12. Indicate by check mark whether the registrant:

1. has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 there under or Sections 11 of the RSA and RSA Rule 11(a)-1 there under, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [ / ] No [ ]

- (b) has been subject to such filing requirements for the past ninety (90) days.

Yes [ / ] No [ ]

13. Aggregate value of the voting stock held by public:

**The aggregate market value of the voting stock held by non-affiliates for 306,041,754 (public shares) as of December 31, 2021, computed based on the closing share price of P 1.69 per share as of December 31, 2021 is P517,210,564.26.**

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## **PART I—BUSINESS AND GENERAL INFORMATION**

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### **Item 1. Business**

The Company was incorporated and registered with the SEC on February 10, 1989 as Crown Asia Compounders Corporation. On September 29, 2014, the SEC approved the change of the Company's name to "Crown Asia Chemicals Corporation". Its primary purpose is to engage in, operate, conduct and maintain the business of manufacturing, importing, exporting, buying, selling or otherwise dealing in, at wholesale and retail such goods as; plastic and/or synthetic resins and compounds and other allied or related products/goods of same/similar nature, and any and all equipment, materials supplies used or employed in or related to the manufacture of such products. Its registered address and principal place of business is at Km. 33 MacArthur Highway, Bo. Tuktukan, Guiginto, Bulacan, Philippines.

The Company started commercial operations in 1990 with the trading of imported PE compounds and paraffin waxes. In the same year, the Company started the production and sales of PVC compounds at its plant in Guiginto, Bulacan.

Capitalizing on its expertise in PVC formulation, CROWN expanded downstream into the manufacture of industrial plastic pipes under the CROWN® pipes brand for electrical, sanitary, potable water, and telecommunications applications.

In 1998, the Company began the production of unplasticized PVC flexible electrical pipes. Soon after, the Company's range of product lines expanded further with the introduction of PVC electrical conduit pipes and potable water pipes in 2000, and sanitary pipes and fittings in 2002.

In 2003, CROWN saw the opportunity to expand the application of its PVC compounds beyond wires and cables. It started to develop and market PVC compounds for use in packaging, IC tubes, films and bottles, as well as door and window profiles.

The Company also has expanded its lines to include pressure main distribution pipes and telecommunication conduit pipes in 2006.

On April 27, 2015, Crown Asia Chemicals Corporation was listed at the Philippine Stock Exchange (PSE).

In August 2015, the Company started testing the manufacture of PPR and HDPE pipe products.

In February 2016, the Company started manufacturing its Enduro pipes.

Production of the company's PVC roofing commenced on October 2017 and started supplying projects in December 2017.

In 2018, the Company acquired ISO 9001-2015 for its Compounds and Pipes Divisions. It was also the year the company was listed by PSE as Shariah-compliant company.

In December 2018, the Board approved a P100million shares buy-back program for a period of up two (2) years, whichever comes first.

Moreover, the company was cited by Financial Times as Top 1,000 High-Growth companies in the Asia-Pacific Region in 2018 and 2019.

In 2020, the Company was also recognized by Forbes as one of the “200 Best Under a Billion” in Asia Pacific Region.

In December 2020, the Board concluded the Shares Buy back program. Total of 20,161,000 shares were repurchased by the company.

## **PRODUCT LINES**

### **1. PVC Compounds**

#### ***a. Wires and Cables***

CROWN's Wire and Cable PVC compounds are developed to comply with PNS and International Standards like Restriction of Hazardous Substances (“RoHS”). CROWN has been able to provide high standard PVC compounds for specific applications including flame retardant compounds, high insulation resistance compounds, CT-rated and low smoke emitting compounds and sunlight/UV resistant compounds.

#### ***b. IC Tubes***

CROWN's IC Tube PVC compounds are specially designed to protect IC chips.

#### ***c. Films***

CROWN's Film PVC compounds are developed for cap seals, shrink films, labels, and other packaging applications.

### **2. PVC Pipes and Fittings**

#### ***a. Crown Blue***

Crown Blue is the Company's PVC potable pipes and fittings. The Company's potable pipes and fittings are assured to be extra strong and safe, high pressure resistant, non-corrosive, has smooth internal and external surfaces, and made from 100.00% virgin materials.

***b. Crown Electrical***

Crown Electrical is the Company's line for PVC electrical conduit pipes. The Company's electrical conduit pipes are assured to be self-extinguishing, highly flame-retardant, has excellent insulation resistance properties, uniform wall thickness, diameter, and color, smooth interior and exterior surfaces, and made from 100.00% virgin materials.

The Company offers two (2) types of electrical pipes, namely the Crown Supreme, which is the high impact thick wall electrical pipe, and Crown Hi-Tech, which is the thin wall electrical pipe.

***c. Crownflex***

Crownflex is the Company's line for PVC flexible electrical pipes. The Company's flexible pipes are UV protected, characterized by its strength, convenience, flexibility, and high safety standard, especially against weather elements. It has uniform wall thickness and diameter and is impact and crash-resistant. It is made with high grade PVC material, self-extinguishing, highly resistant to flame, and has uniform material distribution to avoid breakage.

***d. Crown Sanitary***

Crown Sanitary is the Company's line for Drain-Waste-Vent ("DWV") PVC sanitary pipe. The Company's DWV sanitary pipes are UV protected, characterized by its durability and quality, especially against weather elements. These pipes are available in three (3) categories, namely Series 500, which is thin wall, Series 600, which follows ASTM, and Series 1000, which also follows ASTM.

***e. Crown Pressure Main Blue and Wide-diameter Pipes***

The Company's PVC pipe product used for high pressure waterworks, irrigation, and infrastructures. In buildings, it is the conduit by which water source from the government passes into the building reservoir or pipelines.

***f. Crown Telecom***

The Company's PVC pipe product used as conduit by which telecommunications wiring passes through to reach the telecom outlet site.

***g. Crown Universal***

Crown Universal is the Company's multi-purpose PVC pipe with thin wall. These pipes do not conform to BPS standards and are intended for temporary usage during the early stages of construction. These pipes are lower priced but are yet characterized by its strength and durability.

#### ***h. Enduro Pipes***

Durable pipes for the economically sensitive consumers for affordable housing projects.

### **3. HDPE Pipes and Fittings**

CROWN HDPE is characterized by its toughness and flexibility, chemical resistance with thermal properties, weather and environmental stress resistance, non-corrosive properties, and high flow capacities.

The Company's brands under its HDPE pipe products are CROWN Fuerza with a PE 100 designation and CROWN Sigma with PE 80. These designations are based on the long-term strength of its materials, known as the minimum strength requirement (MSR).

### **4. PP-R Pipes and Fittings**

PP-Rs or Polypropylene random copolymers are thermoplastic resins produced through the polymerization of propylene, with ethylene links introduced in the polymer chain. Because of its chemical features and fusion welding, PP-Rs are most reliable in plumbing and water supply plants, and ensures a substantially better seal tight system. They are also eco-friendly with no heavy metal content such as lead.

Crown Asia Chemicals Corporation is the first in the Pipe Industry to produce full range of PPR fittings.

### **5. PVC ROOF MATERIALS**

The Crown Roofing is high impact-resistant and has the strength and durability that can withstand tough loads, will not easily flatten, get distorted, crack or break. It successfully passed both the impact resistance and flattening tests performed by QA engineering in line with accepted industry standards.

It is built with UV Protection, an important component that prevents premature aging, weakens the roofing material and cause brittleness. Climate variability exacerbate material degradation by increased dosage of harmful ultra-violet rays. Moreover, it is highly resistant to extreme weather conditions and will not crack or disintegrate when exposed to chemical compounds like acetone.

This contemporary roofing material is non-corrosive and do not rust, making them ideal for structures in areas near or by the sea. Their versatile applications cover commercial, industrial and manufacturing structures such as factories, warehouses, wharfs and seaports.

Crown responds to the country's housing needs and infrastructure development by providing an all-weather, cool roofing solution. The brand produces three roofing profiles, namely, corrugated, rib and tile types, in commercial lengths of 8, 10 and 12 feet. Volume requirements for long span cool roof in transportable length are accepted by special order.



## **Management of Key Risks related to the Company**

### ***Risks relating to the Company and its Business***

- **Raw Material Cost and Availability**

The Company's margins depend on the selling prices that the Company is able to charge for its products and the costs of the raw materials and other inputs that it requires to produce these products. The primary raw materials that the Company utilizes in the manufacture of its products include PVC resins, polymers, stabilizers, and plasticizers. The prices of these primary raw materials represent a substantial portion of the Company's manufacturing costs. The prices of these raw materials are influenced by factors that the Company cannot control, such as market conditions, general global economic conditions, production capacity in the markets, production constraints on the part of the Company's suppliers, fluctuations in oil or other commodity prices, infrastructure failures, political conditions, weather conditions, regulations and other factors.

To protect itself against adverse movements in the prices of raw materials, the Company maintains a raw materials inventory equivalent to around 45-60 days of production. In the event that any of the Company's suppliers is subject to a major production disruption or is unable to meet its obligations under existing supply arrangements, the Company can purchase such inputs from any of its other accredited local and foreign suppliers that the Company had already dealt with in the past. The Company also has a list of approved alternative materials that can substitute the raw materials it currently uses.

- **Operating or Process Failures and Quality Assurance**

PVC pipes dominate the plastic pipes market with significant application in the construction and building industry. Given the increasing competition in plastic pipes market, the quality of the products will need to adhere to certain standards to ensure its reliability and effectiveness, such as ISO and BPS.

Any problems that the Company may incur in relation to the quality of its products can affect how the Company's customers perceive its products. This situation could have a material adverse effect on the Company's business, operations, and financial condition.

The Company has established quality assurance and control procedures for both its Compounds and Pipes Groups. It has dedicated quality assurance laboratories and competent and professional staff for each of its quality assurance departments in the Compounds and Pipes Group. In addition, for its Pipes Group, CROWN pipes undergo additional testing externally through the project-clients' technical consultants and/or accredited independent laboratories.

In the Company's continuing commitment to maintain the highest level of quality in its operations and products, the Company owns and continues to update its ISO certifications, certifying that CROWN operates a quality management system that has been assessed as conforming to ISO 9001:2008 for the manufacture and distribution of both compounds and

PVC products. The company's Compounds Division and Pipe Group are already assessed as conforming to ISO 9001:2015.

- **Power Shortages**

The Company has been relying primarily on mainstream power for the production of compounds, PVC pipes, PPR/HDPE pipes and PVC roof materials that requires a significant amount of stable power load for its operations.

Any downtime of the Company's operations over an extended period, due to power interruptions, would have adverse effect on the Company's business, operations, and financial condition.

At present, the Company has a standby generator set to partially address the prospective power shortage that will affect the country.

- **Imitation or Infringement of the Company's Intellectual Property Rights**

In the event that the Company's trademarks under license are imitated or otherwise infringed, the Company's reputation and business may be adversely affected.

The Company has its legal team that can handle any infringement and take legal action should a litigation matter arise. Furthermore, the Intellectual Property Office closely coordinates with the National Bureau of Investigation (NBI), which apprehends infringement violators, thus the Company believes that infringement cases, if any, can be easily resolved.

### ***Risks relating to the Philippines***

- **Change in Political or Social Instability in the Philippines**

The Philippines has from time to time experienced political and social instability. The Philippine Constitution provides that, in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately-owned public utility or business.

The Philippines has a presidential system that changes the country's chief executive every six (6) years which may cause changes in the political, economic and social policies.

- **Occurrence of Natural Calamities**

The Philippines has experienced a significant number of major natural calamities over the years, including typhoons, volcanic eruptions and earthquakes.

The Company completed its flood control system in the Bulacan plant to ensure that production will not be disrupted and assets and inventories will be protected.

## Item 2. Properties

The Company owns the following properties in Bulacan and Valenzuela covered by individual tax declarations.

### Lands

Tax Declaration Number	Location	Area	Classification
2018-09014-01623	Bulacan	5,462.00 sq.m.	Industrial
2018-09014-01624	Bulacan	892.00 sq.m.	Industrial
2018-09014-01626	Bulacan	3,214.00 sq.m.	Industrial
2018-09014-01628	Bulacan	6,415.00 sq.m.	Industrial
2018-09014-01634	Bulacan	2,888.00 sq.m.	Industrial
2018-09014-01704	Bulacan	11,935.00 sq.m.	Industrial
E-027-00381	Valenzuela	5,052 sq.m.	Industrial

### Buildings and Improvements

Tax Declaration Number	Location	Area	Classification
2018-09014-01625	Bulacan	140.00 sq.m.	Industrial
2018-09014-01627	Bulacan	2,184.00 sq.m.	Industrial
2018-09014-01629	Bulacan	1,150.50 sq.m.	Industrial
2018-09014-01635	Bulacan	1,980.00 sq.m.	Industrial
2018-09014-01636	Bulacan	500.00 sq.m.	Industrial/Residential
2018-09014-01705	Bulacan	2,835.00 sq.m.	Industrial
2018-09014-01706	Bulacan	468.00 sq.m.	Industrial
2018-09014-01707	Bulacan	3,276.00 sq.m.	Industrial
E-027-00344	Valenzuela	3,505.80 sq.m.	Industrial

The properties (lands, buildings and improvements) are neither subject of any mortgage, lien, or encumbrance nor limitations on its ownership or usage.

### Trademarks and Copyrights

The Company has various trademarks registered with the Intellectual Property Office, as follows:

CROWN's Trademarks Under License			
Registered Trademark	Registration Number	Date of Registration	Valid Until
TECHNOVINYL & CROWN DEVICE WITHIN THE CIRCLE	4-1997-123430	February 10, 2003	February 10, 2023
HI TECH WITH CROWN LOGO	4-2005-006473	October 23, 2006	October 23, 2026

PETROVIN & CROWN DEVICE	4-2006-010314	July 30, 2007	July 30, 2027
CROWN UNIVERSAL	4-2006-013658	August 13, 2007	August 13, 2027
ENDURO WITH CROWN DEVICE	4-2006-012499	August 20, 2007	August 20, 2027
CROWN	4-2006-013655	August 11, 2008	August 11, 2028
CROWN BLUE	4-2006-013656	August 11, 2008	August 11, 2028
CROWN FLEX	4-2006-013657	August 11, 2008	August 11, 2028
CROWN SUPREME	4-2006-013659	October 13, 2008	October 13, 2028
<b>CROWN EXTREME</b>	<b>4-2010-011168</b>	<b>February 24, 2011</b>	<b>February 24, 2031</b>
CROWN HYDRO-PLUS	4-2014-00003801	August 7, 2014	August 7, 2024
CROWN HYDRO-FLEX	4-2014-00003802	August 7, 2014	August 7, 2024
CROWN HYDRO-TECH	4-2014-00003804	September 18, 2014	September 18, 2024
CROWN RED AND GREEN	4-2014-00004482	December 11, 2014	December 11, 2024
CROWN FUERZA	4-2014-00007463	February 12, 2015	February 12, 2025
CROWN SIGMA	4-2014-00007464	February 12, 2015	February 12, 2025
CROWN CorrWave	4-2017-011461	November 23, 2017	November 23, 2027
CROWN ClearBright	4-2017-011460	December 17, 2017	December 17, 2027
CROWN StrongRib	4-2017-011462	December 17, 2017	December 17, 2027
CROWN SmartRoof	4-2017-011464	December 17, 2017	December 17, 2027
CROWN TileTech	4-2017-011465	December 17, 2017	December 17, 2027
CROWN HeatProtect	4-2017-011463	April 26, 2018	April 26, 2028

The Company has a team that handles renewal of trade registrations.

### Item 3. Legal Proceedings

There are no pending legal proceedings to which the Company is a party or of which any of its properties is the subject up to the time of the preparation of this report.

#### Involvement in Legal Proceedings

To the best of the Company's knowledge, there has been no occurrence during the past five (5) years up to this date of any of the following events that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter, or controlling person of the Company:

- any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer, either at the time of the bankruptcy or within two (2) years prior to that time;
- any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

- being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

#### **Item 4. Submission Matters to a Vote of Security Holders**

There were no matters submitted to a vote of security holders during the period covered by this report.

## **PART II – OPERATIONAL AND FINANCIAL INFORMATION**

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#### **Item 5. Market for Issuer's Common Equity and Related Stockholders Matters**

1. The Company common shares were listed at the Philippine Stock Exchange (PSE) on April 27, 2015 and traded in the First Board.

Full year high and low prices from January 01, 2021 to December 31, 2021 are as follows:

High	P 2.20
Low	P 1.64

As at December 31, 2021, based on closing price of P 1.69 per share, the market capitalization of the common shares of the company was P 1,031,979,910.00

2. Total shares outstanding as of December 31, 2021 was 610,639,000 shares with a par value of P 1.00 per share.
3. The top 15 shareholders as of the same date are:

	<b>Name</b>	<b>Number of Shares Held</b>	<b>% to Total Outstanding</b>
1.	PCD Nominee – Filipino	242,974,804	37.79%
2.	Walter H. Villanueva	70,920,000	11.61%
3.	Christie T. Perez	49,744,422	8.15%
4.	Nicasio T. Perez	47,280,000	7.74%
5.	Tita P. Villanueva	47,280,000	7.74%
6.	Meda T. Perez	24,860,000	4.07%

7.	Gloria P. Go	23,672,211	3.88%
8.	Sofia P. Po	23,640,000	3.87%
9.	Oscar T. Perez	23,640,000	3.87%
10.	Derrick P. Villanueva	14,574,293	2.39%
11.	Elizabeth P. Lee Villanueva	12,436,105	2.04%
12.	Natalie Lee Villanueva Penaranda	4,143,004	0.68%
13.	Johanns Plana. Lee Villanueva	4,143,004	0.68%
14.	Warren Michael P. Lee Villanueva	3,940,000	0.65%
15.	PCD Nominee - Non Filipino	3,279,002	0.54%

### Dividends and Dividend Policy

The Company is authorized to distribute dividends out of its surplus profit, in cash, properties of the Company, shares of stock, and/or securities of other companies belonging to the Company. Dividends paid in the form of cash or property is subject to approval of the Company's Board of Directors. Dividends paid in the form of additional shares are subject to the approval of the Company's Board of Directors and stockholders that own at least two-thirds ( $\frac{2}{3}$ ) of the outstanding capital stock of the Company. Holders of outstanding Common Shares as of a dividend record date will be entitled to full dividends declared without regard to any subsequent transfer of such shares.

On March 4, 2014, the Board of Directors of the Company approved its dividend policy wherein it shall distribute to its stockholders as dividends, whether cash, property or stock, at least ten percent (10.00%) of the Company's net income after tax for the previous fiscal year, subject to the provision of sufficient funds for the implementation of the Company's business plan, operating expenses and budget, appropriation for expansion projects (as applicable), lenders' requirements, appropriate reserves and applicable laws.

From 2019 to 2021, the Company declared cash dividends as follows:

<b>Cash Dividend Payout: 2018 – 2020</b>						
<b>Year</b>	<b>Declaration Date</b>	<b>Record Date</b>	<b>Payment Date</b>	<b>Amount</b>	<b>Cash Dividends per Share</b>	<b>Dividend Payout Ratio</b>
2018	March 09, 2018	April 12, 2018	May 9, 2018	25,232,000	₱0.04	48.48%
		June 26, 2018	July 11, 2018	31,540,000	₱0.05	
2019	March 12, 2019	April 12, 2019	May 9, 2019	31,455,100	₱0.05	47.94%
		July 9, 2019	July 23, 2019	24,921,080	₱0.04	
2020	May 29, 2020	June 26, 2020	July 22, 2020	24,443,640	₱0.04	17.92%
2021	May 7, 2021	May 25, 2021	June 15, 2021	13,739,378	₱0.0225	11.32%



## Item 6. Management's Discussion and Analysis of Results of Operations and Financial Condition

### FY 2021 versus 2020

#### *1. Results of Operations*

*Material Changes to the Statement of Comprehensive Income for the period ended December 31, 2021 compared to the Statement of Comprehensive Income for the period ended December 31, 2020 (increase/ decrease of 5.00% or more)*

#### Revenues

The Company ended the year of 2021 with total revenues of Php1.74B. This is Php0.62B or 55.75% higher as compared to the P1.12B generated revenues in 2020. Contributing 64.18% to this revenue growth is the performance of the Pipes Division wherein it increased its sales by 92.57% from P432.02 in 2020 to P831.95 in 2021. Furthermore, it surpassed its sale in 2019, the pre-pandemic year, by 73.21%.

#### Cost of Sales

Cost of sales increased by 63.48% from ₱0.77 billion in 2020 to ₱1.26 billion in 2021. This is due to the increase in sales volume as well as the increase in the price of its raw materials.

#### Gross Profit and Gross Profit Margin

Gross profit increased by ₱133.03 million or 38.5% from ₱345.54.40 million to ₱478.57 million.

#### Other Operating Expenses

Other operating expenses increased by ₱18.43 million or 7.87% from ₱171.67 million to ₱190.10 million. It must be noted that between March to May of 2020, the lockdown period, the Company has minimal to zero operations. Thus, there were operating and selling expense not incurred such as salaries, commissions, travel and transportation, and freight costs. In 2021, these costs were now consistently incurred and even increased due to the increase in sales.

### Other Income (Charges)

In 2021, the Company reported Other Income amounting to ₱7.11 million. This improved by ₱7.69 million from a loss of ₱0.58 million in 2020. Driving this favorable change is the ₱5.94 million increase foreign exchange gains from its export sales transactions.

### Tax Expense

Tax expense increased by ₱19.24 million or by 36.96% from ₱52.04 million to ₱71.28 million. This is due to the high growth in revenues arising from the increase demands for PVC products resulting to higher net profit before tax.

## **2. Financial Condition**

***Material Changes to the Statement of Financial Position as at December 31, 2021 compared to the Statement of Financial Position as at December 31, 2020 (increase/decrease of 5.00% or more)***

### Cash and Cash Equivalents

Cash and cash equivalents decreased by ₱79.56 million or 42.28% from P188.20 million to P108.63 million. This is due to the increased payments to suppliers arising from the increased purchases of raw materials to support the requirements of the Company's customers. This is also coupled with the rise in the cost of major raw materials. The Company also paid higher quarterly taxes this year as a result better performance in 2021.

### Trade and Other Receivables

Trade and Other Receivables increased by P63.06M or 22.85% from P276.01M to P339.06M. This is primarily due to the 55.75% increase in sales net of improvements in customer collections.

### Inventories

Inventory balances at the end of 2021 grew by ₱231.66 million or 49.37% from ₱469.23 million to ₱700.69 million. Purchases of raw materials increased during the year to beef up the requirements of production that will enable the Company to deliver customer orders. Also, there were price increases in major raw materials used in production.

### Prepayments and Other Current Assets

Prepayments and other current assets increased by ₱31.34 million or 29.41% from ₱106.58 million to ₱137.92 million. This is due to the increase in input vat from purchase of raw materials and supplies.



#### Property, Plant and Equipment, net

The Company purchased machineries amounting to P39.95 million during the year to increase production capacity. Some of these assets were originally allocated to the Davao plant which was temporarily deferred due to mobilization limitations brought about by the pandemic. Also, the Company had its land properties revalued in 2021 thereby increasing its value by P119.10 million. This two are the reasons for the increase on the Company's Property, Plant and Equipment by P110.77 million or 19.57% from P566.03 million to P676.80 million.

#### Right of Use Assets - Net

Right of Use Assets - net decreased by P4.18 million or 4.18% from P21.02 million to P16.84 million due to the monthly recognition of depreciation expense.

#### Post-Employment defined benefit asset

The Company recognized Post-Employment Defined Benefit Asset amounting to P2.94 million in 2021 while in 2020, post-employment defined benefit liability was reported amounting to P48,856.00. During year, the Company amended its retirement plan which resulted to an overfunding in the Company's Employee Retirement Fund. Thus, the recognition of post-employment defined benefit asset.

#### Other Non-Current Assets

Other non-current assets increased by P8.8 million or 92.23% from P9.63M to P18.52 million. This is due to the recognition of deferred input vat from its fixed asset purchases during the year.

#### Trade and Other Payables

Trade and other payables increased by P49.46 million or 18.85% from P262.34 million to P311.80 million. This due to the increased purchases of raw materials.

#### Mortgage Payable-Current

Loans and Mortgage Payable-Current decreased by P0.23 million or 9.45% from P2.48 million to P2.25 million due to settlement of car loan amortization.

#### Deferred Tax Liabilities - net

Deferred Tax Liabilities - net increased by P22.36 million or 45% from P49.69 million to P72.05 million primarily due to the revaluation increment on land.

#### Retained Earnings

Retained Earnings increased by P210.57 million or 41.68%. This is due to Net Profit after tax generated during the year amounted to P224.31 million, reduced by the amount of cash dividends paid amounting to P13.74 million.

### 3. Key Performance Indicators

<b>LIQUIDITY RATIOS</b>		
<b>Key Indicators</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current ratio	3.99 : 1.00	3.66 : 1.00
Acid test ratio	1.39 : 1.00	1.63 : 1.00
Book value per share	2.60	2.09
<b>SOLVENCY RATIOS</b>		
<b>Key Indicators</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Debt to equity ratio	0.26 : 1.00	0.28 : 1.00
Asset to equity ratio	1.26 : 1.00	1.28 : 1.00
<b>PROFITABILITY RATIOS</b>		
<b>Key Indicators</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Earnings per share	0.37	0.20
Return on assets	11.21%	7.57%
Return on equity	14.12%	9.87%
Gross profit ratio	27.49%	30.92%
Net profit (after tax) ratio	12.88%	10.85%

#### Notes:

1. Current Ratio (Current Assets/Current Liabilities)  
To test the Company's ability to pay its short-term debts
2. Acid Test Ratio (Quick Assets/Current Liabilities)  
Measures the Company's ability to pay its short-term debts from its most liquid assets without relying on inventory.
3. Book Value per Share (Equity/Shares Outstanding)  
Measures the amount of net assets available to stockholders of a given type of stock.
4. Debt to Equity Ratio (Total Liabilities/Total Equity)  
Measures the amount of total assets provided by stockholders
5. Asset to Equity Ratio (Total Assets/Total Equity)  
Shows the relationship of the total assets to the portion owned by the stockholders.  
Indicates the Company's leverage, the amount of debt used to finance the firm.
6. Earnings per Share (Net Profit/Shares Outstanding)  
Reflects the Company's earning capability.
7. Return on Assets (Net Profit/Average Total Assets)  
Indicates whether assets are being used efficiently and effectively
8. Return on Equity (Net Profit/Average Total Equity)  
Measures the ability of the company to generate profit from investment of stockholders
9. Gross Profit Ratio (Gross Profit/Revenues)  
Measures the percentage of gross income to sales
10. Net Profit Ratio (Net Profit/Revenues)  
Measures the percentage of net income to sales

## FY 2020 versus 2019

### *1. Results of Operations*

*Material Changes to the Statement of Comprehensive Income for the period ended December 31, 2020 compared to the Statement of Comprehensive Income for the period ended December 31, 2019 (increase/ decrease of 5.00% or more)*

#### Revenues

For the period ended December 31, 2020, revenues decreased from ₱1,433.40 million in 2019 to ₱ 1,117.69 million showing a decrease of 22.03%. This was due to the decrease in both domestic and export sales as a result of the government mandated lockdown and Enhanced Community Quarantine (ECQ) which commenced on March 17, 2020. The partial resumption of operations started only on the third week of May under General Community Quarantine (GCQ), with restrictive guidelines. GCQ remained in force up to this date. There was slow resumption of customer orders under uncertain business climate.

#### Cost of Sales

Cost of Sales decreased by 25.76%, with the decrease in Sales Revenues, from P1,040.01M to P772.15M.

#### Gross Profit and Gross Profit Margin

Gross profit decreased by P47.86 million or 12.17% from ₱ 393.40 million to ₱345.54 million.

#### Other Operating Expenses

Other operating expenses decreased by P 14.67M or 7.87% from P 186.34M to P 171.67M. While minimal to zero selling and marketing expenses were incurred during ECQ months, there were fixed expenses recognized on the same period such as depreciation, rent, utilities and insurance premium amortization.

#### Other Income (Charges)

In 2020, Other Charges (–net) was P 0.56 million compared with P 14.71 million in 2019, primarily due to net foreign currency gain on purchase and payment on importations and there was no impairment loss incurred in 2020.

#### Tax Expense

Tax expense decreased by P3.89M or by 6.96% from P55.93M to P52.04M due to lower net profit before tax. Net Profit before tax decreased by P19.06M or 9.91% from P192.35M to P173.29M.

## 2. Financial Condition

*Material Changes to the Statement of Financial Position as at December 31, 2020 compared to the Statement of Financial Position as at December 31, 2019 (increase/decrease of 5.00% or more)*

### Cash and Cash Equivalents

Cash and cash equivalents increased by P131.74M or 233.35% from P56.46M to P188.20M primarily due to lower purchases of raw materials and supplies.

### Trade and Other Receivables

Trade and Other Receivables increased by P20.44M or 8% from P255.57M to P276.01M due to ECQ which affected business operations of customers resulting to deferment of collections and higher trade receivables as at period end.

This was also due to advance payments to suppliers for the importation of machineries and raw materials but goods were not yet received by the company as at period end.

### Inventories

Inventories decreased by P26.76M or 5.39% from P495.99M to P469.23M. This was also due to lockdown and government safety guidelines against COVID-19 pandemic which resulted to lesser raw materials and supplies purchases, and minimal manufacturing operations even after the ECQ.

### Prepayments and Other Current Assets

Prepayments and other current assets decreased by P11.93M or 10.07% primarily due to lower input tax resulting from lesser purchases of raw materials and supplies.

### Right of Use Assets - Net

Right of Use Assets - net decreased by P22.42M or 51.61% from P43.44M to P21.02M as a result of pre-termination of leases for Davao office and warehouse in January 2020 and lease modification for Davao plant in December 2020.

### Other Non-Current Assets

Other non-current assets decreased by P2.32M or 19.40% from P11.95M to P9.63M due to amortization of deferred input tax balance on purchase of capital goods.

### Trade and Other Payables

Trade and other payables decreased by P18.90M or 6.72% from P281.25M to P262.34M due to reduced raw materials purchases starting March.

#### Loans and Mortgage Payable-Current

Loans and Mortgage Payable-Current decreased by P0.68M or 21.49% from P3.16M to P2.48M due to settlement upon maturity.

#### Mortgage Payable-Non Current

Mortgage Payable-Non Current decreased by P2.39M or 34.37% from P6.95M to P4.56M due to settlement upon maturity.

#### Lease Liability - Current

Lease Liability-Current, arising from contract that contains lease relating to right of use assets, decreased by P1.15M or 24.99% from P4.62M to P3.47M resulting from amortization of financial lease.

#### Lease Liability - Non-Current

Lease Liability-Non-Current decreased by P20.33M or 51.38% from P39.56M to P19.24M due to pre-termination of leases for Davao office and warehouse and lease modification for Davao plant.

#### Post-Employment Benefit Obligation

Post-employment retirement payable decreased by P6.78M or 99.28% from P6.83M to P0.04M based on actuarial valuation by independent appraiser.

#### Deferred Tax Liabilities - net

Deferred Tax Liabilities - net increased by P2.62M or 5.56% from P47.07M to P49.68M primarily due to the provision for unrealized forex gain.

#### Treasury Stocks

Treasury Stocks transactions started in March 2019 with reference to the approved Share Buy-Back program of the company filed with the SEC on December 5, 2018. The amount of P41.10M was incurred for 20.16M shares as at its final closure on December 5, 2020.

#### Retained Earnings

Retained Earnings increased by P96.81M or 23.71% due to Net Profit after tax during the year, net of payment of cash dividend amounting to P24.44M.

### 3. Key Performance Indicators

<b>LIQUIDITY RATIOS</b>		
<b>Key Indicators</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Current ratio	3.66 : 1.00	3.21 : 1.00
Acid test ratio	1.63 : 1.00	1.08 : 1.00
Book value per share	2.09	1.93
<b>SOLVENCY RATIOS</b>		
<b>Key Indicators</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Debt to equity ratio	0.28 : 1.00	0.33 : 1.00
Asset to equity ratio	1.28 : 1.00	1.33 : 1.00
<b>PROFITABILITY RATIOS</b>		
<b>Key Indicators</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Earnings per share	0.20	0.22
Return on assets	7.57%	9.46%
Return on equity	9.87%	12.11%
Gross profit ratio	30.92%	27.44%
Net profit (after tax) ratio	10.85%	9.52%

#### Notes:

11. Current Ratio (Current Assets/Current Liabilities)

To test the Company's ability to pay its short-term debts

12. Acid Test Ratio (Quick Assets/Current Liabilities)

Measures the Company's ability to pay its short-term debts from its most liquid assets without relying on inventory.

13. Book Value per Share (Equity/Shares Outstanding)

Measures the amount of net assets available to stockholders of a given type of stock.

14. Debt to Equity Ratio (Total Liabilities/Total Equity)

Measures the amount of total assets provided by stockholders

15. Asset to Equity Ratio (Total Assets/Total Equity)

Shows the relationship of the total assets to the portion owned by the stockholders.

Indicates the Company's leverage, the amount of debt used to finance the firm.

16. Earnings per Share (Net Profit/Shares Outstanding)

Reflects the Company's earning capability.

17. Return on Assets (Net Profit/Average Total Assets)

Indicates whether assets are being used efficiently and effectively

18. Return on Equity (Net Profit/Average Total Equity)

Measures the ability of the company to generate profit from investment of stockholders

19. Gross Profit Ratio (Gross Profit/Revenues)

Measures the percentage of gross income to sales

20. Net Profit Ratio (Net Profit/Revenues)

Measures the percentage of net income to sales

## FY 2019 versus 2018

### *1. Results of Operations*

*Material Changes to the Statement of Comprehensive Income for the period ended December 31, 2019 compared to the Statement of Comprehensive Income for the period ended December 31, 2018 (increase/ decrease of 5.00% or more)*

#### Revenues

For the period ended December 31, 2019, revenues increased from ₱1,187.19 million in 2018 to ₱ 1,433.40 million showing an increase of 20.74% due to increase in export and local sales resulting from more aggressive sales efforts and broader geographic market.

#### Cost of Goods Sold

Cost of goods sold increased by 21.69% from ₱ 854.65 million to ₱ 1,040.00 million.

#### Gross Profit and Gross Profit Margin

Gross profit increased by P60.87 million or 18.30% from ₱ 332.53 million to ₱393.40 million.

#### Other Operating Expenses

Other operating expenses increased by 11.54% from ₱167.06 million for the year 2018 to ₱186.34 million in 2019 due to increase in selling and marketing expenses, directors' compensation and fees and consultancy fees for data privacy and information security, organizational and human resources development, and operations management audit.

#### Other Income (Charges)

In 2019, it resulted to Other Charges –net for P 14.71 million compared with Other Income -net of P 2.74 million in 2018, due to net foreign currency losses, impairment loss on application for VAT refund and increase in finance costs on bank loan availments for working capital and recognition of interest expense on the Lease Liability, in accordance with PFRS 16, new accounting standard on Right of Use Asset on Leases.

#### Tax Expense

Tax expense increased by P 5.33 million or 10.52% from P50.61 million to P55.93 million due to increase in taxable income from P168.21 million to P192.35 million. The denied input VAT credit/refund applications with Bureau of Internal Revenue in 2018 and 2015 for P15.89 million were written-off this year and tax deduction benefit were realized in 2019.



## 2. Financial Condition

*Material Changes to the Statement of Financial Position as at December 31, 2019 compared to the Statement of Financial Position as at December 31, 2018 (increase/decrease of 5.00% or more)*

### Cash and Cash Equivalents

Cash and cash equivalents decreased by P24.93 million or 30.63% to ₱ 56.46 million as at December 31, 2019 from ₱81.39 million as at year-end 2018 primarily due to payment of cash dividends, repayment of bank loans and advance payment for purchase of land.

### Trade and Other Receivables-net

Trade and Other Receivables-net increased by P49.65 million or 24.11% to ₱ 255.57 million as at December 31, 2019 from ₱205.92 million as at year-end 2018 primarily due to increase in revenues.

### Inventories

Inventories increased by P38.29 million or 8.37% from P457.70 million to P495.99 million primarily due to additional purchases of raw materials to hedge against price volatility and also due to more production of pipes and roof, and to supply for the new sales depot in Cebu.

### Prepayment and Other Current Assets

Prepayment and other current assets increased by P12.53 million or 11.82% from ₱105.98 million to ₱118.51 million due to the increase in input VAT from purchases.

### Property, Plant, and Equipment – net

Property, plant, and equipment – net increased by P 171.24 million or 41.22% from ₱415.4 million to ₱586.64 million due to appraisal increase on revaluation of land, new acquisitions of machineries and equipment, and transportation equipment.

### Right of Use Asset - Net

The initial adoption of the new PFRS 16 requires recognition of Right of Use Asset on Leases for lease contracts in place as at January 1, 2019 with remaining lease term of more than one (1) year. The related depreciation expense and accumulated depreciation are also recognized based on the remaining lease term.



#### Other Non-current Assets

Other non-current assets decreased by P36.04 million or 75.10% from ₱48.0 million to ₱11.95 million due to reclassification of the advance payment made on purchase of land from Other Non-current Asset to Property, Plant and Equipment.

#### Trade and Other Payables

This account increased by P105.70 million or 60.21% from ₱175.55 million as at year end 2018 to ₱281.25 million by year-end 2019 due to more purchases of raw materials and purchase of machineries.

#### Loans and Mortgage Payable

This account decreased by P26.74 million or 89.43% from P29.89 million to P3.16 million due to repayment of bank loans for working capital requirements.

#### Income tax payable

There was no Income tax payable balance as at end of 2019 compared with ₱5.09 million at end of 2018 due to lower taxable income resulting from the write-off of denied input VAT.

#### Mortgage Payable

This account increased by P3.33 million or 91.99% from P3.62 million to P6.95 million due to vehicle loans for purchase of delivery equipment.

#### Post-Employment Defined Benefit Obligation

This account increased by P 0.71 million or 11.54% from P 6.12 million to P 6.83 million due to actuarial valuation as at December 31, 2019.

#### Lease Liability - Current and Non-Current

In compliance with adoption of PFRS 16 - Accounting for Leases, recognition of Right of Use Asset and Lease Liability measured at the present value of the remaining lease payments, interest expense on Lease Liability using incremental borrowing rates as of January 1, 2019.

#### Deferred Tax Liability-net

This account increased by P27.39 million or 139.13% from P19.68 million to P47.07 million due to the tax effect on the revaluation of Land.

### Revaluation Reserves

This account increased by P 62.10 million or 98.65% from P 62.95 million to P125.08 million due to revaluation increment in the value of land as at valuation date December 31, 2019 from the last valuation date December 31, 2017.

### Retained Earnings

As at December 31, 2019, retained earnings increased by 24.38% from ₱328.31 million as at year-end 2018 to ₱408.35 million as at year-end 2019. The net increase is primarily due to the net profits after tax reported for the year amounting to ₱136.41 million

### Treasury Stock

Pursuant to the approved Share-buy back program, total amount of P37.46 million was incurred as at December 31, 2019, for the repurchase of 18,356,000 shares.

## 3. *Key Performance Indicators*

LIQUIDITY RATIOS		
Key Indicators	December 31, 2019	December 31, 2018
Current ratio	3.21 : 1.00	4.04 : 1.00
Acid test ratio	1.08 : 1.00	1.36 : 1.00
Book value per share	1.93	1.70
SOLVENCY RATIOS		
Key Indicators	December 31, 2019	December 31, 2018
Debt to equity ratio	0.33 : 1.00	0.22 : 1.00
Asset to equity ratio	1.33 : 1.00	1.22 : 1.00
PROFITABILITY RATIOS		
Key Indicators	December 31, 2019	December 31, 2018
Earnings per share	0.22	0.19
Return on assets	9.46%	9.35%
Return on equity	12.11%	11.23%
Gross profit ratio	27.44%	28.01%
Net profit (after tax) ratio	9.52%	9.91%

### **Notes:**

- Current Ratio Current Assets/Current Liabilities  
To test the Company's ability to pay its short-term debts
- Acid Test Ratio (Quick Assets/Current Liabilities)  
Measures the Company's ability to pay its short-term debts from its most liquid assets without relying on inventory.
- Book Value per Share (Equity/Shares Outstanding)  
Measures the amount of net assets available to stockholders of a given type of stock.
- Debt to Equity Ratio (Total Liabilities/Total Equity)  
Measures the amount of total assets provided by stockholders
- Asset to Equity Ratio (Total Assets/Total Equity)

- Shows the relationship of the total assets to the portion owned by the stockholders.  
Indicates the Company's leverage, the amount of debt used to finance the firm.
- f. Earnings per Share (Net Profit/Shares Outstanding)  
Reflects the Company's earning capability.
  - g. Return on Assets (Net Profit/Average Total Assets)  
Indicates whether assets are being used efficiently and effectively
  - h. Return on Equity (Net Profit/Average Total Equity)  
Measures the ability of the company to generate profit from investment of stockholders
  - i. Gross Profit Ratio (Gross Profit/Revenues)  
Measures the percentage of gross income to sales
  - j. Net Profit Ratio (Net Profit/Revenues)  
Measures the percentage of net income to sales

### **2022 Plan of Operations**

1. Growth with new product and geographic expansion
2. Broaden market segments
3. Expand capacity in Bulacan plant
4. Enhance Data Privacy and Cyber Security
5. Re-engineer Corporate Organization
6. Succession Planning
7. Upgrade logistics equipment
8. Upgrade production facilities, tools, equipment and accessories

### **Item 7. Financial Statements**

The Financial Statements of the Company are incorporated herein by reference and attached as an integral part of this SEC Form 17-A.

## **Item 8. Information on Independent Public Accountant and Other Related Matters**

### **1. Independent Public Accountant**

- a. Punongbayan & Araullo (P&A) was engaged by the company to audit the Company's financial statements for the calendar years December 31, 2021, 2020 and 2019. Their responsibility is to express an opinion on these financial statements based on their audit. The audits were conducted in accordance with Philippine Standards on Auditing.

Punongbayan & Araullo has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe to the securities in the Company. Both these independent public accountants will not receive any direct or indirect interest in the Company and in any securities thereof (including options, warrants, or rights thereto) pursuant to or in connection with the Listing. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Committee.

- b. Audit and Audit Related Fees

Punongbayan & Araullo billed the Company P485,000.00, P530,000.00 and P560,000.00 for the examination of the financial statements for the calendar years December 31, 2019, 2020 and 2021 respectively, exclusive of 15% of professional fees for out-of-pocket expenses

- c. Tax Fees

Punongbayan & Araullo did not render professional services to the Company for tax accounting, compliance, advice, planning, and any other form of tax services.

- d. Audit Committee Approval Policies

Under the Company's Manual on Corporate Governance, the policies and procedures for the audit rendered by the independent public auditors are to be taken up, discussed, and approved by the Company's Audit Committee.

The Audit Committee's decisions are based on the standards set forth by the Company for the purpose of audit or tax services, as the case may be. If the proposal submitted by the independent public auditor is within the standards set forth, then the proposal is forwarded to the Company's Board of Directors for approval.

### **2. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

There was no event where P&A and the Company had any disagreement with regard to any matter relating to accounting principles or practices, disclosure of financial statements or auditing scope or procedure.

### **Changes in Accounting Policies**

Please refer to Note 2 – Summary of Significant Accounting Policies under Changes in Accounting Policies and Disclosures discussion on the Notes to Financial Statements of the year ended December 31, 2021, included in this report.

## **PART III – CONTROL AND COMPENSATION INFORMATION**

### **Item 9. Directors and Executive Officers of the Issuer**

#### Board of Directors

The Company's Board of Directors is responsible for the over-all management and direction of the Company. The Board meets to review and monitor the Company's future plans. Each Board member serves for a term of one (1) year, subject to re-election. A director who was elected to fill any vacancy holds office only for the unexpired term of his/her predecessor.

As of December 31, 2021, the composition of the Company's Board of Directors is as follows:

<b>Board of Directors</b>				
<b>Name</b>	<b>Age</b>	<b>Nationality</b>	<b>Present Position</b>	<b>Period of Service in the Company</b>
Walter H. Villanueva	67	Filipino	Chairman of the Board	20 years
Tita P. Villanueva	66	Filipino	Director	32 years
Nicasio T. Perez	64	Filipino	Director	32 years
Derrick P. Villanueva	39	Filipino	Director	12 years
Hans T. Perez	32	Filipino	Director	8 years
Eugene H. Villanueva	65	Filipino	Director	32 years
Marie Therese G. Santos	64	Filipino	Independent Director	more than 5 years
Ernesto R. Alberto	59	Filipino	Independent Director	more than 5 years
Bede Lovell S. Gomez	53	Filipino	Lead- Independent Director	more than 4 years

Mr. Bede Lovell S. Gomez was appointed as Lead Independent Director on July 9, 2020.

To describe the business experience of the Company's directors for the past five (5) years, we have outlined hereunder their professional and business affiliations, as follows:

***Walter H. Villanueva, 67, Filipino, Chairman of the Board, President, General Manager – PVC Roof Division, Chief Risk Officer***

Mr. Walter H. Villanueva is concurrently a director and stockholder of Asean Timber Corporation, Husky Plastics Corporation, WT Derrick Realty Corporation and Guiguinto Integrated Wood Industries Corporation. He is likewise the Chairman or President and General

Manager of these companies. From 2005 to present, Mr. Villanueva served as the Vice President for Sales and Marketing and the General Manager for the Pipe Group of Crown Asia Chemicals Corporation. He was appointed by the Board of Directors on July 19, 2019 as President of Crown Asia Chemicals Corporation, effective August 1, 2019. He was also appointed by the Board of Directors as Chief Risk Officer effective July 10, 2020.

Mr. Villanueva holds a Bachelor of Science degree in Business Administration and Marketing from the University of the Philippines Diliman.

***Tita P. Villanueva, CPA, 66, Filipino, Director and SVP/Chief Financial Officer***

Mrs. Tita P. Villanueva (CPA) is concurrently a director and stockholder of Asean Timber Corporation, Husky Plastics Corporation, WT Derrick Realty Corporation, and Guiguinto Integrated Wood Industries Corporation. She likewise serves as the Comptroller and Chairman of the Board of Asean Timber Corporation, Treasurer of both Husky Plastics Corporation and WT Derrick Realty Corporation, and Vice President of Guiguinto Integrated Wood Industries Corporation. Mrs. Villanueva holds a Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines Diliman. She was promoted to Senior Vice President and Chief Financial Officer on December 15, 2017.

***Nicasio T. Perez, 64, Filipino, Director and VP-Treasurer***

Mr. Nicasio T. Perez is concurrently a director and stockholder of Asean Timber Corporation and Guiguinto Integrated Wood Industries Corporation. He likewise serves as Treasurer of Asean Timber Corporation and Chairman of the Board of Directors of Guiguinto Integrated Wood Industries Corporation. He holds a Bachelor of Science degree in Commerce from the University of Sto. Tomas

***Derrick P. Villanueva, 39, Filipino, Director and General Manager – PVC Pipes Division***

Mr. Derrick P. Villanueva was the Assistant General Manager – PVC Pipes Division position from July 2009 to December 2013 before he was promoted to General Manager for the same division on January 1, 2014. He is concurrently a director and stockholder of WT Derrick Realty Corporation and Husky Plastics Corporation. Mr. Villanueva holds a Diploma in Chemical Sciences from the British Columbia Institute of Technology and a Bachelor of Science degree in Entrepreneur Management from the University of Asia and the Pacific.

***Hans Joseph T. Perez, 32, Filipino, General Manager – PP-R/HDPE Pipes Division***

Mr. Hans T. Perez assumed his position as Assistant General Manager of the PP-R /HDPE Pipes Division in 2014. He holds a Bachelor of Science degree in Commerce major in Business Management from the De La Salle University. In 2017, he was promoted to the position of General Manager of the same division. He was designated by the Board as Risk Management Officer on September 29, 2017. On May 29, 2020, he was elected as Director of the company.



***Eugene H. Lee Villanueva, 65, Filipino, Director***

Mr. Eugene H. Lee Villanueva is concurrently a director and stockholder of Husky Plastics Corporation. He is an MBA Candidate in the Ateneo De Manila University and holds a Bachelor of Science degree in Pre Medicine from the University of the Philippines Diliman. He retired as President of Crown Asia Chemicals Corporation effective August 1, 2019.

***Marie Therese G. Santos, 64, Filipino, Independent Director***

Ms. Marie Therese G. Santos is concurrently a director and stockholder of Gravitass Prime. Ms. Santos also sits as Independent Director of First Abacus Holdings, Inc. and Treasurer of UP High, Preparatory, Elementary, and Integrated School Alumni Foundation. She previously served as CFO, and after her resignation, as Independent Director and Chairman of the Audit Committee of Music Semiconductors Corporation. She also served as Director and Chairman of the Risk Management Committee of both Rural Bank of Solano (Nueva Vizcaya), Inc. and Cordillera Savings and Loan Association.

Ms. Santos holds a Masters degree in Business Administration and Bachelor of Science degree in Chemical Engineering from the University of the Philippines Diliman. She is a licensed Chemical Engineer.

***Ernesto R. Alberto, 59, Filipino, Independent Director***

Mr. Ernesto R. Alberto is currently the President and a Board Director of DITO CME Holdings Corporation. He is a retired Executive Vice President of the Philippine Long Distance Telephone Company (PLDT). He was also the President and CEO of Telesat, Inc. and ePLDT, Inc., as well as the President of ePDS, Inc. In addition, he was the Chairman of ACASIA Communications Sdn Bhd, Bonifacio Communications Corp., PLDT SUBIC TELECOM, INC. (PLDT SubicTel), Clark Telecommunication Company Inc. (PLDT ClarkTel), ABM Global Solutions, iPlus, and Junior Achievement Philippines. He also held directorships in PLDT Philcom, PLDT Maratel, Inc., PLDT Global Philippines, PLDT Global Malaysia, Mabuhay Investments Corp., IP Converge Data Services, Inc., and IBM Analitika Philippines. Mr. Alberto was a director of the Business Processing Association of the Philippines (BPA/P) from 2007 to 2011.

Mr. Alberto obtained his Master's Degree in Economic Research from the University of Asia and the Pacific and his Bachelor's Degree Major in Economics, Minor in Mathematics and Political Science from San Beda College.

***Bede Lovell S. Gomez, 53, Filipino, Lead Independent Director***

Mr. Bede Lovell S. Gomez is currently the Chairman of Ardenwood Steel and Costa Ventures and the CEO of Verzhontal Infra. He was a Board Member/Trustee of the Fund Managers Association of the Philippines a member of the Trust Officers Association of the Philippines. He was also the Trust Officer/Group Head of the Investment Advisory and Trust Group of First Metro Investment Corporation (FMIC) where he was also the Assistant Vice President-Head of Investment Advisory Group. Before his stint in FMIC, he was Assistant Vice

President/Head of Investments-Equities and Fixed Income of the Robinsons Bank Trust and Investment Group.

Mr. Gomes earned his B.A. Political Science/Economics degree from the Loyola University of Chicago (USA).

## Executive Officers

As of December 31, 2021, the following are the executive officers of the Company:

<b>Principal Officers</b>				
<b>Name</b>	<b>Age</b>	<b>Nationality</b>	<b>Present Position</b>	<b>Year Position was Assumed</b>
Walter H. Villanueva	67	Filipino	Chief Risk Officer	2020
			President	2019
			General Manager of PVC Roof Division	2017
			Head of Pipe Group	2014
Tita P. Villanueva	66	Filipino	SVP/Chief Financial Officer	2017
			Vice President-Comptroller	2005
Nicasio T. Perez	64	Filipino	Vice President-Treasurer	1992
Derrick P. Villanueva	39	Filipino	General Manager – PVC Pipes Division	2014
			Assistant General Manager- PVC Pipes Division	2009
Hans Joseph T. Perez	32	Filipino	Risk Management Officer and General Manager – PPR /HDPE Pipes Division	2017
			Assistant General Manager- PPR/HDPE Division	2014
Marie Grace N. Dalupan	40	Filipino	Compliance Officer and AVP-Finance	2020 2019
Jason C. Nalupta	50	Filipino	Corporate Secretary and Chief Information Officer	2012
Ann Margaret Keh Lorenzo	33	Filipino	Assistant Corporate Secretary	2017

The following outlines the business experience of the other Company's officers for the past five (5) years:

### ***Marie Grace N. Dalupan, 39, Filipino, AVP-Finance***

Ms. Dalupan assumed her position as AVP-Finance of the Corporate Division in 2019. She was designated by the Board as Compliance Officer on May 29, 2020.



***Jason C. Nalupta, 48, Filipino, Corporate Secretary and Chief Information Officer***

Jason C. Nalupta, Filipino is the Corporate Secretary of the Corporation. He is also currently the Corporate Secretary or Assistant Corporate Secretary of listed firms A. Brown Company, Inc., Asia United Bank, Pacific Online Systems Corporation. He is also a Director and/or Corporate Secretary or Assistant Corporate Secretary of private companies Sino Cargoworks Agencies, Inc., Falcon Resources, Inc., Mercury Ventures, Inc., Total Gaming Technologies, Inc., Parallax Resources, Inc., SLW Development Corporation, Metropolitan Leisure & Tourism Corporation, Sagesoft Solutions, Inc., Radenta Technologies, Inc., Xirrus, Inc., Glyphstudios, Inc., Loto Pacific Leisure Corporation, and Sta. Clara International Corporation. He is a Partner at Tan Venturanza Valdez Law Offices specializing on corporate, securities, and business laws. Mr. Nalupta earned his Juris Doctor degree, as well as his Bachelor of Science degree in Management (major in Legal Management), from the Ateneo de Manila University in 1996 and 1992, respectively. Mr. Nalupta was admitted to the Philippine Bar in 1997.

***Ann Margaret K. Lorenzo, 31, Filipino, Assistant Corporate Secretary***

Ms. Lorenzo is the Assistant Corporate Secretary of the Company. She is also currently the Corporate Secretary of the following companies: Athena Ventures, Inc., TGTI Services, Inc., Galileo Software Services Inc., and GGO Realty Holdings, Inc. She is likewise the Assistant Corporate Secretary of I-Remit, Inc. (listed), Coal Asia Holdings, Incorporated (listed), TKC Metals Corporation (listed), Philequity PSE Index Fund, Inc., Philequity Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity Dividend Yield Fund, Inc., Philequity Strategic Growth Fund, Inc., Philequity Balanced Fund, Inc., Philequity Resources Fund, Inc., Philequity Foreign Currency Fixed Income Fund, Inc., Aldex Realty Corporation, Oakridge Properties, Inc., Demikk Realty, Inc., Demikk Holdings, Inc., JTKC Leisure Holdings Corporation, Pan-Asean Multi-Resources Corporation, Etruscan Resources Philippines, Inc., and Tao Mohin Resources Corporation. She also serves as a Director of TGTI Services, Inc.

Ms. Lorenzo is currently a Junior Associate of Tan Venturanza Valdez. She obtained her Bachelor of Arts degree in English Studies and Juris Doctor degree from the University of the Philippines in 2010 and 2014, respectively. She was admitted to the Philippine bar in April 2015.

**Significant Employees**

No single person is expected to contribute more significantly than others do to the business since the Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's performance. Other than standard employment contracts, there are no arrangements with non-executive employees that will assure the continued stay of these employees with the Company.

## Board Meetings and Attendance

Board	Name	No. of Meetings Held during the Year	No. of Meetings Attended	%
Chairman	Walter H. Villanueva	6	6	100%
Member	Tita P. Villanueva	6	6	100%
Member	Nicasio T. Perez	6	6	100%
Member	Derrick P. Villanueva	6	6	100%
Member	Eugene H. Villanueva	6	6	100%
Member	Hans T. Perez	6	6	100%
Member	Marie Therese G. Santos	6	6	100%
Member	Ernesto R. Alberto	6	6	100%
Member	Bede Lovell S. Gomez	6	6	100%

## Item 10. Executive Compensation

The following summarizes the executive compensation received by the President and the top four (4) most highly compensated officers of the Company for 2018, 2019 and 2020. It also summarizes the aggregate compensation received by all the officers and directors, unnamed.

Name and Position	Year	Salaries	Bonuses	Others	Total
Walter H. Villanueva/ Chairman/President/Head- Pipe Group/ General Manager – PVC Roof Division	2021	₱22,901,454	<b>₱1,264,607</b>	₱5,793,996.66	₱29,959,607.66
Tita P. Villanueva/ SVP/Chief Financial Officer					
Nicasio T. Perez/VP- Treasurer					
Derrick P. Villanueva/General Manager-PVC Pipes Division					
Hans T. Perez/General Manager-PPR/HDPE Division					
Walter H. Villanueva/ Chairman/President/Head- Pipe Group/ General Manager – PVC Roof Division	2020	₱15,416,457	<b>₱-</b>	₱1,708,060	₱17,124,517
Tita P. Villanueva/ SVP/Chief Financial Officer					
Nicasio T. Perez/VP- Treasurer					
Derrick P. Villanueva/General Manager-PVC Pipes Division					
Hans T. Perez/General					

Manager-PPR/HDPE Division					
Walter H. Villanueva/ Chairman/President/Head- Pipe Group/ General Manager – PVC Roof Division					
Eugene Lee Villanueva/ General Manager- Compounds Division	2019	₱21,265,020	₱1,518,930	₱1,097,197	₱23,881,147
Tita P. Villanueva/ SVP/Chief Financial Officer					
Nicasio T. Perez/VP- Treasurer					
Derrick P. Villanueva/General Manager-PVC Pipes Division					
Aggregate compensation paid to all officers and directors as a group unnamed	2021	₱24,552,648	₱1,381,070	₱7,628,996.66	₱33,562,714.66
	2020	₱15,701,087	₱-	₱2,704,772	₱18,405,860
	2019	₱21,957,208	₱3,975,310	₱1,128,066	₱27,060,584

## Compensation of Directors

Under the By-Laws of the Company, by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than 10.00% of the net income before income tax of the Company during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.

Currently for Board meetings, the Chairman receives P25,000 and other directors at P20,000 per meeting attended. For Committee meetings, the Committee Chairperson receives P12,000 and the members receive P10,000 per meeting attended.

## Item 11. Security Ownership of Certain Beneficial Owners and Management

### Security Ownership of Certain Record and Beneficial Owners

As at December 31, 2021, the following are the owners of record, **directly or indirectly**, of more than 5.00% of the Company's outstanding capital stock, the number of shares and percentage of shareholdings of each of them:

Security Ownership					
Title of Class	Name, address of record owner and relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	<b>Nicasio T. Perez</b> West Triangle Homes, Quezon City <i>Shareholder</i>	Same as record owner	Filipino	97,024,422	15.89%
Common	<b>Walter H. Villanueva</b> Corinthian Gardens, Quezon City <i>Shareholder</i>	Same as record owner	Filipino	75,525,000	12.37%
Common	<b>Tita P. Villanueva</b> Corinthian Gardens, Quezon City <i>Shareholder</i>	Same as record owner	Filipino	47,280,000	7.74%
Common	<b>Derrick P. Villanueva</b> Royal View Mansion, San Juan City <i>Shareholder</i>	Same as record owner	Filipino	39,716,293	6.50%
Common	<b>Eugene H. Lee Villanueva</b> West Triangle Homes, Quezon City <i>Shareholder</i>	Same as record owner	Filipino	37,561,108	6.15%
<b>TOTAL</b>				<b>297,106,823</b>	<b>48.65%</b>

#### Security Ownership of Directors and Management

The following are the number of shares owned of record by the directors and executive officers of the Company and the percentage of shareholdings of each of them as of December 31, 2021:

Direct Ownership by Board of Directors and Management				
Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	<b>Walter H. Villanueva</b> <i>Chairman of the Board, President, Head – Pipes Group, and General Manager – PVC Roof Division and Director</i>	70,920,000 <i>Direct</i>	Filipino	11.61%

<b>Direct Ownership by Board of Directors and Management</b>				
<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Citizenship</b>	<b>Percent of Class</b>
Common	<b>Tita P. Villanueva</b> <i>SVP/Chief Financial Officer and Director</i>	47,280,000 <i>Direct</i>	Filipino	7.74%
Common	<b>Nicasio T. Perez</b> <i>Vice President – Treasurer and Director</i>	47,280,000 <i>Direct</i>	Filipino	7.74%
Common	<b>Derrick P. Villanueva</b> <i>General Manager – PVC Pipes Division and Director</i>	14,574,293 <i>Direct</i>	Filipino	2.39%
Common	<b>Hans T. Perez</b> <i>General Manager - PPR/HDPE Division and Director</i>	2,464,422 <i>Direct</i>	Filipino	0.40%
Common	<b>Eugene H. Lee Villanueva</b> <i>Director</i>	37,561,108 <i>Direct</i>	Filipino	6.15%
Common	<b>Marie Therese G. Santos</b> <i>Independent Director</i>	1,000 <i>Direct</i>	Filipino	-nil-
Common	<b>Ernesto R. Alberto</b> <i>Independent Director</i>	1,000 <i>Direct</i>	Filipino	-nil-
Common	<b>Bede Lovell S. Gomez</b> <i>Lead Independent Director</i>	1 <i>Direct</i>	Filipino	-nil-
<b>Total</b>				<b>36.04%</b>

As of December 31, 2020, the aggregate direct ownership of all directors and officers of the Company as a group is 36.04% of the total issued and outstanding shares of the Company.

### **Selling Security Holders**

None of the Offer Shares is to be offered for the account of security holders.

### **Voting Trust**

The Company knows of no person holding more than 5.00% of shares under a voting trust of similar agreement.

## **Item 12. Certain Relationships and Related Transactions**

### **Family Relationships**

Mr. Walter H. Villanueva and Mr. Eugene H. Lee Villanueva are siblings.

Mrs. Tita P. Villanueva and Mr. Nicasio T. Perez are siblings.

Mr. Walter H. Villanueva and Mrs. Tita P. Villanueva are spouses.

Mr. Derrick P. Villanueva is the son of Mr. Walter H. Villanueva and Mrs. Tita P. Villanueva.

Mr. Hans Joseph T. Perez is the son of Mr. Nicasio T. Perez.

There are no other family relationships known to the Company among directors, executive officers, or persons nominated or chose by the registrant to become directors or executive officers other than the ones disclosed.

Details of the Related Party Transaction are discussed under Note 17 of the Audited Financial Statements.

## **PART IV – CORPORATE GOVERNANCE**

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### **Item 13. Compliance with Leading Practice on Corporate Governance**

The Company was listed at the Philippine Stock Exchange (PSE) on April 27, 2015. The company's Integrated Annual Corporate Governance Report (I-ACGR) shall be submitted on or before May 30, 2021, in compliance with SEC Memorandum Circular No. 15 Series of 2017.

## **PART V – EXHIBITS AND SCHEDULES**

### **Item 14. Exhibits and Reports on SEC Form 17-C**

(a) Exhibits - none

(b) Reports on SEC Form 17-C for the last six months of the year

**INDEX TO FINANCIAL STATEMENTS**  
**Form 17-A, Item 7**

**Statement of Management's Responsibility for Financial Statements**  
**Independent Auditor's Report**  
**Statements of Financial Position**  
**Statements of Income**  
**Statements of Comprehensive Income**  
**Statements of Changes in Equity**  
**Statements of Cash Flows**  
**Notes to Financial Statements**



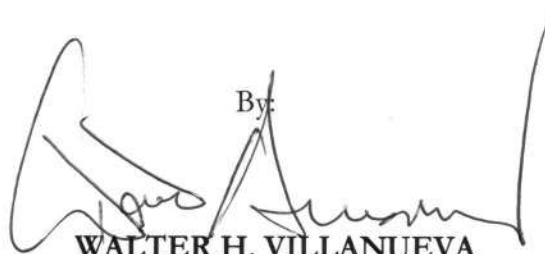
## SIGNATURES

Pursuant to the requirements of the Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned thereunto duly authorized, in \_\_\_\_\_ on MAR 21 2022.

**PASIG CITY**

## CROWN ASIA CHEMICALS CORPORATION

Issuer

By:   
**WALTER H. VILLANUEVA**  
Chairman and President



**TITA P. VILLANUEVA**  
SVP/Chief Finance Officer

  
**ATTY. ANN MARGARET K. LORENZO**  
Assistant Corporate Secretary

MAR 21 2022  
SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day  
of \_\_\_\_\_ 2021 affiants exhibiting to me their Passports, as follows:

NAMES	Passport NO.	DATE/PLACE OF ISSUE
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Walter H. Villanueva	P0607032B	02/09/2019 DFA NCR East
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Tita P. Villanueva	P0600446B	02/08/2019 DFA NCR East
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Atty. Ann Margaret K. Lorenzo P9475373A 11/09/2018 DFA NCR East

## NOTARY PUBLIC

  
**YSABEL MATHIAS M. SANTOS**

Notary Public for  
Pasig City, San Juan, Taguig & Pateros  
Appointment No. 231 (2019-2020)  
(Commission Extended until 30 June 2022 per  
SC Resolution dated 28 September 2021)  
2704 East Tower, Tekute Towers  
(Formerly Philippine Stock Exchange Centre),  
Exchange Road, Ortigas Center, 1605 Pasig City  
PTR No. 8131853 / 01.06.22 / Pasig  
IBP LRN No. 016949 / 08.28.2019 / RSM  
Roll of Attorneys No. 70409  
MCLE No. VI-0017136 / 01.10.19

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