

## **NOTICE OF ANNUAL STOCKHOLDERS' MEETING**

### **TO: ALL STOCKHOLDERS**

NOTICE is hereby given that there will be an annual meeting of the stockholders of Crown Asia Chemicals Corporation (the "Company") on **12 May 2022 (Thursday)** at **3:00 p.m.**, to consider the following:

### **AGENDA**

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the Previous Meeting of Stockholders held on 18 June 2021
5. Approval of 2021 Operations and Results
6. Ratification of all Acts of the Board of Directors and Management from the date of the last Annual Stockholders' Meeting to the date of this meeting
7. Election of Directors for 2022 to 2023
8. Appointment of External Auditors
9. Other Matters
10. Adjournment

In light of continuing concerns regarding mass gatherings, the meeting will be conducted virtually, and can be accessed at the link which will be provided to stockholders after successful registration.

Attached are the rationales for the above agenda items for reference.

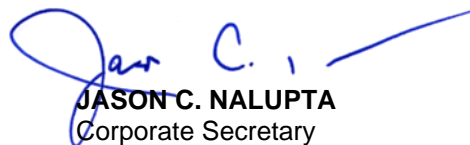
In accordance with the rules of the Philippine Stock Exchange (PSE), the close of business on **5 April 2022** has been fixed as the record date for the determination of the stockholders entitled to notice of, and vote, at said meeting and any adjournment thereof.

Stockholders may attend the meeting and/or cast their vote *in absentia* by registering via e-mail at [corporatesecretary@crownpvc.com.ph](mailto:corporatesecretary@crownpvc.com.ph) on or before 5:00 p.m. on 02 May 2022. Upon verification of their registration credentials, an e-mail from the Corporation will be sent containing instructions on how the registered online participants may access and watch the livestream of the annual stockholders' meeting and/or cast their votes on matters to be taken up during the meeting using the e-voting platform to be set up for the purpose. The e-voting platform will be accessible until 10:00.am of 12 May 2022. Participants may send in questions or comments via e-mail. Please see attached Guidelines for Participating via Remote Communication and Voting in Absentia.

Stockholders may also send their duly accomplished proxies to the Office of the Corporate Secretary at 2704 East Tower, Philippine Stock Exchange Centre, Ortigas Center, Pasig City or via electronic copy by sending an e-mail to [corporatesecretary@crownpvc.com.ph](mailto:corporatesecretary@crownpvc.com.ph) on or before 5:00 p.m. on 02 May 2022. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

Validation of proxies is set on 03 May 2022. The votes already cast using the e-voting platform by that time will also be tallied on said date

Quezon City, Metro Manila, 13 April 2022.

  
**JASON C. NALUPTA**  
Corporate Secretary

## ***RATIONALE FOR AGENDA ITEMS:***

### **Agenda Item No. 4. Approval of the Minutes of the Previous Meeting of Stockholders held on 18 June 2022**

A copy of the Minutes of the 18 June 2021 Annual Stockholders' Meeting is available at the Corporation's website at <http://crownpvc.com.ph/pdfupload/Minutes%20ASM%202021%20CACC.pdf>. Stockholders will be asked to approve the Minutes of the 2020 Annual Stockholders' Meeting.

### **Agenda Item No. 5. Approval of 2021 Operations and Results**

A report on the highlights of the performance of the Company for the year ended 2021 will be presented to the stockholders together with the Audited Financial Statements (AFS) for 2021. The AFS were reviewed by the Audit Committee and the Board of Directors, and have been audited by the external auditor, Punongbayan & Araullo (P&A), which rendered an unqualified opinion on the same. Highlights of the 2021 Operations and Results are discussed in the "Management Discussion and Analysis of Operation Performance and Financial Condition" portion of the attached condensed Annual Report. A summary of the 2021 AFS shall also be presented to the stockholders. Stockholders will be given an opportunity to raise questions regarding the operations and report of the Company.

### **Agenda Item No. 6. Ratification of all Acts of the Board of Directors and Management from the date of the last Annual Stockholders' Meeting to the date of this meeting**

All actions, proceedings, and contracts entered into, as well as resolutions made and adopted by the Board of Directors and of Management since the Stockholders' Meeting held on 18 June 2021 until the date of this meeting, shall be presented for confirmation, approval, and ratification.

### **Agenda Item No. 7. Election of Directors for 2022 to 2023**

The incumbent members of the Board of Directors, as reviewed, qualified, and recommended by the Corporate Governance Committee, have been nominated for re-election. Their expertise and qualifications based on current regulatory standards and the Company's own norms will help sustain the Company's performance that will, in turn, benefit the stockholders. The profiles of the Directors are further detailed in the Company's Information Statement. If elected, they shall serve as such from 12 May 2022 until their successors shall have been duly elected and qualified.

### **Agenda Item No. 8. Appointment of External Auditors**

The Audit Committee has pre-screened and recommended, and the Board has endorsed for the consideration of the stockholders, the re-appointment of P&A as the Corporation's External Auditors for 2022 to 2023. P&A is one of the leading auditing firms in the country and is duly accredited by the Securities and Exchange Commission (SEC). The stockholders will also be requested to delegate to the Board the authority to approve the external audit fee for 2022.

## PROXY FORM

The undersigned stockholder of Crown Asia Chemicals Corporation (the "Company") hereby appoints \_\_\_\_ or in his absence, the Chairman of the Meeting, as attorney and proxy, with power to substitute, represent, and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on 12 May 2022, and at any of the adjournments thereof, for the purpose of acting on the following matters:

### 1. Election of Directors.

\_\_\_\_ 1.1. Vote for all nominees listed below:

Walter H. Villanueva  
Eugene H. Lee Villanueva  
Tita P. Villanueva  
Nicasio T. Perez  
Derrick P. Villanueva  
Hans Joseph T. Perez  
Ernesto R. Alberto (Independent Director)  
Marie Therese G. Santos (Independent Director)  
Bede Lovell S. Gomez (Independent Director)

\_\_\_\_ 1.2. Withhold authority for all nominees listed above.

\_\_\_\_ 1.3. Withhold authority to vote for the nominees listed below:

\_\_\_\_\_  
\_\_\_\_\_

### 2. Approval of the Minutes of previous Annual Stockholders' Meeting.

\_\_\_\_ Yes \_\_\_\_ No \_\_\_\_ Abstain

### 3. Approval of the 2021 Annual Report.

\_\_\_\_ Yes \_\_\_\_ No \_\_\_\_ Abstain

### 4. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last Stockholders' Meeting to 12 May 2022.

\_\_\_\_ Yes \_\_\_\_ No \_\_\_\_ Abstain

### 5. Appointment of Punongbayan & Araullo as external auditor.

\_\_\_\_ Yes \_\_\_\_ No \_\_\_\_ Abstain

### 6. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting.

\_\_\_\_ Yes \_\_\_\_ No \_\_\_\_ Abstain

\_\_\_\_\_  
Printed Name of Stockholder

\_\_\_\_\_  
Signature of Stockholder /  
Authorized Signatory

\_\_\_\_\_  
Date

THIS PROXY FORM SHOULD BE RECEIVED BY THE CORPORATE SECRETARY (IN HARDCOPY TO THE OFFICE OF THE CORPORATE SECRETARY AT 2704, EAST TOWER, PHILIPPINE STOCK EXCHANGE CENTRE, ORTIGAS CENTER PASIG CITY OR SOFTCOPY SUBMITTED THROUGH THE ASM ONLINE REGISTRATION PORTAL) AT LEAST TEN DAYS BEFORE THE DATE SET FOR THE ANNUAL MEETING.

## SECRETARY'S CERTIFICATE

I, \_\_\_\_\_, Filipino, of legal age, and with office address at \_\_\_\_\_, do hereby certify that:

1. I am the duly elected and qualified Corporate Secretary of \_\_\_\_\_ (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at \_\_\_\_\_;

2. Based on the records, during the lawfully convened meeting of the Board of Directors of the Corporation held on \_\_\_\_\_, the following resolution was passed and approved:

"RESOLVED, \_\_\_\_\_ that \_\_\_\_\_ be authorized and appointed, as he is hereby authorized and appointed, as the Corporation's Proxy (the "Proxy"), to attend all meetings of the stockholders of Crown Asia Chemicals Corporation ("CROWN"), whether the meeting is regular or special, or at any meeting postponed or adjourned therefrom, with full authority to vote the shares of stock of the Corporation held in CROWN, and to act upon all matters and resolution that may come before or be presented during meetings, or any adjournments thereof, in the name, place, and stead of the Corporation; and

"RESOLVED, FINALLY, That CROWN be furnished with a certified copy of this resolution, and may rely on the continuing validity of this resolution until receipt of written notice of the resolution's revocation."

3. The foregoing resolution has not been modified, amended, or revoked in accordance with the records of the Corporation presently in my custody.

IN WITNESS WHEREOF, I have signed this instrument on \_\_\_\_\_ in \_\_\_\_\_.

\_\_\_\_\_  
Printed Name and Signature of the  
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME on \_\_\_\_\_ in \_\_\_\_\_.  
Affiant exhibited to me his/her Competent Evidence of Identity by way of \_\_\_\_\_ issued on \_\_\_\_\_ at \_\_\_\_\_.

Doc. No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of \_\_\_\_\_.

SECURITIES AND EXCHANGE COMMISSION SEC FORM 20-IS

Information Statement Pursuant to Section 20 of the Securities Regulation Code

1. Check the appropriate box  
[ ] Preliminary Information Statement  
[ ☒ ] Definitive Information Statement
2. Name of Registrant as specified in its charter: **CROWN ASIA CHEMICALS CORPORATION**
3. Province, country, or other jurisdiction of incorporation or organization: **Metro Manila**
4. SEC Identification Number: **159950**
5. BIR Tax Identification Number: **025-000-240-902**
6. Address of principal office: **Km. 33 MacArthur Highway, Bo. Tuktukan, Guiguinto, Bulacan, Philippines**
7. Registrant's telephone number, including area code: **(02) 3413-8031 to 36**
8. Date, time, and place of the meeting of security holders:
- |       |   |  |
|-------|---|--|
| Date  | : | <b>12 May 2022 (Thursday)</b>  |
| Time  | : | <b>3:00 p.m.</b>   |
| Venue | : | <b>Video Conferencing in accordance with SEC Memorandum Circular No. 6, Series of 2020</b> |
9. Approximate date on which the Information Statement is to be sent or given to security holders: **18 April 2022.**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding
<b>Common Stock, P1.00 par value</b>	<b>610,639,000 (as of 31 March 2022)</b>

11. Are any or all of Registrant's securities listed on a Stock Exchange?

Yes [ ☐ ] No [ ☐ ]

If so, disclose the name of the Exchange : **The Philippine Stock Exchange, Inc.**  
Class of securities listed : **Common Shares**

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE NOT REQUESTED TO SEND US A PROXY.**

## **GENERAL INFORMATION**

### **Date, time, and place of meeting of security holders**

Date	-	12 May 2022 (Thursday)
Time	-	3:00 p.m.
Place	-	Videoconferencing in accordance with SEC Memorandum Circular No. 6, Series of 2020

The approximate date on which the Information Statement will be sent or given to security holders is on **18 April 2022**.

The complete mailing address of the principal office of Crown Asia Chemicals Corporation (the "Company") is: **Km. 33 MacArthur Highway, Bo. Tuktukan, Guiguinto, Bulacan, Philippines.**

### **Dissenters' Right of Appraisal**

The matters to be voted upon in the Annual Stockholders' Meeting on **12 May 2022** are not among the instances enumerated under Sections 41 and 80 of the Revised Corporation Code of the Philippines ("Revised Corporation Code") under which a stockholder may exercise his appraisal rights. A stockholder shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;
3. In case of merger or consolidation; and
4. In case of investment of corporate funds for any purpose other than the primary purpose of the Corporation.

No matters or actions to be taken up at the meeting that may give rise to a possible exercise by stockholders of their appraisal rights.

### **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No person who has been a director or officer or nominee for election as director of the Company or associate of such persons, have substantial interest, direct or indirect, in any matter to be acted upon, other than the election of directors for the year 2022 to 2023.

The Company is not aware of any director or security holder who intends to oppose any action to be taken by it during the stockholders' meeting.

## CONTROL AND COMPENSATION INFORMATION

### Voting Securities and Principal Holders Thereof

1. As of **31 March 2022**, the Company has **610,639,000** common shares outstanding and each share is entitled to one vote.

The common shares owned by foreign shareholders as of 31 March 2022 is 4,449,002 (0.73% of outstanding shares). Aside from common shares, there are no other class of shares issued by the Corporation.

2. The record date with respect to the determination of the stockholders entitled to notice of and vote at the Annual Stockholders' Meeting is **5 April 2022**.
3. With respect to the election of nine directors, each stockholder may vote such number of shares for as many as nine persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by nine shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by nine.
4. Security ownership of certain record and beneficial owners and management.

#### a. Security Ownership of Certain Record and Beneficial Owners

The following persons or groups are known to the Company as directly or indirectly the record or beneficial owners of more than 5.00% of the Company's voting securities as of **31 March 2021**:

Title of Class	Name and address of Record Owner and relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizen-ship	No. of Shares Held	% of Class
Common	<b>Nicasio T. Perez</b> West Triangle Homes, Quezon City <i>Shareholder</i>	Same as Record Owner <i>(includes shares held by Mr.Perez' wife)</i>	Filipino	97,024,422	15.89%
Common	<b>Walter H. Villanueva</b> Corinthian Gardens, Quezon City <i>Shareholder</i>	Same as Record Owner	Filipino	75,895,000	12.43%
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	34,225,108	5.61%
<b>TOTAL</b>				<b>294,140,823</b>	<b>48.17%</b>

Apart from the foregoing, there are no other persons holding more than 5.00% of the Company's outstanding capital stock.

a. Security Ownership of Management

The following table shows the shares beneficially owned by the directors and executive officers of the Company and the percentage of shareholdings of each of them as of **31 March 2022**:

<b>Title of Class</b>	<b>Name and address of Record Owner and relationship with Issuer</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Citizen-ship</b>	<b>% of Class</b>
Common	<b>Walter H. Villanueva</b> <i>Chairman of the Board, President, Head – Pipes Group, and General Manager – PVC Roof Division and Director</i>	75,895,000 (direct and indirect)	Filipino	12.43%
Common	<b>Tita P. Villanueva</b> <i>SVP/Chief Financial Officer and Director</i>	47,280,000 (direct and indirect)	Filipino	7.74%
Common	<b>Nicasio T. Perez</b> <i>Vice President – Treasurer and Director</i>	97,024,422 (direct and indirect)	Filipino	15.89%
Common	<b>Derrick P. Villanueva</b> <i>General Manager – PVC Pipes Division and Director</i>	39,716,293 (direct and indirect)	Filipino	6.50%
Common	<b>Hans T. Perez</b> <i>General Manager - PPR/HDPE Division and Director</i>	2,464,422 (direct and indirect)	Filipino	0.40%
Common	<b>Eugene H. Lee Villanueva</b> <i>Director</i>	34,225,108 (direct and indirect)	Filipino	5.61%
Common	<b>Marie Therese G. Santos</b> <i>Independent Director</i>	108,000 (direct and indirect)	Filipino	0.01%
Common	<b>Ernesto R. Alberto</b> <i>Independent Director</i>	108,000 (direct and indirect)	Filipino	0.01%
Common	<b>Bede Lovell S. Gomez</b> <i>Lead Independent Director</i>	30,001 (direct and indirect)	Filipino	-nil-
Common	<b>Jason C. Nalupta</b> <i>Corporate Secretary</i>	-nil-	Filipino	-nil-
Common	<b>Ann Margaret K. Lorenzo</b> <i>Assistant Corporate Secretary</i>	-nil-	Filipino	-nil-
Common	<b>Marie Grace N. Dalupan</b> <i>AVP-Finance and Compliance Officer</i>	-nil-	Filipino	-nil-
<b>TOTAL</b>				<b>48.59%</b>

b. Voting Trust Holders of 5.00% or More

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

### **Changes in Control**

There are no existing provisions in the amended Articles of Incorporation and amended By-Laws of the Company, which may cause delay, defer, or in any manner prevent a change in control of the Company.

### **Directors and Executive Officers**

The names, ages, and periods of service of all incumbent Directors and Executive Officers of the Company are as follows:



**Directors:**

<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
Eugene H. Lee Villanueva	65	Filipino	Director	32 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 Joseph T. Perez	32	Filipino	Director	8 years
Marie Therese G. Santos	64	Filipino	Independent Director	6 years
Ernesto R. Alberto	59	Filipino	Independent Director	6 years
Bede Lovell S. Gomez	53	Filipino	Lead - Independent Director	5 years

**Executive Officers:**

<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	Chief Risk Officer	2020
			President	2019
			General Manager	2017
			Division Head of Pipe Group – PVC Roof	2014
Tita P. Villanueva	66	Filipino	SVP/Chief Financial Officer	2017
Nicasio T. Perez			Vice President-Comptroller	2005
			Vice-President / Treasurer	1992
Derrick P. Villanueva		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	2020
			AVP-Finance	2019
Jason C. Nalupta	50	Filipino	Corporate Secretary and Chief Information Officer	2012
Ann Margaret K. Lorenzo		Filipino	Assistant Corporate Secretary	2017

**Board of Directors**

All the incumbent members of the Board of Directors were also nominated herein, as certified by the Corporate Governance Committee composed of Mr. Ernesto R. Alberto (Chairman), Ms. Marie Therese G. Santos (Independent Director), Mr. Bede Lovell S. Gomez (Independent Director), Mr. Derrick P. Villanueva, and Mr. Hans Joseph T. Perez, for re-election as members of the Board of Directors for 2022 to 2023.

On 04 February 2021, the Company's Corporate Governance Committee also endorsed the nominations for the three independent directors. These nominations were given in favor of Mr. Ernesto R. Alberto by Mr. Walter H. Villanueva, Ms. Marie Therese G. Santos by Ms. Tita P. Villanueva, and Mr. Bede Lovell S. Gomez by Mr. Hans T. Perez. The nominees, Mr. Alberto, Ms. Santos, and Mr. Gomez are not related to the nominating stockholders, Mr. Villanueva, Ms. Villanueva, and Mr. Perez, respectively.

To describe the business experiences of the Company's directors for the past five years, we have outlined hereunder their professional and business affiliations.

***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 Gravitas 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 Verizontal 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).

*\* Independent Director – the Company has complied with the Guidelines set forth by SRC (Securities Regulation Code) Rule 38 regarding the Nomination and Election of Independent Directors. The procedures for the nomination and election of independent director/s laid down in the Company's By-Laws are in accordance with the requirements of said Rule.*

The directors annually attend corporate governance trainings/seminars, in accordance with recommended good corporate governance best practices. Last 23 November 2021, the Corporation hosted an in-house corporate governance training conducted by the Philippine Chamber of Commerce and Industry for its directors and officers.

## **EXECUTIVE OFFICERS**

### ***Marie Grace N. Dalupan, 40, 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, 50, Filipino, Corporate Secretary and Chief Information Officer***

Mr. Jason C. Nalupta, Filipino, 50, is the Corporate Secretary of the Corporation. He is also currently the Corporate Secretary or Assistant Corporate Secretary of listed firms Asia United Bank Corporation, A. Brown Company, Inc., Belle Corporation, and Pacific Online Systems Corporation. He is also a Director and/ or Corporate Secretary or Assistant Corporate Secretary of private companies, Mercury Ventures, Inc., Total Gaming Technologies, Inc., Parallax Resources, Inc., SLW Development Corporation, Belle Infrastructure Holdings, Inc. (Formerly: Metropolitan Leisure & Tourism Corporation), Belle Bay Plaza Corporation, Glyphstudios, Inc., Grabagility, Inc., Loto Pacific Leisure Corporation, Stage Craft International, Inc., FHE Properties, Inc., Stanley Electric Philippines, Inc., and Sta. Clara International Corporation. He is a Partner at Tan Venturanza Valdez Law Offices specializing on corporate, securities, and business laws.

Atty. 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. Atty. Nalupta was admitted to the Philippine Bar in 1997.

### ***Ann Margaret K. Lorenzo, 33, Filipino, Assistant Corporate Secretary***

Ms. Ann Margaret K. Lorenzo, Filipino, 33, is the Assistant Corporate Secretary of the Corporation. She is concurrently the Corporate Secretary of the following companies: Arquee Corp., Green Asia Resources Corp., GGO Realty Holdings, Inc., Athena Ventures, Inc., and Galileo Software Services Inc. She is also the Assistant Corporate Secretary of Asia United Bank Corporation, Coal Asia Holdings, Inc., Pacific Online Systems Corporation, Tagaytay Highlands International Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc., Tagaytay Midlands Golf Club, Inc., The Spa and Lodge at Tagaytay Highlands, Inc., Joy-Nostalgi Corporation, Jin Natura Resources Corp., Jin Navitas Resource, Inc., Catmon Felix, Inc., Yeoj Commoditas, Inc., Yeoj Socialis, Inc., Yeoj Turbulentus, Inc., Yeoj Universalis, Inc., Bayby Earth, Inc., Jaman Boracay Corporation, Jaman Cebu Corporation, Jaman Hari Corporation, Jaman Reyna Corporation, Jaman Tagaytay Corporation, Corellia Ventures Incorporated, Sacareen Ventures Incorporated, Iridium Ventures Incorporated, and Bluepanel Equities and Development, Inc. She likewise serves as a director of Cloud Arch Ventures Inc.

Ms. Lorenzo is a Senior Associate at Tan Venturanza Valdez where she specializes in securities law, special projects, and data privacy. She also lectures at the Paralegal Training Program of the UP Law Center on corporate housekeeping and data privacy. She obtained her Bachelor of Arts degree in English Studies (cum laude) 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 within the Company.

## **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 Ms. Tita P. Villanueva are spouses.

Mr. Derrick P. Villanueva is the son of Mr. Walter H. Villanueva and Ms. 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 chosen by the Company to become directors or executive officers other than the ones disclosed.

### **Involvement in Certain Legal Proceedings**

To the best of the Company's knowledge, there has been no occurrence during the past five years up to the date of this Information Statement 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:

1. 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 years prior to that time;
2. 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;
3. 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
4. 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.

### **Certain Relationships and Related Transactions**

No director or executive officer or any member of their immediate family has, during the last two years, had a direct or indirect material interest in a transaction or proposed transaction to which the Company was a party.

Related Party Transactions are extensively discussed under Note 17 (page 44-47) of the 2021 Audited Financial Statements, which report is annexed to this Information Statement.

### **Disagreement with Director**

No director has resigned nor declined to stand for re-election to the Board of Directors because of a disagreement with the Company on any matter relating to the latter's operations, policies, or practices since the date of the last Annual Stockholders' Meeting.

### **Compensation of Directors and Executive Officers**

#### **1. 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.

<b>Name and Position</b>	<b>Year</b>	<b>Salaries</b>	<b>Bonuses</b>	<b>Others</b>	<b>Total</b>
Walter H. Villanueva/ Chairman/President/Head-Pipe Group/ General Manager – PVC Roof Division	2021	P22,901,454	P1,264,607	P5,793,996.66	P29,959,607.66
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					
Tita P. Villanueva/ SVP/Chief Financial Officer	2020	₱15,416,457	-	₱1,708,060	₱17,124,517
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					
CEO and the four (4) most highly compensated officers named above	Estimate 2022	₱22,901,454	₱1,264,607	₱5,793,996.66	₱29,959,607.66
Aggregate compensation paid to all officers and directors as a group unnamed	Estimate 2022	₱24,552,648	₱1,381,070	₱7,628,996.66	₱33,562,714.66
	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

## 2. DIRECTORS' COMPENSATION

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 ₱25,000.00 and other directors at ₱20,000.00 per meeting attended. For Committee meetings, the Committee Chairperson receives ₱12,000.00 and the members receive ₱10,000.00 per meeting attended. For 2021, the directors receive the following per diem for board and committee meetings attended:

Director	Gross Amount Received
Walter H. Villanueva	₱ 235,000
Tita P. Villanueva	₱ 160,000
Nicasio T. Perez	₱ 180,000
Derrick P. Villanueva	₱ 160,000
Hans Joseph T. Perez	₱ 180,000
Eugene H. Lee Villanueva	₱ 180,000
Marie Therese G. Santos	₱ 248,000
Ernesto . Alberto	₱ 248,000
Bede Lovell S. Gomez	₱ 244,000

### **Employment Contracts and Termination of Employment and Change-in-Control Arrangements**

There are no special employment contracts between the Company and its executive officers. Furthermore, there are no special retirement plans for executives. There is also no arrangement for compensation to be received from the Company.

### **Warrants and Options Outstanding**

As of **31 March 2022**, there were no outstanding warrants or options held by any of the Company's directors and officers.

There are no outstanding warrants or options held by directors and officers and consequently, there are no adjustments in the exercise price of said warrants or options.

### **Independent Public Accountants**

Punongbayan & Araullo (P&A) the Company's external auditors for 2021, will be recommended for re-appointment as such for the current year. Representatives of P&A are expected to be present at the Annual Stockholders' Meeting to respond to appropriate questions and will be given the opportunity to make a statement if they so desire.

P&A audited the Company's financial statements for the year ended 31 December 2021. 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. The partner who handled the Company's external audit was Mr. John Endel Mata. Since the appointment of P&A in 2012, there has been no change in the auditor and there has been 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.

In Compliance with SEC Memorandum Circular No. 8 Series of 2003, the assignment of Mr. Mata as P&A's engagement partner for the Company shall not exceed five years.

Punongbayan & Araullo billed the Company ₱485,000.00, ₱530,000.00 and ₱560,000.00 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

P&A did not render (non-audit) professional services to the Company for tax accounting, compliance, advice, planning, and any other form of tax services.

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, composed of Ms. Marie Therese G. Santos as Chairperson, and Mr. Bede Lovell S. Gomez, Mr. Ernesto R. Alberto, Mr. Nicasio T. Perez, and Mr. Eugene H. Lee Villanueva as members.

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.

## **OTHER MATTERS**

### **Action with Respect to Reports**

The Company will seek the stockholders' approval of the Minutes of the previous Stockholders' Meeting during which the following were taken up: (1) Call to Order; (2) Proof of Notice of Meeting; (3) Certification of Quorum; (4) Approval of the Minutes of the Previous Meeting of Stockholders; (5) Approval of 2020 Operations and Results; (6) Ratification of all Acts of the Board of Directors and Management from the date of last Annual Stockholders' Meeting to the date of this meeting; (7) Election of Directors for 2021 to 2022; (8) Appointment of P&A as External Auditors; (9) Other Matters; and (10) Adjournment.

Item 4 (on approval of the minutes of the 2020 Annual Stockholders' Meeting), Item 5 (on approval of operations and results for 2020, including the 2020 Audited Financial Statements), Item 6 (on the ratification of all acts of the Board and Management from the date of the 2020 Annual Stockholders' Meeting to the date of the 2021 Annual Stockholders' Meeting), and Item 8 (on the appointment of Punongbayan & Araullo as external auditors) have all been approved. The Minutes for the Annual Shareholders' Meeting for 2021 is annexed to this report. On item 7 of the agenda, the election of directors for 2021- 2022, the stockholders voted for and elected the following candidates for election to the Board: Mr. Walter Villanueva, Mr. Tita Villanueva, Mr. Eugene Villanueva, Mr. Derrick Villanueva, Mr. Nicasio Perez, Mr. Hans Perez, Mr. Bede Gomez (Independent Director), Mr. Ernesto Alberto (Independent Director) and Ms. Marie Therese Santos (Independent Director).

Approval of the minutes of the 2021 Annual Stockholders' Meeting constitute confirmation of the approval of the agenda items approved in said meeting.

The 2021 Operations and Results is contained and discussed in the Annual Report attached and made part of this Information Statement. Approval of the reports will constitute approval of the Audited Financial Statements as well as approval and ratification of the acts of management and of the Board of Directors for the past year.

### **Matters Not Required to be Submitted**

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

### **Amendment of Charter, By-Laws or Other Documents**

No action will be taken with respect to any amendment to the Corporation's Articles of Incorporation or By-Laws.

### **Other Proposed Actions**

The following are to be proposed for approval during the Annual Stockholders' Meeting:

1. Minutes of the Previous Meeting of Stockholders;
2. 2021 Operations and Results;
3. Ratification of all Acts of the Board of Directors and Management from the date of the last Annual Stockholders' Meeting up to 12 May 2022;
4. Election of Directors for 2022 to 2023;
5. Appointment of P&A as External Auditors; and
6. Other Matters.

The acts of the Board of Directors and Management from the date of the last Annual Stockholders' Meeting up to 12 May 2022 that are for ratification are those items entered into in the ordinary course of business, with those of significance having been covered by appropriate disclosures such as:

1. Membership in the different committees of the Board of Directors;
2. Designation of authorized signatories for day-to-day transactions;
3. Designation of authorized representatives with various companies and entities;
4. Approval of 2021 Audited Financial Statements;
5. Opening of bank accounts and credit facilities;
6. Appointment of officers;
7. Approval of capital expenditures;
8. Review of policies; and
9. Purchase or sale of motor vehicles.

Management reports, which summarize the acts of management for the year 2021, are included in the Company's Annual Report to be sent to the stockholders together with this Information Statement and submitted for the stockholders' approval at the meeting. Accordingly, approval of the Annual Report will constitute approval of the Audited Financial Statements as well as approval and ratification of the acts of management stated in the management reports during the period covered thereby.



## **Voting Procedures**

1. Actions to be taken at the Annual Stockholders' Meeting shall require the vote of the stockholders representing at least a majority of the Company's outstanding capital stock.

2. Two inspectors, who are officers or employees of the Company, shall be appointed by the Board of Directors before or at each meeting of the stockholders, at which an election of directors shall take place. If no such appointment shall have been made or if the inspectors appointed by the Board of Directors refused to act or failed to attend, then the appointment shall be made by the presiding officer of the meeting. For purposes of the Annual Stockholders' Meeting on **12 May 2022**, the Corporate Secretary and/or his representative, together with the representative from the stock transfer agent, have been designated as inspectors tasked to oversee the counting of votes.

3. Stockholders may vote at all meetings either in person or by proxy duly given in writing in favor of any person of their confidence, and each stockholder shall be entitled to one vote for each share of stock standing in his name in the books of the Company. However, in the election of Directors, each stockholder shall be entitled to cumulate his votes in the manner provided by law. For the purpose of this year's annual stockholders' meeting, which will be held only in virtual format, the stockholders may only vote through proxies or by remote communication (in absentia). Votes cast through the voting platform will be tallied by the Corporate Secretary. The stockholders are encouraged to participate in the meeting by either of the following:

- a. By submitting duly accomplished proxies to the Office of the Corporate Secretary at 2704 East Tower, Philippine Stock Exchange Centre, Ortigas Center, Pasig City or via electronic copy by emailing [corporatesecretary@crownpvc.com.ph](mailto:corporatesecretary@crownpvc.com.ph) on or before 5:00 pm on 02 May 2022.

For corporate stockholders, the proxies should be accompanied by a Secretary's Certificate on the appointment of the corporation's authorized signatory.

- b. By registering your votes on the matters to be taken up during the meeting through the e-voting platform set-up for the purpose which can be accessed at **www.crownpvc.com.ph**. The e-voting platform will be open until 10:00 am of 12 May 2022.

4. The By-Laws of the Company are silent as to the method by which votes are to be counted. In practice, however, the same is done by the raising of hands or *viva voce*.

5. With respect to the election of nine directors, each stockholder may vote such number of shares for as many as nine persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by nine shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by nine.

6. Upon confirmation by the inspectors that there is a mathematical impossibility for certain nominees to be elected into office based on proxies held and votes present/represented in the meeting, the actual casting and counting of votes for the election of Directors may be dispensed with.


## **Omitted Items**

Items 8, 9, 10, 11, 12, 16, and 17 are not responded to in this report, the Company having no intention to take any action with respect to the information required therein.

## **SIGNATURE**

After reasonable inquiry and to the best of our knowledge and belief, we hereby certify that the information set forth in this report are true, complete, and correct.

This report is signed in Pasig City, on 13 April 2022.



**JASON C. NALUPTA**  
Corporate Secretary

## **CROWN ASIA CHEMICALS CORPORATION BUSINESS AND GENERAL INFORMATION**

### **BACKGROUND**

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, Guiguinto, 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 Guiguinto, 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***

#### **1. 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.

#### **2. 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.

#### **3. 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.

#### **4. 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***

#### **5. 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.

##### **a. 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.

### **Properties**

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

#### **Lands**

<b>Tax Declaration Number</b>	<b>Location</b>	<b>Area</b>	<b>Classification</b>
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**

<b>Tax Declaration Number</b>	<b>Location</b>	<b>Area</b>	<b>Classification</b>
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:

<b>CROWN's Trademarks Under License</b>			
<b>Registered Trademark</b>	<b>Registration Number</b>	<b>Date of Registration</b>	<b>Valid Until</b>
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
CROWN EXTREME	4-2010-011168	February 24, 2011	February 24, 2031
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.

### **DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES**

P&A audited the Company's financial statements for the year ended 31 December 2021. 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. The partner who handled the Company's external audit was Mr. John Endel Mata. Since the appointment of P&A in 2012, there has been no change in auditor and 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.



## MANAGEMENT DISCUSSION AND ANALYSIS OF OPERATION PERFORMANCE 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. These two are the reasons for the increase on the Company's Property, Plant and Equipment by ₱110.77 million or 19.57% from ₱566.03 million to ₱676.80 million.

#### Right of Use Assets - Net

Right of Use Assets - net decreased by ₱4.18 million or 4.18% from ₱21.02 million to ₱16.84 million due to the monthly recognition of depreciation expense.

#### Post-Employment defined benefit asset

The Company recognized Post-Employment Defined Benefit Asset amounting to ₱2.94 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:**

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 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**

<b>LIQUIDITY RATIOS</b>		
<b>Key Indicators</b>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
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
<b>SOLVENCY RATIOS</b>		
<b>Key Indicators</b>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Debt to equity ratio	0.33 : 1.00	0.22 : 1.00
Asset to equity ratio	1.33 : 1.00	1.22 : 1.00
<b>PROFITABILITY RATIOS</b>		
<b>Key Indicators</b>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
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:**

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

**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

**FINANCIAL STATEMENTS**

The Financial Statements of the Company are incorporated herein by reference and attached as an integral part of this Information Statement.

## MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

### Market Information

The Company common shares were listed at the PSE on 27 April 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

High and Low Sales Prices for the following Quarter end dates are:

Quarter	High	Low
1 <sup>st</sup> Quarter 2019	P1.91	P1.90
2 <sup>nd</sup> Quarter 2019	P2.11	P2.01
3 <sup>rd</sup> Quarter 2019	P2.04	P2.03
4 <sup>th</sup> Quarter 2019	P2.17	P2.14
1 <sup>st</sup> Quarter 2020	P1.92	P1.80
2 <sup>nd</sup> Quarter 2020	P2.00	P1.68
3 <sup>rd</sup> Quarter 2020	P2.00	P1.81
4 <sup>th</sup> Quarter 2020	P2.13	P1.80
1 <sup>st</sup> Quarter 2021	P2.51	P1.75
2 <sup>nd</sup> Quarter 2021	P1.94	P1.45
3 <sup>rd</sup> Quarter 2021	P1.89	P1.45
4 <sup>th</sup> Quarter 2021	P1.83	P1.64
1 <sup>st</sup> Quarter 2022	P1.89	P1.67

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.

Total shares outstanding as of 31 March 2021 was 610,639,000 shares, with a par value of P1.00 per share.

As of 31 March 2022, the High and Low Prices were at P1.83 and P1.80 with the Last Traded Price at P1.82.

The Top 20 shareholders as of 31 March 2022 are as follows:

Name	Number of Shares Held	% to Total Outstanding
1. PCD Nominee – Filipino	208,004,804	34.06%
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. Derrick P. Villanueva	39,716,293	6.50%
7. Sofia P. Po	25,640,000	4.20%
8. Meda T. Perez	24,860,000	4.07%
9. Oscar T. Perez	23,640,000	3.87%
10. Gloria P. Go	23,640,000	3.87%
11. Elizabeth P. Lee Villanueva	11,820,000	1.94%
12. Natalie Lee Villanueva Penaranda	3,940,000	0.65%
13. Johanns Plana Lee Villanueva	3,940,000	0.65%
14. Warren Michael P. Lee Villanueva	3,940,000	0.65%
15. PCD Nominee - Non Filipino	3,673,002	0.60%
16. Mark Peter T. Perez	3,564,422	0.58%

17. Mariane Lourdes T. Perez	2,600,000	0.43%
18. Marilene Angelina T. Perez	2,600,000	0.43%
19. Jefferson T. Sy	2,564,422	0.42%
20. Christie T. Perez	2,464,422	0.42%

### **Recent Sale of Unregistered Securities**

There have been no sales of unregistered securities since the approval of the Corporation's registration of securities (and listing of its shares with PSE) in 2015.

### **Voting Rights**

At each meeting of the shareholders, every stockholder entitled to vote on a particular question or matter involved shall be entitled to one vote for each share of stock standing in his name in the books of the Company at the time of closing of the transfer books for such meeting. The Company issued only one type of share, common shares, and all such common shares have equal voting rights.

### **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 4 March 2014, the Board of Directors of the Company approved its dividend policy under which the Company shall distribute to its stockholders as dividends, whether cash, property, or stock, at least 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 2018 to 2021, the Company declared cash dividends as follows:

Year	Declaration Date	Record Date	Payment Date	Amount	Cash Dividends per Share	Dividend Rate
2018	March 09, 2018	April 12, 2018	May 9, 2018	25,232,000	P0.04	48.48%
		June 26, 2018	July 11, 2018	31,540,000	P0.05	
2019	March 12, 2019	April 12, 2019	May 9, 2019	31,455,100	P0.05	47.94%
		July 9, 2019	July 23, 2019	24,921,080	P0.04	
2020	May 29, 2020	June 26, 2020	July 22, 2020	24,443,640	P0.04	17.92%
2021	May 7, 2021	May 25, 2021	June 15, 2021	13,739,378	P0.0225	11.32%

## **DIRECTORS AND EXECUTIVE OFFICERS**

Please refer to the portion of this Information Statement on “Directors and Executive Officers.”

## **COMPLIANCE WITH THE MANUAL OF CORPORATE GOVERNANCE**

The Company was listed at the PSE on 27 April 2015. The Company’s Integrated Annual Corporate Governance Report (I-ACGR) shall be submitted on or before 30 May 2022, in compliance with SEC Memorandum Circular No. 15 Series of 2017.

Each year, as part of the Audit Committee’s duties, the Committee assesses the adequacy of the Corporation’s internal control and risk management systems. A statement/certification to this effect is submitted together with the Corporation’s IACGR.

## **UNDERTAKING TO PROVIDE PRINTED COPIES OF THE INFORMATION STATEMENT AND ANNUAL REPORT**

**UPON WRITTEN REQUEST OF ANY SHAREHOLDER OF RECORD ENTITLED TO NOTICE OF AND VOTE AT THE MEETING, THE COMPANY SHALL FURNISH SUCH SHAREHOLDER WITH A COPY OF THE COMPANY’S INFORMATION STATEMENT (ON SEC FORM 20-IS) AND ANNUAL REPORT (ON SEC FORM 17-A) WITHOUT CHARGE. ANY SUCH WRITTEN REQUEST SHALL BE ADDRESSED TO:**

**ATTY. JASON C. NALUPTA**

Corporate Secretary

CROWN ASIA CHEMICALS CORPORATION RM 508 PRESIDENT TOWER,  
81 TIMOG AVENUE, QUEZON CITY

Email: [jcn@tvvlaw.com](mailto:jcn@tvvlaw.com) Tel No.: 632-413-8032 to 36

Fax No.: 632-413-8032 Loc. 111

**DIRECTORS' ATTENDANCE REPORT (2021)****BOARD**

Name of Directors	Date of Meeting (2021)						
	Feb 04	Mar 02	May 07	Jun 29	Aug 10	Nov 09	%
WALTER H. VILLANUEVA	✓	✓	✓	✓	✓	✓	100
EUGENE H. LEE VILLANUEVA	✓	✓	✓	✓	✓	✓	100
TITA P. VILLANUEVA	✓	✓	✓	✓	✓	✓	100
NICASIO T. PEREZ	✓	✓	✓	✓	✓	✓	100
DERRICK P. VILLANUEVA	✓	✓	✓	✓	✓	✓	100
HANS JOSEPH T. PEREZ	✓	✓	✓	✓	✓	✓	100
ERNESTO MARIA R. ALBERTO	✓	✓	✓	✓	✓	✓	100
MARIE THERESE G. SANTOS	✓	✓	✓	✓	✓	✓	100
BEDE LOVELL S. GOMEZ	✓	✓	✓	✓	✓	✓	100

**AUDIT COMMITTEE**

Members	2-Mar-21	7-May-21	10-Aug-21	9-Nov-21
Marie Therese G. Santos	✓	✓	✓	✓
Ernesto Maria R. Alberto	✓	✓	✓	✓
Bede Lovell S. Gomez	✓	✓	✓	✓
Nicasio T. Perez	✓	✓	✓	✓
Eugene H. Lee Villanueva	✓	✓	✓	✓

**CORPORATE GOVERNANCE COMMITTEE**

Members	4-Feb-21	7-May-21
Bede Lovell S. Gomez	✓	✓
Ernesto Maria R. Alberto	✓	✓
Marie Therese G. Santos	✓	✓
Walter H. Villanueva	✓	✓
Tita P. Villanueva	✓	✓
Derrick P. Villanueva	✓	✓

### RISK OVERSIGHT COMMITTEE

Members	2-Mar-21	29-Jun-21	9-Nov-21	14-Dec-21
Ernesto Maria R. Alberto	✓	✓	✓	✓
Marie Therese G. Santos	✓	✓	✓	✓
Bede Lovell S. Gomez	✓	✓	✓	✓
Walter H. Villanueva	✓	✓	✓	✓
Hans Joseph T. Perez	✓	✓	✓	✓

## **Guidelines for Participating via Remote Communication and Voting in Absentia**

The 2022 Annual Stockholders' Meeting (ASM) of Crown Asia Chemical Corporation (the "Company") will be held on 12 May 2022 at 3:00 P.M. and the Board of Directors of the Corporation has fixed the end of trading hours of the Philippine Stock Exchange, Inc. on 5 April 2022 ("Record Date") as the record date for the determination of stockholders entitled to notice of, to attend, and to vote at such meeting and any adjournment thereof. In view of the continuing concerns on mass gatherings, the Board of Directors of the Company has approved and authorized stockholders to participate in the ASM via remote communication and to exercise their right to vote in absentia or by proxy

### **REGISTRATION**

The conduct of the meeting will be streamed live, and stockholders may attend the meeting by registering until 2 May 2022, 5:00 p.m. via <https://www.crownpvc.com.ph/investors> and by submitting the following requirements and documents to [corporatesecretary@crownpvc.com.ph](mailto:corporatesecretary@crownpvc.com.ph), subject to verification and validation:

#### Individual Stockholders

- Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others in order to validate the registration of the shareholder
- Stock certificate number
- Active e-mail address/es
- Active contact number/s, with area and country codes

#### Multiple Stockholders or with joint accounts

- Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others in order to validate the registration of the shareholders
- Stock certificate number/s
- Active e-mail addresses of the stockholders
- Active contact numbers, with area and country codes
- Digital copy of an authorization letter executed by all named holders, authorizing a holder to vote for and on behalf of the account

#### Corporate Stockholders

- Digital copy of the Secretary's Certificate (or equivalent for non-resident) attesting to the authority of the representative to vote for and on behalf of the corporation
- Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others to validate the registration of the authorized representative
- Active e-mail address/es of the authorized representative
- Active contact number of an authorized representative, with area and country codes



- PCD Participants/Brokers
- Digital copy of the Secretary's Certificate (or equivalent for non-resident) attesting to the authority of the representative to vote for and on behalf of the PCD participant/broker
- Digital copy of the certificate of shareholdings issued by the PCD/broker
- Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others to validate the registration of the authorized representative
- Active e-mail address/es of the authorized representative
- Active contact number of the authorized representative, with area and country codes

## **ONLINE VOTING**

Log-in to the voting portal by clicking the link, and using the log-in credentials, sent to the email address of the shareholder to the Company.

Upon accessing the portal, the stockholder can vote on each agenda item. A brief description of each item for stockholders' approval are appended to the Notice of Meeting.

A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval.

For the election of directors, the stockholder has the option to vote for all nominees, withhold vote for any of the nominees, or vote for certain nominees only.

Once the stockholder has finalized his vote, he can proceed to submit his vote by clicking the "Submit" button.

The stockholder can vote only once, after successful registration. Once submitted, the votes cast shall be considered final.

## **ASM LIVESTREAM**

The ASM will be broadcasted live and stockholders who have successfully registered will be provided access to participate via remote communication. Instructions on how to access the livestream will be sent to their emails upon registration.

## **OPEN FORUM**

During the virtual meeting, after all items in the agenda have been discussed, the Company will have the Question and Answer Portion, during which, the meeting's moderator will read and where representatives of the Company shall answer questions and comments received from stockholders, as time will allow. Stockholders may send their questions in advance by sending an email bearing the subject "Questions for ASM 2022" to [corporatesecretary@crownpvc.com.ph](mailto:corporatesecretary@crownpvc.com.ph) on or before 10:00 am on 12 May 2022. Questions/comments received but not entertained during the Open Forum due to time constraints will be addressed separately by the Company via email