COVER SHEET

1 5 9 9 5 0

SEC Registration Number

CROWN ASIA CHEMICALS
CORPORATION

(Company's Full Name)

KM. 33 MAC ARTHUR HIGHWAY BO.
TUKTUKAN, GUIGUINTO, BULACAN

(Business Address: No. Street City / Town / Province)

ANN MARGARET K. LORENZO

632-0905

Company Telephone Number

1 2 | 3 1

Month | Day

Fiscal Year

Month | Day

Annual Meeting

Definitive Information Statement

Form Type

Secondary License Type, if applicable

Department Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be Accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

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 **18 June 2021 (Friday)** 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 09 July 2020
5. Approval of 2020 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 2021 to 2022
8. Appointment of External Auditors
9. Other Matters
10. Adjournment

In light of the COVID-19 global pandemic and government's continuing regulations limiting mobility and 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 **14 April 2021** 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** on or before 5:00 p.m. on 8 June 2021. 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 18 June 2021. 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** on or before 5:00 p.m. on 08 June 2021. 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 09 June 2021. The votes already cast using the e-voting platform by that time will also be tallied on said date

Quezon City, Metro Manila, 14 May 2021.

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 09 July 2020

A copy of the Minutes of the 09 July 2020 Annual Stockholders' Meeting is available at the Corporation's website at http://crownpvc.com.ph/pdfupload/CROWN%20ASIA_2020%20ASM%20MINUTES.pdf . Stockholders will be asked to approve the Minutes of the 2020 Annual Stockholders' Meeting.

Agenda Item No. 5. Approval of 2020 Operations and Results

A report on the highlights of the performance of the Company for the year ended 2020 will be presented to the stockholders together with the Audited Financial Statements (AFS) for 2020. 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 2020 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 2020 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 09 July 2020 until the date of this meeting, shall be presented for confirmation, approval, and ratification.

Agenda Item No. 7. Election of Directors for 2021 to 2022

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 18 June 2021 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 2021 to 2022. 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 2021.

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 18 June 2021, 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:

- 1.1.1. Walter H. Villanueva
- 1.1.2. Eugene H. Lee Villanueva
- 1.1.3. Tita P. Villanueva
- 1.1.4. Nicasio T. Perez
- 1.1.5. Derrick P. Villanueva
- 1.1.6. Hans Joseph T. Perez
- 1.1.7. Ernesto R. Alberto (Independent Director)
- 1.1.8. Marie Therese G. Santos (Independent Director)
- 1.1.9. 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 2020 Annual Report.
___ Yes ___ No ___ Abstain

4. Ratification of all acts and resolutions of the Board of Directors and Management from date of last Stockholders' Meeting to 18 June 2021.
___ 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	:	**18 June 2021 (Friday)**
Time	:	**3:00 p.m.**
Venue	:	**Video Conferencing in accordance with SEC Memorandum Circular No. 6, Series of 2020**

9. Approximate date on which the Information Statement is to be sent or given to security holders: **21 May 2021**.

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
Common Stock, ₱1.00 par value	**610,639,000 (as of 30 April 2021)**

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

(a) Date - 18 June 2021 (Friday)
Time - 3:00 p.m.
Place - Videoconferencing in accordance with SEC Memorandum Circular No. 6, Series of 2020

(b) The approximate date on which the Information Statement will be sent or given to security holders is on **21 May 2021**.

(c) 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 **18 June 2021** 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:

(a) 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;

(b) 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;

(c) In case of merger or consolidation; and

(d) 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

(a) 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 2021 to 2022.

(b) 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

(a) As of **30 April 2021**, the Company has **610,639,000** common shares outstanding and each share is entitled to one vote.

(b) The record date with respect to the determination of the stockholders entitled to notice of and vote at the Annual Stockholders' Meeting is **14 April 2021**.

(c) 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.

(d) Security ownership of certain record and beneficial owners and management.

(1) 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 **30 April 2021**:

Title of Class	Name and address of Record Owner and relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	**Nicasio T. Perez** West Triangle Homes, Quezon City *Shareholder*	Same as Record Owner (includes shares held by Mr. Perez' wife)	Filipino	97,024,422	15.89%
Common	**Eugene H. Lee Villanueva** West Triangle Homes, Quezon City *Shareholder*	Same as Record Owner	Filipino	74,577,108	12.21%
Common	**Walter H. Villanueva** Corinthian Gardens, Quezon City *Shareholder*	Same as Record Owner	Filipino	73,955,000	12.11%
Common	**Tita P. Villanueva** Corinthian Gardens, Quezon City *Shareholder*	Same as Record Owner	Filipino	47,280,000	7.74%
TOTAL				**292,686,530**	**47.95%**

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

(2) 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 **30 April 2021**:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	**Eugene H. Lee Villanueva** *General Manager – Compounds Division, and Director*	74,577,108 *(Direct)*	Filipino	12.21%
Common	**Walter H. Villanueva** *Chairman of the Board, President, Head– Pipes Group, General Manager –PVC Roof Division, and Director*	73,955,000 (Direct)	Filipino	12.11%
Common	**Tita P. Villanueva** *Senior Vice President (SVP)/Chief Financial Officer and Director*	47,280,000 *(Direct)*	Filipino	7.74%
Common	**Nicasio T. Perez** *Vice President (VP) – Treasurer and Director*	47,280,000 *(Direct)* 49,744,422 (Indirect)	Filipino	15.89%
Common	**Derrick P. Villanueva** *General Manager – PVC Pipes Division and Director*	12,526,293 *(Direct)* 354,000 *(Indirect)*	Filipino	2.11%
Common	**Hans Joseph T. Perez** *Director*	2,464,422 *(Direct)*	Filipino	0.40%
Common	**Marie Therese G. Santos** *Independent Director*	1,000 *(Direct)*	Filipino	-nil-
Common	**Ernesto R. Alberto** *Independent Director*	1,000 *(Direct)*	Filipino	-nil-
Common	**Bede Lovell S. Gomez** *Lead Independent Director*	30,001*(Direct)*	Filipino	-nil-
Common	**Jason C. Nalupta** *Corporate Secretary*	-nil-	Filipino	-nil-
Common	**Ann Margaret K. Lorenzo** *Assistant Corporate Secretary*	-nil-	Filipino	-nil-
Total				**50.46%**

(3) 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.

<u>Changes in Control</u>

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.

<u>Directors and Executive Officers</u>

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

Directors:

Name	Age	Nationality	Present Position	Period of Service in the Company
Walter H. Villanueva	66	Filipino	Chairman of the Board	20 years
Eugene H. Lee Villanueva	64	Filipino	Director	32 years
Tita P. Villanueva	65	Filipino	Director	32 years
Nicasio T. Perez	63	Filipino	Director	32 years

Derrick P. Villanueva	38	Filipino	Director	11 years
Hans Joseph T. Perez	31	Filipino	Director	7 years
Marie Therese G. Santos	63	Filipino	Independent Director	6 years
Ernesto R. Alberto	58	Filipino	Independent Director	6 years
Bede Lovell S. Gomez	52	Filipino	Lead - Independent Director	5 years

Executive Officers:

Principal Officers				
Name	**Age**	**Nationality**	**Present Position**	**Year Position was Assumed**
Walter H. Villanueva	66	Filipino	Chief Risk Officer President General Manager of PVC Roof Division Head of Pipe Group	2020 2019 2017 2014
Tita P. Villanueva	65	Filipino	SVP/Chief Financial Officer Vice President-Comptroller	2017 2005
Nicasio T. Perez	63	Filipino	Vice President-Treasurer	1992
Derrick P. Villanueva	38	Filipino	General Manager – PVC Pipes Division Assistant General Manager- PVC Pipes Division	2014 2009
Hans Joseph T. Perez	31	Filipino	Risk Management Officer and General Manager – PPR /HDPE Pipes Division Assistant General Manager- PPR/HDPE Division	2017 2014
Marie Grace N. Dalupan	39	Filipino	Compliance Officer and AVP-Finance	2020 2019
Jason C. Nalupta	49	Filipino	Corporate Secretary and Chief Information Officer	2012
Ann Margaret Keh Lorenzo	32	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. Bede Lovell S. Gomez (Chairman), Ms. Marie Therese G. Santos (Independent Director), Mr. Ernesto R. Alberto (Independent Director), Ms. Tita P. Villanueva, Mr. Derrick P. Villanueva, and Mr. Walter H. Villanueva, for re-election as members of the Board of Directors for 2021 to 2022.

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, 66, 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, 65, 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, 63, 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, 38, 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, 31, 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, 64, 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, 63, Filipino, Independent Director

Ms. Marie Therese G. Santos is concurrently a director, stockholder, and administrator of Gravitas Prime. Ms. Santos also sits as Independent Director of First Abacus Holdings, Inc. and Treasurer/ Trustee 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, 58, Filipino, Independent Director

Mr. Ernesto R. Alberto is the President of DITO CME Holdings Corp. He served as Executive Vice President and Group Chief Revenue Officer for both PLDT Inc. and Smart Communications Inc. from 2016 to 2019. He also served as President/CEO/Chairman of Telesat, Inc., ePLDT, Inc., and various companies within the PLDT Group.

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, 52, Filipino, Lead Independent Director

Mr. Bede Lovell S. Gomez is currently a member of the Board of Directors of Ardenwood Construction and Orbis Capital Ventures, Inc. He is also a Board Member/Trustee of the Fund Managers Association of the Philippines a member of the Trust Officers Association of the Philippines. Prior to this, he was 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.*

All nine (9) directors attended the 2020 Annual Corporate Governance Seminar (Stay Updated in the New Normal) conducted by Center for Training and Development, Inc. last 29 October 2020.

EXECUTIVE OFFICERS

Marie Grace N. Dalupan, 38, Filipino, Compliance and Risk Management Officer, AVP for 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. She received her Bachelor of Science, Major in Accountancy from the De La Salle University and she is a Certified Public Accountant.

Jason C. Nalupta, 49, Filipino, Corporate Secretary and Chief Information Officer

Mr. Jason C. Nalupta, Filipino, 49, 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 also serves as a Director and/or Corporate Secretary or Assistant Corporate Secretary of several private companies , including Sino Cargoworks Agencies, Inc., Mercury Ventures, Inc., Total Gaming Technologies, Inc., Parallax Resources, Inc., SLW Development Corporation, Metropolitan Leisure & Tourism Corporation, Sagesoft Solutions, Inc., Radenta Technologies, Inc., Xirrus, Inc., Glypthstudios, Inc., Grabagility, Inc., Basic Leisure Networks, Inc., Stage Craft International, 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, 32, Filipino, Assistant Corporate Secretary

Ms. Ann Margaret K. Lorenzo, Filipino, 32, 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., Tagaytay Highlands International Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc., Tagaytay Midlands Golf Club, Inc., Joy-Nostalg 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, and Iridium Ventures Incorporated.

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:

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

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 discussed under Note 17 of the 2020 Audited Financial Statements.

Related Party Transactions as of 31 March 2021

The Company's related parties include entities under common ownership, stockholders and key management personnel as described below.

The summary of the Company's transactions with its related parties as of March 31, 2021 are as follows:

	Amounts of Transactions
Related Parties Under Common Ownerships	
Sales of Goods	Php 5,188,119
Purchase of Goods and Services	23,340,595
Lease of Properties	665,774

Right of Use Asset	306,178
Lease Liability	301,714
Depreciation	306,178
Interest Expense	44,863

	Outstanding Balances
Related Parties Under Common Ownerships	
Sales of Goods	Php 7,662,230
Purchase of Goods and Services	(3,307,077)
Right of Use Asset	2,128,028
Lease Liabilities	(2,526,664)
Security Deposit	258,778
Stockholders	
Advances obtained	Php (46,057)

The Company's outstanding receivables with related parties were subjected to impairment using the requirements of PFRS 9. These receivables have substantially the same risk characteristics as the trade receivables. As such, the expected loss rates for trade receivables are a reasonable approximation of the loss rates for receivables from related parties. There were no impairment losses recognized for these receivables from related parties as of period end.

Sales of Goods
The Company sells finished goods to related parties under common ownership. Goods are sold on the basis of the price lists in force and terms that would be available to non-related parties. The outstanding receivables from sale of goods, which are generally noninterest-bearing, unsecured and settled through cash within three to six months, are presented as part of Trade receivables under Trade and Other Receivables in the statements of financial position

Purchase of Goods and Services
Goods and services are purchased on the basis of the price lists in force with non-related parties. The related outstanding payables for goods and services purchased as of March 31, 2021 are presented as part of Trade payables under Trade and Other Payables in the statements of financial position. The outstanding payables from purchase of goods and services are generally noninterest-bearing, unsecured and settled through cash within three months.

The Company acquires the services of Husky Plastics Corporation, a related party under common ownership, for the conversion of its pipe fittings. The Company provides its own raw materials to Husky for processing into finished goods. Once the processing is completed, the Company records the amount incurred for the services of Husky as part of the finished goods based on the billings received. The basis of the price charged to the Company is in line with Husky's prevailing market rates. The related outstanding payables for these services from Husky as of March 31, 2021 are presented as part of Trade payables under Trade and Other Payables in the statements of financial position. The outstanding payables from purchase of services are generally noninterest-bearing, unsecured and settled through cash within three months.

Advances to/from related parties
The Company grants/obtains unsecured, noninterest-bearing advances to/from its related parties under common ownership and certain stockholders. These advances are repayable either in cash or through offsetting. The outstanding balance of receivable from related party advances is presented as part of Other receivables under Trade and Other Receivables in the statements of financial position.

For the 3-month period ended March 31, 2021, there were no advances made to and from related parties under common ownership.

Lease of Properties
The Company entered into lease contracts with a related party under common ownership covering its office spaces and warehouse with lease terms ranging from two to five years. In 2019, in accordance with PFRS 16, the Company recognized right-of-use assets and lease liabilities amounting to P7.3 million for these lease contracts.

As of March 31, 2021, the right of use asset related to the leased property from a related party under common ownership amounted to P2,128,028 with corresponding lease liability of P2,526,664. Related depreciation and interest expense recognized for the first quarter of 2021 were P306,178.20 and P44,863.20, respectively.

Further, the Company incurred rental expense for short term vehicle lease with related party under common ownership amounting to P319,197 and this is shown as part of Rentals under Other Operating Expenses in the statement of profit and loss.

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

A. 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.

Name and Position	Year	Salaries	Bonuses	Others	Total
Walter H. Villanueva/ Chairman/President/Head-Pipe Group/ General Manager – PVC Roof Division 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	2020	₱15,416,457	-	₱1,708,060	₱ 17,124,517
Walter H. Villanueva/ Chairman/President/Head-Pipe Group/ General Manager – PVC Roof Division Eugene Lee Villanueva/ General Manager-Compounds Division Tita P. Villanueva/ SVP/Chief Financial Officer Nicasio T. Perez/VP- Treasurer Derrick P. Villanueva/General Manager-PVC Pipes Division	2019	₱21,265,020	₱1,518,930	₱1,097,197	₱ 23,881,147
CEO and the four (4) most highly	2018	₱21,265,020	₱1,518,930	₱667,876	₱ 23,451,826

compensated officers named above					
CEO and the four (4) most highly compensated officers named above	Estimate for 2021	₱19,152,000	₱5,183,000	₱1,259,000	₱ 25,594,000
Aggregate compensation paid to all officers and directors as a group	2020	₱15,701,087	-	₱2,704,772	₱ 18,405,860
	2019	₱21,957,208	₱3,975,310	₱1,128,066	₱27,060,584
	2018	₱22,624,020	₱1,518,930	₱667,876	₱ 24,810,826
	Estimate for 2021	₱20,835,000	₱5,794,000	₱1,376,000	₱28,005,000

B. 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 2020, the directors receive the following per diem for board and committee meetings attended:

Director	Gross Amount Received
Walter H. Villanueva	₱ 210,000
Tita P. Villanueva	₱ 160,000
Nicasio T. Perez	₱ 160,000
Derrick P. Villanueva	₱ 150,000
Hans Joseph T. Perez (elected July 2020)	₱ 60,000
Eugene H. Lee Villanueva	₱ 160,000
Marie Therese G. Santos	₱ 248,000
Ernesto . Alberto	₱ 248,000
Bede Lovell S. Gomez	₱ 248,000
Jefferson T. Sy (resigned May 2020)	₱ 30,000

<u>Employment Contracts and Termination of Employment and Change-in-Control Arrangements</u>

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.

<u>Warrants and Options Outstanding</u>

As of **31 April 2021**, 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 2020, 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 2020. 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 ₱425,000.00, ₱485,000.00 and ₱530,000.00 for the examination of the financial statements for the calendar years December 31, 2018, 2019 and 2020 respectively, exclusive of 15% of professional fees for out of pocket expenses

P&A did not render 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 2019 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 2020 to 2021; (8) Appointment of P&A as External Auditors; (9) Other Matters; and (10) Adjournment. The Minutes for the Annual Shareholders' Meeting for 2020 in annexed to this report.

The 2020 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 Stateents 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. 2020 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 18 June 2021;
4. Election of Directors for 2021 to 2022;
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 18 June 2021 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 2020 Audited Financial Statements;
5. Opening of bank accounts and credit facilities;
6. Apointment of officers;
7. Review of policies; and
8. Purchase or sale of motor vehicles.

Management reports, which summarize the acts of management for the year 2020, 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 Auditd 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

(a) 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.

(b) 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 **18 June 2021**, 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.

(c) 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). The stockholders are encouraged to participate in the meeting by either of the following:

   i. 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** on or before 5:00 pm on 08 June 2021.

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

   ii. 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 18 June 2021.

(d) 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*.

(e) 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.

(f) 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.

<u>Omitted Items</u>

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 14 May 2021.

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

PVC COMPOUNDS
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.

IC Tubes

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

Films

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

PVC PIPES AND FITTINGS

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.

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.

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.

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.

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.

Crown Telecom

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

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.

Enduro Pipes

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

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).

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.

PVC ROOF MATERIALS

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

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

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

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

Management of Key Risks related to the Company

Risks relating to the Company and its Business

- **Raw Material Cost and Availability**

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

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

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

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

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

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

In the Company's continuing commitment to maintain the highest level of quality in its operations and products, the Company owns and continues to update its ISO certifications, certifying that CROWN operates a quality management system that has been assessed as conforming to ISO 9001:2008 for the manufacture and distribution of both compounds and PVC products. The company's Compounds Division and Pipe Group are already assessed as conforming to ISO 9001:2015.

- **Power Shortages**

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

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

At present, the Company has a standby generator set to partially address the prospective power shortage that will affect the country. The Company is also assessing the purchase and installation of additional standby generator sets to increase its auxiliary power capacities in the event of power outages.

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

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

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

Risks relating to the Philippines

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

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

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

- **Occurrence of Natural Calamities**

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

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

Properties

The Company owns the following properties covered by individual tax declarations issued under its name in Km. 33 Mac Arthur Highway Bo. Tuktukan, Guiguinto, Bulacan where the manufacturing plant is located.

Lands

Tax Declaration Number	Area	Classification
2018-09014-01623	5,462.00 sqm	Industrial
2018-09014-01624	892.00 sq.m.	Industrial
2018-09014-01626	3,214.00 sq.m.	Industrial
2018-09014-01628	6,415.00 sq.m.	Industrial
2018-09014-01634	2,888.00 sq.m.	Industrial
2018-09014-01704	11,935.00 sq.m.	Industrial

Buildings and Improvements

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

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

- **Trademarks and Copyrights**

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

CROWN's Trademarks Under License			
Registered Trademark	**Registration Number**	**Date of Registration**	**Valid Until**
TECHNOVINYL & CROWN DEVICE WITHIN THE CIRCLE	4-1997-123430	February 10, 2003	February 10, 2023
HI TECH WITH CROWN LOGO	4-2005-006473	October 23, 2006	October 23, 2026
PETROVIN & CROWN DEVICE	4-2006-010314	July 30, 2007	July 30, 2027
CROWN UNIVERSAL	4-2006-013658	August 13, 2007	August 13, 2027
ENDURO WITH CROWN DEVICE	4-2006-012499	August 20, 2007	August 20, 2027
CROWN	4-2006-013655	August 11, 2008	August 11, 2028
CROWN BLUE	4-2006-013656	August 11, 2008	August 11, 2028
CROWNFLEX	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, 2021
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 2020. 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

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 P1,433.40 million in 2019 to P 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 P 393.40 million to P345.54 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.

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.

III. Key Performance Indicators

LIQUIDITY RATIOS		
Key Indicators	**December 31, 2020**	**December 31, 2019**
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
	SOLVENCY RATIOS	**SOLVENCY RATIOS**
Key Indicators	**December 31, 2020**	**December 31, 2019**
Debt to equity ratio	0.28 : 1.00	0.33 : 1.00
Asset to equity ratio	1.28 : 1.00	1.33 : 1.00
	PROFITABILITY RATIOS	**PROFITABILITY RATIOS**
Key Indicators	**December 31, 2020**	**December 31, 2019**
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

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 P1,187.19 million in 2018 to P 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 P 854.65 million to P 1,040.00 million.

Gross Profit and Gross Profit Margin

Gross profit increased by P60.87 million or 18.30% from P 332.53 million to P393.40 million.

Other Operating Expenses

Other operating expenses increased by 11.54% from P167.06 million for the year 2018 to P186.34 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.

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 P 56.46 million as at December 31, 2019 from P81.39 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 P 255.57 million as at December 31, 2019 from P205.92 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 P105.98 million to P118.51 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 P415.4 million to P586.64 million due to appraisal increase on revaluation of land, new acquisitions of machineries and equipments, and transportation equipments.

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 P48.0 million to P11.95 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 P175.55 million as at year end 2018 to P281.25 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 P5.09 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 equipments.

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 P328.31 million as at year-end 2018 to P408.35 million as at year- end 2019. The net increase is primarily due to the net profits after tax reported for the year amounting to P136.41 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.

III. Key Performance Indicators

LIQUIDITY RATIOS		
Key Indicators	**December 31, 2019**	**December 31, 2018**
Current ratio	3.21 : 1.00	4.04 : 1.00
Acid test ratio	1.08 : 1.00	1.36 : 1.00
Book value per share	1.93	1.70
	SOLVENCY RATIOS	**SOLVENCY RATIOS**
Key Indicators	**December 31, 2019**	**December 31, 2018**
Debt to equity ratio	0.33 : 1.00	0.22 : 1.00
Asset to equity ratio	1.33 : 1.00	1.22 : 1.00
	PROFITABILITY RATIOS	**PROFITABILITY RATIOS**
Key Indicators	**December 31, 2019**	**December 31, 2018**
Earnings per share	0.22	0.19

Return on assets	9.46%	9.35%
Return on equity	12.11%	11.23%
Gross profit ratio	27.44%	28.01%
Net profit (after tax) ratio	9.52%	9.91%

Notes:

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 2018 versus 2017

Results of Operations

Material Changes to the Statement of Comprehensive Income for the period ended December 31, 2018 compared to the Statement of Comprehensive Income for the period ended December 31, 2017 (increase/ decrease of 5.00% or more)

Revenues

For the period ended December 31, 2018, revenues decreased from P1,255.30 million in 2017 to P1,187.19 showing a decrease of 5.43% due to decrease in export sales and slower infrastructure projects.

Cost of Goods Sold
Cost of goods sold also decreased by 5.8% from P 907.32 million to P 854.65 million in relation to the decrease in revenues.

Gross Profit and Gross Profit Margin

Gross profit decreased from P 347.98 million for the year 2017 to P332.53 million for the year 2018, equivalent to a 4.44% decrease. The gross profit margin improved from 27.72% to 28.01% for the year 2018.

Other Operating Expenses

Other operating expenses decreased by 6.81% from P179.26 million for the year 2017 to P167.06 million in 2018 due to decrease in selling, marketing and rent expenses.

Other Income (Charges)

In 2018, it resulted to Other Income –net for P 2.74 million compared with Other charges-net of P 0.74 million in 2017, due to net foreign currency gains and effect of adoption of PFRS 9, net of impairment loss on application for VAT refund.

Financial Condition

Material Changes to the Statement of Financial Position as at December 31, 2018 compared to the Statement of Financial Position as at December 31, 2017 (increase/ decrease of 5.00% or more)

Cash and Cash Equivalents

Cash and cash equivalents decreased by P9.58 million or 10.53% to P 81.39 million as at December 31, 2018 from P90.96 million as at year-end 2017 due to payment of cash dividends, purchases of raw materials, acquisitions of new machineries and equipments and advance payment for future purchase of lot.

Trade and Other Receivables-net

Trade and Other Receivables-net decreased by P28.82 million or 12.28% to P 205.92 million as at December 31, 2018 from P234.74 million as at year-end 2017 due to stricter credit and collection policies and provision for impairment on application for VAT refund.

Inventories

Inventories increased by P88.15 million or 23.85% from P369.55 million to P457.7 million primarily due to additional purchases of raw materials to hedge against price volatility and also due to start of production of PVC roof division.

Prepayment and Other Current Assets

Prepayment and other current assets increased by P17.58 million or 19.88% from P88.41million to P105.98 million due to the increase in input VAT from purchases and application for VAT refund.

Other Non-current Assets

Other non-current assets increased by P26.24 million or 120.67% from P21.75 million to P48.0 million due to advance payment on future purchase of land.

Trade and Other Payables

This account increased by P34.98 million or 24.89% from P140.56 million as at year end 2017 to P175.55 million by year-end 2018 due to more purchases of raw materials at longer suppliers' credit terms and purchase of machineries.

Loans and Mortgage Payable

This account increased by P28.14 million or 1,605.93% from P1.75 million to P29.89 million due to release of bank loans for working capital requirements.

Income tax payable

Income tax payable decreased by 15.27% from P6.0 million to P5.09 million due to lower tax payable from annualized computation of regular income tax due for 2018.

Mortgage Payable

Mortgage payable increased by 45.91% from P2.48 million to P3.62 million due to release of vehicle loan for purchase of delivery equipments.

Deferred Tax Liability-net

This account decreased by 9.12% from P1.98 million from P21.66 million to P19.68 million due to the effect of adoption of PFRS 9.

Post Employment Defined Benefit Obligation

This account decreased by P 3.14 million or 33.90% from P 9.27 million to P 6.12 million due to actuarial valuation decrease as at December 31, 2018 valuation date.

Retained Earnings

As at December 31, 2018, retained earnings increased by 18.74% from P276.51 million as at year-end 2017 to P328.31 million as at year- end 2018. The net increase is primarily due to the net profits after tax reported for the year amounting to P117.60 million

III. Key Performance Indicators

LIQUIDITY RATIOS		
Key Indicators	**December 31, 2018**	**December 31, 2017**
Current ratio	4.04 : 1.00	5.28 : 1.00
Acid test ratio	1.36 : 1.00	2.20 : 1.00
Book value per share	1.70	1.62
	SOLVENCY RATIOS	**SOLVENCY RATIOS**
Key Indicators	**December 31, 2018**	**December 31, 2017**
Debt to equity ratio	0.22 : 1.00	0.18 : 1.00
Asset to equity ratio	1.22 : 1.00	1.18 : 1.00
	PROFITABILITY RATIOS	**PROFITABILITY RATIOS**
Key Indicators	**December 31, 2018**	**December 31, 2017**
Earnings per share	0.19	0.19
Return on assets	9.35%	9.98%
Return on equity	11.23%	12.00%
Gross profit ratio	28.01%	27.72%
Net profit (after tax) ratio	9.91%	9.33%

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

2021 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 equipments**
8. **Upgrade production facilities, tools, equipments 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.

FIRST QUARTER 2021

Results of Operation

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of March 31, 2021 versus March 31, 2020

Sales Revenues increased by 28% from P320.75M to P410.08 or by P 89.33M. This was driven by the increase in export sales of Compounds Division and increase in sales of Pipes and Roofing Divisions.

Cost of Sales increased by 38% from P212.92M to P293.73M or by P80.81M as the result of the increase in sales volume as well as the increase in raw material costs.

Other Income (Charges) increased by P0.51M or 426% from P0.12M to P0.63M. During the quarter, there were sale of company vehicles resulting to a gain of P0.28M. Further, with the appreciation of peso against US dollars, CACC was able to realize foreign exchange gain from export sales.

Net Profit Before Tax increased by P8.19M or 13% from P64.72M to P72.91M due to higher revenues in Quarter 1.

Tax expense decreased by P1.12M or 6% from P19.29M to P18.17M due to implementation of CREATE bill wherein the corporate income tax was reduced from 30% to 25%. The effectivity of the said CREATE bill is July 1, 2020.

Net Profit After Tax increased by P9.31M or 21% from P45.43M to P54.74M. This is due to the increase in revenues as well as the 5% reduction in the corporate income tax from 30% or 25% following the implementation of the CREATE bill.

Financial Condition

Review of financial condition as of March 31, 2021 compared with financial condition as of December 31, 2020

Cash and cash equivalents decreased by P54.97M or 29% from P188.20M to P133.23M. Purchases of raw materials increased as the volume of sales increased. However, it must be noted that cost of these materials went up, thus the higher amount of payments to suppliers. On the other hand, some customers are still trying to recover from the pandemic which resulted to slow collection from them.

Trade and Other Receivables increased by P109.41M or 40% from P276.00M to P385.41M. This was primarily due to the increase in sales during the quarter and slow collection from some customers that were impacted by the pandemic.

Inventories increased by P75.18M or 16% from P469.23M to P544.41M due to higher raw materials purchases.

Right of Use Assets decreased by P1.04M or 5% from P20.02M to P19.97M due to the recognition of depreciation expense.

Other non-current assets decreased by P0.56M or 6% from P9.63M to P9.06M due to refund of rental deposit for the terminated lease of one property in Davao.

Trade and other payables increased by P88.53M or 34% from P262.34M to P350.87M due to higher raw materials purchases.

Loans and mortgage payable decreased by P0.64M or 26% due to settlement of car loan amortization.

Current Lease Liability decreased by P.81M or 23% from P3.47M to P2.66M resulting from amortization of financial lease on the right of use asset.

Income Tax Payable increased by P1.98M or 12% from P16.17M to P18.16M due to higher taxable income for the period.

Post-employment retirement payable increased by P1.11M or 2280% from P.05M to P1.16M due to additional provision for retirement benefit.

Retained Earnings increased by P54.74M or 11% due to the increase net profit after tax during the period.

Material Changes as of March 31, 2021 Financial Statements

Statement of Financial Position

(Increase/decrease of 5% or more versus December 31, 2020)

29% decrease in cash and cash equivalents
Due to slow collection from some customers affected by the pandemic and higher payment to raw materials suppliers

40% increase in trade and other receivables
Due to the increase in sales and slow collection from some customers affected by the pandemic

16% increase in inventories
Due to higher raw materials purchases

5% decrease in right of use assets - net
Due to recognition of depreciation expense on the right of use assets

6% decrease in other non-current assets
Due to the refund of rental deposit from the terminated lease of one property in Davao.

34% increase in trade and other payables
Due to higher raw materials purchases

26% decrease in loans and mortgage payable
Due to settlement of car loan amortization

23% decrease in lease liability-current,
Due to amortization of lease liabilities.

12% increase in income tax payable
Due to higher taxable income for the period

2280% increase in post-employment defined benefit obligation
Due to the provision for retirement benefit payable for the period

11% increase in retained earnings
Due to higher net profit after tax for the quarter

Statement of Income

(Increase/decrease of 5% or more versus March 31, 2020)

28% increase in sales revenue
Due to increase in PVC compounds export sales and increase in sales of pipes and roofing divisions.

38% increase in cost of goods sold
Due to increase in sales revenues and raw material costs

426% increase in other income -net
Due to foreign exchange gains on export sales and sale of 2 company vehicles.

13% increase in net profit before tax
Due to higher revenues during the period

6% decrease in tax expense
Due to to CREATE bill income tax rate adjustment from 30% to 25%

21% increase in net profit after tax
Due to higher revenues and lower corporate income tax rate following the implementation of CREATE bill.

There are no other significant changes in the Company's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition of the Company.

There are no known trends or demands, commitments, events or uncertainties that would result in or that are reasonably likely to result in increasing or decreasing the Company's liquidity in any material way. The Company does not anticipate having any cash flow or liquidity problems. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

The Company has no unusual nature of transactions or events that affects assets, liabilities, equity, net income or cash flows.

The unaudited interim financial statements do not include all the information or disclosure required in the financial statements and should be read in conjunction with the Company's audited annual financial statements as of and for the year ended December 31, 2020.

The accounting policies and methods of computation adopted in preparation of the Company's unaudited interim financial statements are the same with the most recent audited annual financial statements for the year ended December 31, 2020.

There were no known material events subsequent to the end of the interim period that have not been reflected in the Company's Financial Statements for the first quarter of 2021.

There were no changes in estimates of amount reported in the current financial year or changes in estimates of amounts reported in prior financial years.

There was no contingent liability reflected in the most recent annual financial statements, the same in the current year financial statements for the first quarter of 2021. There are commitments, guarantees, and contingent liabilities that arise in the normal course of operations of the Company which are not reflected in the accompanying interim financial statements. The management of the Company is of the opinion that losses, if any, from these items will not have any material effect on its interim financial statements.

There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonable expected to have material impact on the continuing operations of the Company.

Item 3 - Aging of Accounts Receivable

EXHIBIT 7

CROWN ASIA CHEMICALS CORPORATION
(Formerly Crown Asia Compounders Corporation)
Aging of Accounts Receivable
As of March 31, 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

Type of Receivable	Balance	Current/ Not yet due	Over 30 Days	Over 60 days	Over 90 days	Over 120 days
a. Trade and Other Receivables-net	385,413,853	346,984,780	8,027,837	4,678,885	867,299	24,855,053

EXHIBIT 8

Item 4 – Key Performance Indicators

Key Performance Indicators

	LIQUIDITY RATIOS	
Key Indicators	**March 31, 2021**	**December 31, 2020**
Current ratio	3.15 : 1.00	3.66 : 1.00
Acid test ratio	1.39 : 1.00	1.63 : 1.00
Book value per share	2.18	2.09
	SOLVENCY RATIOS	
Key Indicators	**March 31, 2021**	**December 31, 2020**
Debt to equity ratio	0.34 : 1.00	0.28 : 1.00
Asset to equity ratio	1.34 : 1.00	1.28 : 1.00
	PROFITABILITY RATIOS	
Key Indicators	**March 31, 2021**	**March 31, 2020**
Earnings per share	0.09	0.07
Return on assets	3.1%	2.90%
Return on equity	4.11%	3.78%
Gross profit ratio	28.37%	33.62%
Net profit ratio	13.35%	14.16%

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/Total Equity)
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

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 1 January 2020 to 31 December 2020 are as follows:

High	₽ 2.17
Low	₽ 1.68

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

Quarter	High	Low
1st Quarter 2018	₽2.05	₽ 2.01
2nd Quarter 2018	₱1.89	₽1.81
3rd Quarter 2018	₽1.74	₽1.71
4th Quarter 2018	₽1.80	₽1.73
1st Quarter 2019	₽1.91	₽1.90
2nd Quarter 2019	₽2.11	₽2.01
3rd Quarter 2019	₽2.04	₽2.03
4th Quarter 2019	₽2.17	₽2.14
1st Quarter 2020	₽1.92	₽1.80
2nd Quarter 2020	₽2.00	₽1.68
3rd Quarter 2020	₽2.00	₽1.81
4th Quarter 2020	₽2.13	₽1.80
1st Quarter 2021	₽2.51	₽1.75

As at December 31, 2020, based on closing price of P 1.87 per share, the market capitalization of the common shares of the company was ₽ 1,141,894,930.00.

Total shares outstanding as of 30 April 2021 was 610,639,000 shares, with a par value of ₽1.00 per share.

As of 30 April 2021, the High and Low Prices were at ₽1.87 and ₽1.83 with the Last Traded Price at ₽1.86.

The Top 20 shareholders as of 31 March 2021 are as follows:

Name	Number of Share Held	% to Total Outstanding
1. PCD Nominee – Filipino	192,082,297	31.46%
2. Eugene H. Lee Villanueva	74,577,108	12.21%
3. Walter H. Villanueva	73,955,000	12.11%
4. Christie Tan Perez	47,280,000	7.74%
5. Nicasio T. Perez	47,280,000	7.74%
6. Tita P. Villanueva	47,280,000	7.74%
7. Oscar T. Perez	23,640,000	3.87%
8. Meda T. Perez	23,640,000	3.87%
9. Sofia P. Po	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. Derrick P. Villanueva	6,431,293	1.05%
13. PCD Nominee Corporation	6,238,401	1.02%

Name	Number of Share Held	% to Total Outstanding
14. Warren Michael P. Lee Villanueva	3,940,000	0.65%
15. Natalie Lee Villanueva Penaranda	3,940,000	0.65%
16. Johanns Plana Lee Villanueva	3,940,000	0.65%
17. Derrick P. Villanueva	3,689,000	0.60%
18. Eugene H. Lee Villanueva	3,657,108	0.58%
19. Jefferson T. Sy	2,564,422	0.42%
20. Christie T. Perez	2,464,422	0.39%

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 ($^2/_3$) 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 2020, the Company declared cash dividends as follows:

Cash Dividend Payout: 2018 – 2020						
Year	**Declaration Date**	**Record Date**	**Payment Date**	**Amount**	**Cash Dividends per Share**	**Dividend Rate**
2018	March 09, 2018	April 12, 2018 June 26, 2018	May 9, 2018 July 11, 2018	25,232,000 31,540,000	₱0.04 ₱0.05	48.48%
2019	March 12, 2019	April 12, 2019 July 9, 2019	May 9, 2019 July 23, 2019	31,455,100 24,921,080	₱0.05 ₱0.04	47.94%
2020	May 29, 2020	June 26, 2020	July 22, 2020	24,443,640	₱0.04	17.92%

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 2021, in compliance with SEC Memorandum Circular No. 15 Series of 2017.

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
Tel No.: 632-413-8032 to 36
Fax No.: 632-413-8032 Loc. 111

DIRECTORS' ATTENDANCE REPORT (2020)

Board Meetings

BOARD OF DIRECTORS MEETING

Members	16-Jan-20	5-Mar-20	29-May-20	26-Jun-20	9-Jul-20	11-Aug-20	10-Nov-20
Walter H. Villanueva	√	√	√	√	√	√	√
Eugene H. Lee Villanueva	√		√	√	√	√	√
Tita P. Villanueva	√	√	√	√	√	√	√
Nicasio T. Perez	√	√	√	√	√	√	√
Derrick P. Villanueva	√	√	√	√	√	√	√
Hans Joseph T. Perez					√	√	√
Ernesto Maria R. Alberto	√	√	√	√	√	√	√
Marie Therese G. Santos	√	√	√	√	√	√	√
Bede Lovell S. Gomez	√	√	√	√	√	√	√

*Note: Mr. Hans Perez became a board member only in the July 2020 Annual Stockholders' Meeting.

Audit Committee Meetings

Members	5-Mar-20	29-May-20	11-Aug-20	10-Nov-20
Marie Therese G. Santos	√	√	√	√
Ernesto Maria R. Alberto	√	√	√	√
Bede Lovell S. Gomez	√	√	√	√
Nicasio T. Perez	√	√	√	√
Jefferson T. Sy	√	√		
Eugene H. Lee Villanueva			√	√

*Note: Noted absences were due to the change in Audit Committee member composition after the Annual Stockholders' Meeting.

Corporate Governance Committee Meetings

Members	5-Mar-20	29-May-20	26-Jun-20	10-Nov-20
Bede Lovell S. Gomez	√	√	√	√
Ernesto Maria R. Alberto	√	√	√	√
Marie Therese G. Santos	√	√	√	√
Walter H. Villanueva	√	√	√	√
Tita P. Villanueva	√	√	√	√
Derrick P. Villanueva				√

*Note: Mr. Derrick Villanueva only became a member of this Committee after the July 2020 Annual Stockholders' Meeting.

<u>Risk Committee Meetings</u>

Members	5-Mar-20	26-Jun-20	11-Aug-20	10-Nov-20
Ernesto Maria R. Alberto	√	√	√	√
Marie Therese G. Santos	√	√	√	√
Bede Lovell S. Gomez	√	√	√	√
Derrick P. Villanueva	√	√		
Eugene H. Lee Villanueva		√		
Walter H. Villanueva			√	√
Hans Joseph T. Perez			√	√

*Note: Noted absences were due to the change in Committee member composition after the Annual Stockholders' Meeting. Only the March 5, 2020 meeting, where Mr. Eugene Villanueva was absent, was there a meeting of the Risk Committee held in 2020 wherein a member was absent.

Guidelines for Participating via Remote Communication and Voting in Absentia

The 2021 Annual Stockholders' Meeting (ASM) of Crown Asia Chemical Corporation (the "Company") will be held on 18 June 2021 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 14 April 2021 ("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 mobility restrictions and prohibition on mass gatherings due to the public health emergency, 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 8 June 2021, 5:00 p.m. via **https://www.crownpvc.com.ph/investors** and by submitting the following requirements and documents to **corporatesecretary@crownpvc.com.ph**, subject to verification and validation:

1. Individual Stockholders

1.1. 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

1.2. Stock certificate number

1.3. Active e-mail address/es

1.4. Active contact number/s, with area and country codes

2. Multiple Stockholders or with joint accounts

2.1. 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

2.2. Stock certificate number/s

2.3. Active e-mail addresses of the stockholders

2.4. Active contact numbers, with area and country codes

2.5. Digital copy of an authorization letter executed by all named holders, authorizing a holder to vote for and on behalf of the account

3. Corporate Stockholders

3.1. 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

3.2. 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

3.3. Active e-mail address/es of the authorized representative

3.4. Active contact number of an authorized representative, with area and country codes

4. PCD Participants/Brokers

4.1. 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

4.2. Digital copy of the certificate of shareholdings issued by the PCD/broker

4.3. 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

4.4. Active e-mail address/es of the authorized representative

4.5. Active contact number of the authorized representative, with area and country codes

ONLINE VOTING

1. 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.

2. 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.

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

2.2 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.

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

4. 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 2021" to corporatesecretary@crownpvc.com.ph on or before 10:00 am on 18 June 2021. Questions/comments received but not entertained during the Open Forum due to time constraints will be addressed separately by the Company via email.

COVER SHEET

159950

S.E.C. Registration Number

CROWN ASIA CHEMICALS

CORPORATION .

(Company's Full Name)

KM 33 MC ARTHUR HIGHWAY

BO TUKTUKAN GUIGUINTO BULACAN

TITA P. VILLANUEVA

Contact Person

34138032

Company Telephone Number

12 31

Month Day

Fiscal Year

SEC FORM 17 - A

FORM TYPE

05 14

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

66

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

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

1. For the fiscal year: **December 31, 2020**
2. SEC Identification number: **159950**

3. BIR Tax Identification No: **025-240-902-000**

4. Exact name of issuer as specified in its charter: **CROWN ASIA CHEMICALS CORPORATION**

5. Province, country or other jurisdiction of incorporation or organization: **Metro Manila**

6. Industry Classification Code: ______ (SEC Use Only)

7. Address of issuer's principal office: **Km 33 Mc Arthur Highway Bo. Tuktukan Guiguinto, Bulacan**

   Postal Code: **3015**

8. Issuer's telephone number, including area code: **(632) 3412-06-39 to 41**

9. Former name, former address and former fiscal year, if changed since last report: **Not Applicable**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding
Common stock	**610,639,000**
	Amount of Debt Outstanding as of December 31, 2020
	P358,043,348

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

    Yes [/] No [ ]

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

    The Philippine Stock Exchange, Inc.

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

12. Indicate by check mark whether the registrant:

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

Yes [/]   No [ ]

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

Yes [/]   No [ ]

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

The aggregate market value of the voting stock held by non-affiliates for 298,593,754 (public shares) as of December 31, 2020, computed based on the closing share price of P 1.87 per share as of December 31, 2020 is P558,370,319.98.

TABLE OF CONTENTS

PART I—BUSINESS AND GENERAL INFORMATION

Item 1. Business

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

PVC COMPOUNDS
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.

IC Tubes

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

Films

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

PVC PIPES AND FITTINGS

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.

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.

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.

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.

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.

Crown Telecom

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

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.

Enduro Pipes

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

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).

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.

PVC ROOF MATERIALS

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

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

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

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

Management of Key Risks related to the Company

Risks relating to the Company and its Business

- **Raw Material Cost and Availability**

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

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

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

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

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

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

In the Company's continuing commitment to maintain the highest level of quality in its operations and products, the Company owns and continues to update its ISO certifications, certifying that CROWN operates a quality management system that has been assessed as conforming to ISO 9001:2008 for the manufacture and distribution of both compounds and PVC products. The company's Compounds Division and Pipe Group are already assessed as conforming to ISO 9001:2015.

- **Power Shortages**

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

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

At present, the Company has a standby generator set to partially address the prospective power shortage that will affect the country. The Company is also assessing the purchase and installation of additional standby generator sets to increase its auxiliary power capacities in the event of power outages.

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

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

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

Risks relating to the Philippines

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

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

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

- **Occurrence of Natural Calamities**

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

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

Item 2. Properties

The Company owns the following properties covered by individual tax declarations issued under its name in Km. 33 Mac Arthur Highway Bo. Tuktukan, Guiguinto, Bulacan where the manufacturing plant is located.

Lands

Tax Declaration Number	Area	Classification
2018-09014-01623	5,462.00 sqm	Industrial
2018-09014-01624	892.00 sq.m.	Industrial
2018-09014-01626	3,214.00 sq.m.	Industrial
2018-09014-01628	6,415.00 sq.m.	Industrial
2018-09014-01634	2,888.00 sq.m.	Industrial
2018-09014-01704	11,935.00 sq.m.	Industrial

Buildings and Improvements

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

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

Trademarks and Copyrights

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

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

PETROVIN & CROWN DEVICE	4-2006-010314	July 30, 2007	July 30, 2027
CROWN UNIVERSAL	4-2006-013658	August 13, 2007	August 13, 2027
ENDURO WITH CROWN DEVICE	4-2006-012499	August 20, 2007	August 20, 2027
CROWN	4-2006-013655	August 11, 2008	August 11, 2028
CROWN BLUE	4-2006-013656	August 11, 2008	August 11, 2028
CROWNFLEX	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, 2021
CROWN HYDRO-PLUS	4-2014-00003801	August 7, 2014	August 7, 2024
CROWN HYDRO-FLEX	4-2014-00003802	August 7, 2014	August 7, 2024
CROWN HYDRO-TECH	4-2014-00003804	September 18, 2014	September 18, 2024
CROWN RED AND GREEN	4-2014-00004482	December 11, 2014	December 11, 2024
CROWN FUERZA	4-2014-00007463	February 12,2015	February 12, 2025
CROWN SIGMA	4-2014-00007464	February 12, 2015	February 12, 2025
CROWN CorrWave	4-2017-011461	November 23,2017	November 23, 2027
CROWN ClearBright	4-2017-011460	December 17,2017	December 17, 2027
CROWN StrongRib	4-2017-011462	December 17,2017	December 17, 2027
CROWN SmartRoof	4-2017-011464	December 17,2017	December 17, 2027
CROWN TileTech	4-2017-011465	December 17,2017	December 17, 2027
CROWN HeatProtect	4-2017-011463	April 26, 2018	April 26, 2028

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

Item 3. Legal Proceedings

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

Involvement in Legal Proceedings

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

- any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer, either at the time of the bankruptcy or within two (2) years prior to that time;
- any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or

temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

- being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

Item 4. Submission Matters to a Vote of Security Holders

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

PART 11 – OPERATIONAL AND FINANCIAL INFORMATION

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

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

Full year high and low prices from January 01, 2020 to December 31, 2020 are as follows:

High	P 2.17
Low	P 1.68

As at December 31, 2020, based on closing price of P 1.87 per share, the market capitalization of the common shares of the company was P 1,141,894,930.00

(2). Total shares outstanding as of December 31, 2020 was 610,639,000 shares with a par value of P 1.00 per share.

(3). The top 15 shareholders as of the same date are:

Name	Number of Shares Held	% to total outstanding
1 PCD Nominee – Fil	172,244,297	28.21%
2 Eugene H. Lee Villanueva	74,577,108	12.21%
3 Walter H. Villanueva	70,920,000	11.61%
4 Christie T. Perez	49,744,422	8.15%
5 Nicasio T. Perez	47,280,000	7.74%
6 Tita P. Villanueva	47,280,000	7.74%
7 Gloria P. Go	23,672,211	3.88%
7 Sofia P. Po	23,640,000	3.87%
8 Meda T. Perez	23,640,000	3.87%
9 Oscar T. Perez	23,640,000	3.87%
10 Elizabeth P. Lee Villanueva	12,436,105	2.04%
12. Derrick P. Villanueva	11,888,293	1.95%
13. PCD Nominee - Non Fil	6,100,401	0.99%

14	Natalie Lee Villanueva Penaranda	4,143,004	0.68%
15	Johanns Plana. Lee Villanueva	4,143,004	0.68%

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 ($^2/_3$) of the outstanding capital stock of the Company. Holders of outstanding Common Shares as of a dividend record date will be entitled to full dividends declared without regard to any subsequent transfer of such shares.

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

From 2018 to 2020, the Company declared cash dividends as follows:

Cash Dividend Payout: 2018 – 2020						
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	₱0.04	48.48%
		June 26, 2018	July 11, 2018	31,540,000	₱0.05	
2019	March 12, 2019	April 12, 2019	May 9, 2019	31,455,100	₱0.05	47.94%
		July 9, 2019	July 23, 2019	24,921,080	₱0.04	
2020	May 29, 2020	June 26, 2020	July 22, 2020	24,443,640	₱0.04	17.92%

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

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.

11. 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.

III. Key Performance Indicators

LIQUIDITY RATIOS		
Key Indicators	**December 31, 2020**	**December 31, 2019**
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
	SOLVENCY RATIOS	**SOLVENCY RATIOS**
Key Indicators	**December 31, 2020**	**December 31, 2019**
Debt to equity ratio	0.28 : 1.00	0.33 : 1.00
Asset to equity ratio	1.28 : 1.00	1.33 : 1.00
	PROFITABILITY RATIOS	**PROFITABILITY RATIOS**
Key Indicators	**December 31, 2020**	**December 31, 2019**
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

<u>FY 2019 versus 2018</u>

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)

<u>Revenues</u>

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.

<u>Cost of Goods Sold</u>

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

<u>Gross Profit and Gross Profit Margin</u>

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

<u>Other Operating Expenses</u>

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.

<u>Other Income (Charges)</u>

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.

<u>Tax Expense</u>

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.

11. 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 equipments, and transportation equipments.

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 equipments.

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.

III. Key Performance Indicators

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

Notes:

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 2018 versus 2017__

1. Results of Operations

Material Changes to the Statement of Comprehensive Income for the period ended December 31, 2018 compared to the Statement of Comprehensive Income for the period ended December 31, 2017 (increase/ decrease of 5.00% or more)

Revenues

For the period ended December 31, 2018, revenues decreased from ₱1,255.30 million in 2017 to ₱ 1,187.19 showing a decrease of 5.43% due to decrease in export sales and slower infrastructure projects.

Cost of Goods Sold

Cost of goods sold also decreased by 5.8% from ₱ 907.32 million to ₱ 854.65 million in relation to the decrease in revenues.

Gross Profit and Gross Profit Margin

Gross profit decreased from ₱ 347.98 million for the year 2017 to ₱332.53 million for the year 2018, equivalent to a 4.44% decrease. The gross profit margin improved from 27.72% to 28.01% for the year 2018.

Other Operating Expenses

Other operating expenses decreased by 6.81% from ₱179.26 million for the year 2017 to ₱167.06 million in 2018 due to decrease in selling, marketing and rent expenses.

Other Income (Charges)

In 2018, it resulted to Other Income –net for P 2.74 million compared with Other charges-net of P 0.74 million in 2017, due to net foreign currency gains and effect of adoption of PFRS 9, net of impairment loss on application for VAT refund.

11. Financial Condition

Material Changes to the Statement of Financial Position as at December 31, 2018 compared to the Statement of Financial Position as at December 31, 2017 (increase/ decrease of 5.00% or more)

Cash and Cash Equivalents

Cash and cash equivalents decreased by P9.58 million or 10.53% to ₱ 81.39 million as at December 31, 2018 from ₱90.96 million as at year-end 2017 due to payment of cash dividends, purchases of raw materials, acquisitions of new machineries and equipments and advance payment for future purchase of lot.

Trade and Other Receivables-net

Trade and Other Receivables-net decreased by P28.82 million or 12.28% to ₱ 205.92 million as at December 31, 2018 from ₱234.74 million as at year-end 2017 due to stricter credit and collection policies and provision for impairment on application for VAT refund.

Inventories

Inventories increased by P88.15 million or 23.85% from P369.55 million to P457.7 million primarily due to additional purchases of raw materials to hedge against price volatility and also due to start of production of PVC roof division.

Prepayment and Other Current Assets

Prepayment and other current assets increased by P17.58 million or 19.88% from ₱88.41million to ₱105.98 million due to the increase in input VAT from purchases and application for VAT refund.

Other Non-current Assets

Other non-current assets increased by P26.24 million or 120.67% from ₱21.75 million to ₱48.0 million due to advance payment on future purchase of land.

Trade and Other Payables

This account increased by P34.98 million or 24.89% from ₱140.56 million as at year end 2017 to ₱175.55 million by year-end 2018 due to more purchases of raw materials at longer suppliers' credit terms and purchase of machineries.

Loans and Mortgage Payable

This account increased by P28.14 million or 1,605.93% from P1.75 million to P29.89 million due to release of bank loans for working capital requirements.

Income tax payable

Income tax payable decreased by 15.27% from ₱6.0 million to P5.09 million due to lower tax payable from annualized computation of regular income tax due for 2018.

Mortgage Payable

Mortgage payable increased by 45.91% from P2.48 million to P3.62 million due to release of vehicle loan for purchase of delivery equipments.

Deferred Tax Liability-net

This account decreased by 9.12% from P1.98 million from P21.66 million to P19.68 million due to the effect of adoption of PFRS 9.

Post Employment Defined Benefit Obligation

This account decreased by P 3.14 million or 33.90% from P 9.27 million to P 6.12 million due to actuarial valuation decrease as at December 31, 2018 valuation date.

Retained Earnings

As at December 31, 2018, retained earnings increased by 18.74% from ₱276.51 million as at year-end 2017 to ₱328.31 million as at year- end 2018. The net increase is primarily due to the net profits after tax reported for the year amounting to ₱117.60 million

III. Key Performance Indicators

LIQUIDITY RATIOS		
Key Indicators	**December 31, 2018**	**December 31, 2017**
Current ratio	4.04 : 1.00	5.28 : 1.00
Acid test ratio	1.36 : 1.00	2.20 : 1.00
Book value per share	1.70	1.62
	SOLVENCY RATIOS	**SOLVENCY RATIOS**
Key Indicators	**December 31, 2018**	**December 31, 2017**
Debt to equity ratio	0.22 : 1.00	0.18 : 1.00
Asset to equity ratio	1.22 : 1.00	1.18 : 1.00
	PROFITABILITY RATIOS	**PROFITABILITY RATIOS**
Key Indicators	**December 31, 2018**	**December 31, 2017**
Earnings per share	0.19	0.19
Return on assets	9.35%	9.98%
Return on equity	11.23%	12.00%
Gross profit ratio	28.01%	27.72%
Net profit (after tax) ratio	9.91%	9.33%

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

2021 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 equipments**
8. **Upgrade production facilities, tools, equipments and accessories**

Item 7. Financial Statements

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

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

1. Independent Public Accountant

a. Punongbayan & Araullo (P&A) was engaged by the company to audit the Company's financial statements for the calendar years December 31, 2020, 2019 and 2018. Their responsibility is to express an opinion on these financial statements based on their audit. The audits were conducted in accordance with Philippine Standards on Auditing.

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

b. Audit and Audit Related Fees

Punongbayan & Araullo billed the Company P425,000.00, P485,000.00 and P530,000.00 for the examination of the financial statements for the calendar years December 31, 2018, 2019 and 2020 respectively, exclusive of 15% of professional fees for out of pocket expenses

c. Tax Fees

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

d. Audit Committee Approval Policies

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

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

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

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

Changes in Accounting Policies

Please refer to Note 2 – Summary of Significant Accounting Policies under Changes in Accounting Policies and Disclosures discussion on the Notes to Financial Statements of the year ended December 31, 2020, included in this report.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Board of Directors

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

As of December 31, 2020, the composition of the Company's Board of Directors is as follows:

Board of Directors				
Name	**Age**	**Nationality**	**Present Position**	**Period of Service in the Company**
Walter H. Villanueva	66	Filipino	Chairman of the Board	19 years
Tita P. Villanueva	65	Filipino	Director	31 years
Nicasio T. Perez	63	Filipino	Director	31 years
Derrick P. Villanueva	38	Filipino	Director	11 years
Hans T. Perez	31	Filipino	Director	7 years
Eugene H. Villanueva	64	Filipino	Director	31 years
Marie Therese G. Santos	63	Filipino	Independent Director	more than 5 years
Ernesto R. Alberto	58	Filipino	Independent Director	more than 5 years
Bede Lovell S. Gomez	52	Filipino	Lead- Independent Director	more than 4 years

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

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

Walter H. Villanueva, 66, 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, 65, 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, 63, 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, 38, 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, 31, 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, 64, 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, 63, Filipino, Independent Director

Ms. Marie Therese G. Santos is concurrently a director, stockholder, and administrator of Gravitas Prime. Ms. Santos also sits as Independent Director of First Abacus Holdings, Inc. and Treasurer/ Trustee 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, 58, Filipino, Independent Director

Mr. Ernesto R. Alberto is a retired Executive Vice President of the Philippine Long Distance Telephone Company (PLDT). He is also the President and CEO of Telesat, Inc. and ePLDT, Inc., as well as the President of ePDS, Inc. In addition, he is 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 holds 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, 52, Filipino, Lead Independent Director

Mr. Bede Lovell S. Gomez is currently a member of the Board of Directors of Ardenwood Construction and Orbis Capital Ventures, Inc. He is also a Board Member/Trustee of the Fund Managers Association of the Philippines a member of the Trust Officers Association of the Philippines. Prior to this, he was the Trust Officer/Group Head of the Investment Advisory and Trust Group of First Metro Investment Corporation (FMIC) where he was also the Assistant Vice President-Head of Investment Advisory Group. Before his stint in FMIC, he was Assistant Vice President/Head of Investments-Equities and Fixed Income of the Robinsons Bank Trust and Investment Group. Mr. Gomes earned his B.A. Political Science/Economics degree from the Loyola University of Chicago (USA).

Executive Officers

As of December 31, 2020, the following are the executive officers of the Company:

Principal Officers				
Name	**Age**	**Nationality**	**Present Position**	**Year Position was Assumed**
Walter H. Villanueva	66	Filipino	Chief Risk Officer President General Manager of PVC Roof Division Head of Pipe Group	2020 2019 2017 2014
Tita P. Villanueva	65	Filipino	SVP/Chief Financial Officer Vice President-Comptroller	2017 2005
Nicasio T. Perez	63	Filipino	Vice President-Treasurer	1992
Derrick P. Villanueva	38	Filipino	General Manager – PVC Pipes Division Assistant General Manager- PVC Pipes Division	2014 2009
Hans Joseph T. Perez	31	Filipino	Risk Management Officer and General Manager – PPR /HDPE Pipes Division Assistant General Manager-PPR/HDPE Division	2017 2014
Marie Grace N. Dalupan	39	Filipino	Compliance Officer and AVP-Finance	2020 2019
Jason C. Nalupta	49	Filipino	Corporate Secretary and Chief Information Officer	2012
Ann Margaret Keh Lorenzo	32	Filipino	Assistant Corporate Secretary	2017

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

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

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

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

Jason C. Nalupta, Filipino is the Corporate Secretary of the Corporation. He is also currently the Corporate Secretary or Assistant Corporate Secretary of listed firms A. Brown Company, Inc., Asia United Bank, Pacific Online Systems Corporation. He is also a Director and/or Corporate Secretary or Assistant Corporate Secretary of private companies Sino Cargoworks

Agencies, Inc., Falcon Resources, Inc., Mercury Ventures, Inc., Total Gaming Technologies, Inc., Parallax Resources, Inc., SLW Development Corporation, Metropolitan Leisure & Tourism Corporation, Sagesoft Solutions, Inc., Radenta Technologies, Inc., Xirrus, Inc., Glypthstudios, Inc., Loto Pacific Leisure Corporation, and Sta. Clara International Corporation. He is a Partner at Tan Venturanza Valdez Law Offices specializing on corporate, securities, and business laws. Mr. Nalupta earned his Juris Doctor degree, as well as his Bachelor of Science degree in Management (major in Legal Management), from the Ateneo de Manila University in 1996 and 1992, respectively. Mr. Nalupta was admitted to the Philippine Bar in 1997.

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

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

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

Significant Employees

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

Board Meetings and Attendance

Board	Name	No. of Meetings Held during the Year	No. of Meetings Attended	%
Chairman	Walter H. Villanueva	7	7	100%
Member	Tita P. Villanueva	7	7	100%
Member	Nicasio T. Perez	7	7	100%
Member	Derrick P. Villanueva	7	7	100%
Member	Eugene H. Villanueva	7	6	85%

Member	Hans T. Perez	7	5	71%
Member	Marie Therese G. Santos	7	7	100%
Member	Ernesto R. Alberto	7	7	100%
Member	Bede Lovell S. Gomez	7	7	100%

Item 10. Executive Compensation

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

Name and Position	Year	Salaries	Bonuses	Others	Total
Walter H. Villanueva/ Chairman/President/Head-Pipe Group/ General Manager – PVC Roof Division	2020	₱15,416,457		₱1,708,060	₱ 17,124,517
Tita P. Villanueva/ SVP/Chief Financial Officer					
Nicasio T. Perez/VP- Treasurer					
Derrick P. Villanueva/General Manager-PVC Pipes Division					
Hans T. Perez/General Manager-PPR/HDPE Division					
Walter H. Villanueva/ Chairman/President/Head-Pipe Group/ General Manager – PVC Roof Division	2019	₱21,265,020	₱1,518,930	₱1,097,197	₱ 23,881,147
Eugene Lee Villanueva/ General Manager-Compounds Division					
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	2018	₱21,265,020	₱1,518,930	₱667,876	₱ 23,451,826
Aggregate compensation paid to all officers and directors as a group unnamed	2020	₱15,701,087		₱2,704,772	₱ 18,405,860
	2019	₱21,957,208	₱3,975,310	₱1,128,066	₱27,060,584
	2018	₱22,624,020	₱1,518,930	₱667,876	₱ 24,810,826

Compensation of Directors

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

Currently for Board meetings, the Chairman receives P25,000.00 and other directors at P20,000.00 per meeting attended. For Committee meetings, the Committee Chairperson receives P 12,000.00 and the members receive P 10,000.00 per meeting attended.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

As at December 31, 2020, the following are the owners of record, **directly or indirectly**, of more than 5.00% of the Company's outstanding capital stock, the number of shares and percentage of shareholdings of each of them:

Security Ownership					
Title of Class	**Name, address of record owner and relationship with Issuer**	**Name of Beneficial Owner and Relationship with Record Owner**	**Citizenship**	**No. of Shares Held**	**Percent of Class**
Common	**Nicasio T. Perez** West Triangle Homes, Quezon City *Shareholder*	Same as record owner	Filipino	97,024,422	15.89%
Common	**Eugene H. Lee Villanueva** West Triangle Homes, Quezon City *Shareholder*	Same as record owner	Filipino	74,577,108	12.21%
Common	**Walter H. Villanueva** Corinthian Gardens, Quezon City *Shareholder*	Same as record owner	Filipino	73,572,000	12.05%
Common	**Tita P. Villanueva** Corinthian Gardens, Quezon City *Shareholder*	Same as record owner	Filipino	47,280,000	7.74%

Security Ownership					
Title of Class	Name, address of record owner and relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
TOTAL				**292,453,530**	**47.89%**

Security Ownership of Directors and Management

The following are the number of shares owned of record by the directors and executive officers of the Company and the percentage of shareholdings of each of them as of December 31, 2020:

Direct Ownership by Board of Directors and Management				
Title of Class	**Name of Beneficial Owner**	**Amount and Nature of Beneficial Ownership**	**Citizenship**	**Percent of Class**
Common	**Eugene H. Lee Villanueva** *Director*	74,577,108 *Direct*	Filipino	12.21%
Common	**Walter H. Villanueva** *Chairman of the Board, President, Head – Pipes Group, and General Manager – PVC Roof Division and Director*	70,920,000 *Direct*	Filipino	11.61%
Common	**Tita P. Villanueva** *SVP/Chief Financial Officer and Director*	47,280,000 *Direct*	Filipino	7.74%
Common	**Nicasio T. Perez** *Vice President – Treasurer and Director*	47,280,000 *Direct*	Filipino	7.74%
Common	**Derrick P. Villanueva** *General Manager – PVC Pipes Division and Director*	11,888,293 *Direct*	Filipino	1.95%
Common	**Hans T. Perez** *General Manager - PPR/HDPE Division and Director*	2,464,422 *Direct*	Filipino	0.40%
Common	**Marie Therese G. Santos** *Independent Director*	1,000 *Direct*	Filipino	-nil-
Common	**Ernesto R. Alberto** *Independent Director*	1,000 *Direct*	Filipino	-nil-
Common	**Bede Lovell S. Gomez** *Lead Independent Director*	1 *Direct*	Filipino	-nil-
Total				**39.61%**

As of December 31, 2019, the aggregate direct ownership of all directors and officers of the Company as a group is 39.61% of the total issued and outstanding shares of the Company.

Selling Security Holders

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

Voting Trust

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

Item 12. Certain Relationships and Related Transactions

Family Relationships

Mr. Walter H. Villanueva and Mr. Eugene H. Lee Villanueva are siblings.
Mrs. Tita P. Villanueva and Mr. Nicasio T. Perez are siblings.
Mr. Walter H. Villanueva and Mrs. Tita P. Villanueva are spouses.
Mr. Derrick P. Villanueva is the son of Mr. Walter H. Villanueva and Mrs. Tita P. Villanueva.
Mr. Hans Joseph T. Perez is the son of Mr. Nicasio T. Perez.

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

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

PART IV – CORPORATE GOVERNANCE

Item 13. Compliance with Leading Practice on Corporate Governance

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

PART V – EXHIBITS AND SCHEDULES

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

(a) Exhibits - none
(b) Reports on SEC Form 17-C for the last six months of the year

CROWN ASIA CHEMICALS CORPORATION
LIST OF CORPORATE DISCLOSURES UNDER SEC FORM 17-C
JULY 1, 2020 TO DECEMBER 31, 2020

Date	Description of Disclosure
July 3, 2020	Share Buy-back Transaction
July 6, 2020	Press Release
July 6, 2020	Share Buy-back Transaction
July 10, 2020	Results of Organizational Meeting of the Board of Directors
July 10, 2020	Results of Annual or Special Stockholders Meeting
July 13, 2020	Share Buy-back Transaction
July 21, 2020	Share Buy-back Transaction
July 24, 2020	Share Buy-back Transaction
July 28, 2020	Share Buy-back Transaction
July 29, 2020	Share Buy-back Transaction
August 5, 2020	Share Buy-back Transaction
August 7, 2020	Share Buy-back Transaction
August 10, 2020	Share Buy-back Transaction
August 18, 2020	Share Buy-back Transaction
August 19, 2020	Share Buy-back Transaction
August 24, 2020	Share Buy-back Transaction
August 25, 2020	Share Buy-back Transaction
August 26, 2020	Share Buy-back Transaction
August 28, 2020	Share Buy-back Transaction
September 1, 2020	Share Buy-back Transaction
September 3, 2020	Share Buy-back Transaction
September 7, 2020	Share Buy-back Transaction
September 15, 2020	Share Buy-back Transaction
September 22, 2020	Share Buy-back Transaction
September 28, 2020	Share Buy-back Transaction
September 29, 2020	Share Buy-back Transaction
October 5, 2020	Share Buy-back Transaction
October 6, 2020	Share Buy-back Transaction
October 8, 2020	Share Buy-back Transaction
October 9, 2020	Share Buy-back Transaction
October 16, 2020	Share Buy-back Transaction
October 19, 2020	Share Buy-back Transaction
October 21, 2020	Share Buy-back Transaction
October 22, 2020	Share Buy-back Transaction
October 27, 2020	Share Buy-back Transaction
October 30, 2020	Share Buy-back Transaction
November 23, 2020	Share Buy-back Transaction
December 7, 2020	Material Information/Transactions-Conclusion of Share Buy-back
December 7, 2020	Press Release

CROWN ASIA CHEMICALS CORPORATION

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SIGNATURES

Pursuant to the requirements of the Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned thereunto duly authorized, in PASIG CITY on MAR 1 6 2021.

CROWN ASIA CHEMICALS CORPORATION
Issuer

By:

WALTER H. VILLANUEVA
Chairman and President

TITA P. VILLANUEVA
SVP/Chief Finance Officer

ATTY. ANN MARGARET K. LORENZO
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAR 1 6 2021 **day of____________ 2021 affiants exhibiting to me their Passports, as follows:**

NAMES	Passport NO.	DATE/PLACE OF ISSUE
Walter H. Villanueva	P0607032B	02/09/2019 DFA NCR East
Tita P. Villanueva	P0600446B	02/08/2019 DFA NCR East
Atty. Ann Margaret K. Lorenzo	P4475873A	11/04/2018 DFA NCR East

NOTARY PUBLIC

Doc. No. 475;
Page No. 96;
Book No. IV;
Series of 2021.

YSABEL KATHRYN M. SANTOS
Notary Public for
Pasig City, San Juan, Taguig & Pateros
Appointment No. 231 (2019-2020)
(Commission Extended on 30 June 2021
per Supreme Court Resolution dated 01 December 2020)
2704 East Tower, PSE Centre, Exchange Road
Ortigas Center, 1605 Pasig City
PTR No. 6515070 / 01.29.21 / Pasig
IBP LRN No. 016949 / 06.28.2019 / RSM
Roll of Attorneys No. 70409
MCLEC No. VI-0017136 / 01.10.19

COVER SHEET

1 5 9 9 5 0

S.E.C. Registration Number

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

C O R P O R A T I O N .

(Company's Full Name)

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

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

TITA P. VILLANUEVA

Contact Person

3 4 1 3 8 0 3 2

Company Telephone Number

1 2   3 1

Month Day

Fiscal Year

A F S

FORM TYPE

0 5   1 4

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

6 6

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

CROWN ASIA CHEMICALS CORPORATION

Km 33 Mc Arthur Highway, Tuktukan Guiguinto, Bulacan

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **CROWN ASIA CHEMICALS CORPORATION** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended **December 31, 2020**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

WALTER H. VILLANUEVA
Chairman of the Board and President

TITA P. VILLANUEVA
SVP/Chief Financial Officer

Signed this _____ day of MAR 12 2021

SUBSCRIBED AND SWORN to before me this __________ day of MAR 1 2 2021
2021 affiant (s) exhibiting to me their Community Tax Certificates , as follows:

NAMES	**CTC NO.**	**DATE/PLACE OF ISSUE**
Walter H. Villanueva	29134832	02/04/2021 Valenzuela City
Tita P. Villanueva	29134834	02/04/2021 Valenzuela City

NOTARY PUBLIC

ATTY. JASON G. DE BELEN
Roll No. 36259
Adm. NP-019 Notary Public (2020-2021)
Unit M Panay Commercial Building
No. 7 Panay Ave. cor. Sct. Borromeo St. Q.C.
IBP AR No. 34318187; QC 1-4-2021
PTR No. 0598847; QC 1-4-2021
MCLE VI-0022012; 4-14-22

Doc. No. 130
Page No. 26
Book No. 229
Series of 2021.

P&A Grant Thornton

An instinct for growth™

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and the Stockholders
Crown Asia Chemicals Corporation
Km. 33, McArthur Highway
Bo. Tuktukan, Guiguinto
Bulacan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Crown Asia Chemicals Corporation (the Company), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the three years in the period ended December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which describes management's assessment of the continuing impact on the Company's financial statements of the business disruption brought by the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

(a) Revenue Recognition

Description of the Matter

Revenue is one of the key performance measures used to assess the Company's business performance. Relative to this, there is a significant risk that the amount of revenue reported in the financial statements is higher than what has been actually generated by the Company. Revenue is recognized when the control over the goods has been transferred at a point in time to the customer, i.e., generally when the customer has acknowledged delivery of goods. Revenue from local and export sales is generated through direct sales to manufacturers and traders, contractors and developers, and wholesalers and retailers. For the year ended December 31, 2020, the Company's total revenues amounted to P1,117.7 million.

In our view, revenue recognition is significant to our audit because of the inherent risk of material misstatement involved and the materiality of the amount of recorded revenues which impact the Company's profitability.

The Company's disclosures about its revenue recognition policy and breakdown are included in Notes 2 and 4.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to revenue recognition, which was considered to be a significant risk, included:

- obtaining an understanding of the Company's different types of revenue streams by reviewing revenue contracts and revenue transaction processes;
- evaluating appropriateness of the Company's revenue recognition policy in accordance with PFRS 15, *Revenue from Contracts with Customers*;
- testing of design and operating effectiveness of internal controls related to the Company's sale and receipts processes, which include inquiry and observation, and test, on a sampling basis, revenue transactions during the year;
- performing test of transactions, on a sample basis, for revenue transactions to ascertain the satisfaction of the performance obligations through delivery of the goods, including but not limited to, reviewing proof of deliveries and sales invoices as evidence that control is transferred to the customers;

- performing sales cut-off test, including, among others, examining sales transactions near period end, and analysing and reviewing sales returns, credit memos and other receivable adjustments subsequent to period end to determine whether revenues are appropriately recognized in the proper period;

- confirming receivables, on sample basis, using positive confirmations, performing alternative procedures for non-responding customers, reporting unresolved difference to appropriate client personnel and projecting errors to the population, to ascertain the testing precision achieved, which further validates the accuracy of revenue recognized by the Company; and,

- performing detailed analysis of revenue segments and related key ratios such as, but not limited to, current year's components of revenues (e.g., by customer and by division) as a percentage of total revenues, receivable turnover and average collection period.

(b) Application of Expected Credit Loss Methodology and Recoverability of Receivables

Description of the Matter

As of December 31, 2020, the Company's receivables, net of allowance for credit losses, amounting to P276.0 million represent 27% and 17% of total current assets and total assets, respectively. The determination of allowance for credit losses of receivables is considered to be a matter of significance as it requires the application of critical management judgment and use of subjective estimates in determining when the receivables are impaired and how much impairment losses need to be recognized in accordance with the expected credit loss (ECL) methodology under PFRS 9, *Financial Instruments*. These judgment and estimates which are described in the Company's significant accounting policies, judgments and estimates in Notes 2, 3 and 21 to the financial statements, include the application of the ECL methodology based on the lifetime ECL assessment wherein the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a simplified approach through provision matrix. The key elements used in the calculation of the ECL include the probability of default, loss given default and exposure at default.

The Company's disclosures about its receivables and the reconciliation of allowance for credit losses are included in Note 6 while the related disclosures on credit risk are presented in Note 21.

How the Matter was Addressed in the Audit

Our audit procedures to determine the appropriateness of ECL methodology applied and the adequacy of the allowance for credit losses on those receivables included, among others, the following:

- obtaining an understanding of the Company's policy and procedures over granting of credits to customers and assessing impairment of receivables;

- evaluating appropriateness of ECL methodology adopted based on the requirements of PFRS 9 and the reasonableness of underlying assumptions, and the sufficiency, reliability and relevance of historical data and forward looking information used by Company's management;

- checking the mathematical accuracy of the provision matrix applicable to the ECL methodology, including the applicable aging of receivables and the related aging classification of selected customers' accounts;

- identifying any customers with financial difficulty and/or breach of arrangement resulting in default on payments through discussion with management, inspecting their payment history, and as applicable, performing an independent evaluation of their ability to pay as qualitative assessment for the ECL, in addition to quantitative assessment using provision matrix;

- verifying, on a sample basis, the reasonableness of the results of management's credit and impairment review for customers with long-outstanding accounts by inspecting corroborating information and underlying documents; and,

- evaluating appropriateness of the impairment adjustments made by the Company during 2020 in accordance with the requirements of PFRS 9.

(c) Existence and Valuation of Inventories

Description of the Matter

The total inventories of P469.2 million as of December 31, 2020 represents 45% and 29% of total current assets and total assets of the Company, respectively. Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method. Recognition of inventory cost, particularly related to finished goods, involves management judgment and estimates in appropriately allocating the manufacturing costs, including overhead, based on actual units produced. In addition, management uses estimates in assessing whether inventories are valued at the lower of cost and net realizable value. Moreover, the Company's inventories are considered voluminous and majority of these are kept in the Company's warehouses and some are held by third parties. Relative to these, we determined that existence and valuation of inventories are a key audit matter of our audit.

The Company's disclosures about inventories and the related inventory valuation policies are included in Notes 7 and 2, respectively.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to inventory existence and valuation, which was considered to be a significant risk included, among others, the following:

On inventory existence:

- conducting physical inventory count observation, including, among others, touring the facility before and after the inventory count observation to gain an understanding of the location and condition of inventories prior to the count and after the count is concluded, as well as the related controls of the Company in relation to the inventory count; determining that all sample inventory items were counted and no items were counted twice; obtaining relevant cut-off information and copy of count control documents; examining sample inventory items to test count against inventory records; clearing exceptions, if any, with appropriate personnel; and, projecting errors to the population;

- confirming inventories held by third parties and observing physical inventory count conducted; and,

- performing detailed analysis of inventory-related ratios such as, but not limited to, inventory turnover, current year's components of inventories as a percentage of total inventories and current year's composition of the total product cost.

On inventory valuation:

- determining the method of inventory costing and evaluating appropriateness and consistency of application of the valuation of inventories at lower of cost and net realizable value;

- performing test on inventory costing of selected inventory items by recomputing unit cost and comparing to unit cost per books, examining movements affecting the average unit cost, reporting unresolved difference, if any, to appropriate personnel and projecting errors to the population; and,

- determining whether inventory is stated at lower of cost and net realizable value by obtaining latest selling price, estimating cost to sell of sample inventory items and comparing the net selling price to the unit cost per books, reporting unresolved differences, if any, to appropriate personnel and projecting errors to the population.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2020 required by the Bureau of Internal Revenue as disclosed in Note 25 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is John Endel S. Mata.

PUNONGBAYAN & ARAULLO

By: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 8533233, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 121347-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002551-040-2019 (until Dec.15, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

March 2, 2021

CROWN ASIA CHEMICALS CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2020	2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	P 188,196,658	P 56,456,379
Trade and other receivables - net	6	276,007,104	255,566,280
Inventories	7	469,233,996	495,990,475
Prepayments and other current assets	8	106,582,764	118,512,011
Total Current Assets		1,040,020,522	926,525,145
NON-CURRENT ASSETS			
Property, plant and equipment - net	9	566,031,393	586,635,278
Right-of-use assets - net	12	21,020,024	43,436,355
Other non-current assets - net	10	9,632,333	11,950,944
Total Non-current Assets		596,683,750	642,022,577
TOTAL ASSETS		P 1,636,704,272	P 1,568,547,722
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	11	P 262,342,133	P 281,245,088
Loans and mortgage payables	11	2,480,902	3,160,034
Lease liabilities	12	3,466,766	4,621,594
Income tax payable		16,171,614	-
Total Current Liabilities		284,461,415	289,026,716
NON-CURRENT LIABILITIES			
Mortgage payables	11	4,561,326	6,949,617
Lease liabilities	12	19,237,768	39,565,489
Post-employment defined benefit obligation	15	48,856	6,832,444
Deferred tax liabilities - net	16	49,687,926	47,070,642
Advances from a stockholder	17	46,057	46,057
Total Non-current Liabilities		73,581,933	100,464,249
Total Liabilities		358,043,348	389,490,965
EQUITY	18		
Capital stock		630,800,000	630,800,000
Treasury shares, at cost		(41,096,031)	(37,462,971)
Additional paid-in capital		52,309,224	52,309,224
Revaluation reserves		131,489,321	125,057,544
Retained earnings		505,158,410	408,352,960
Total Equity		1,278,660,924	1,179,056,757
TOTAL LIABILITIES AND EQUITY		P 1,636,704,272	P 1,568,547,722

See Notes to Financial Statements.

CROWN ASIA CHEMICALS CORPORATION
STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2020	2019	2018
REVENUES	4, 17	P 1,117,688,552	P 1,433,402,683	P 1,187,186,268
COST OF GOODS SOLD	13	772,150,288	1,040,006,142	854,656,351
GROSS PROFIT		345,538,264	393,396,541	332,529,917
OTHER OPERATING EXPENSES	14	171,670,539	186,340,786	167,057,413
OTHER INCOME (CHARGES)				
Finance costs	11, 12, 15	(4,765,295)	(3,869,838)	(1,190,248)
Foreign currency gains (losses) - net	21	1,281,674	(7,074,562)	3,328,278
Finance income	5	357,614	640,176	522,880
Impairment loss on applied tax credit certificate	8	-	(5,515,653)	(3,359,487)
Other income	9, 12	2,550,327	1,112,138	3,437,020
		(575,680)	(14,707,739)	2,738,443
PROFIT BEFORE TAX		173,292,045	192,348,016	168,210,947
TAX EXPENSE	16	52,042,956	55,933,363	50,608,129
NET PROFIT		P 121,249,089	P 136,414,653	P 117,602,818
BASIC AND DILUTED EARNINGS PER SHARE	19	P 0.20	P 0.22	P 0.19

See Notes to Financial Statements.

CROWN ASIA CHEMICALS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2020	2019	2018
NET PROFIT		P 121,249,089	P 136,414,653	P 117,602,818
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of post-employment defined benefit plan	15, 18	9,188,253	(1,023,045)	2,594,909
Revaluation increment on land	9, 18	-	89,742,000	-
Tax expense	16, 18	(2,756,476)	(26,615,687)	(778,473)
		6,431,777	62,103,268	1,816,436
TOTAL COMPREHENSIVE INCOME		P 127,680,866	P 198,517,921	P 119,419,254

See Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
RDO NO. 25A - PLARIDEL BULACAN
RECEIVED
MAR 15 2021
COLLECTION SECTION

CROWN ASIA CHEMICALS CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Note	Capital Stock	Treasury Shares	Additional Paid-in Capital	Retained Earnings	Revaluation Reserves	Total Equity
Balance at January 1, 2020		630,800,000	(37,462,971)	52,309,224	408,352,960	125,057,544	1,179,056,757
Acquisition of shares during the year	18	-	(3,633,060)	-	-	-	(3,633,060)
Cash dividends	18	-	-	-	(24,443,639)	-	(24,443,639)
Total comprehensive income for the year		-	-	-	121,249,089	6,431,777	127,680,866
Balance as at December 31, 2020		**630,800,000**	**(41,096,031)**	**52,309,224**	**505,158,410**	**131,489,321**	**1,278,660,924**
Balance at January 1, 2019		630,800,000	P -	52,309,224	328,314,487	62,954,276	1,074,377,987
Acquisition of shares during the year	18	-	(37,462,971)	-	-	-	(37,462,971)
Cash dividends	18	-	-	-	(56,376,180)	-	(56,376,180)
Total comprehensive income for the year		-	-	-	136,414,653	62,103,268	198,517,921
Balance at December 31, 2019		630,800,000	(37,462,971)	52,309,224	408,352,960	125,057,544	1,179,056,757
Balance at January 1, 2018		630,800,000	P -	52,309,224	267,483,669	61,137,840	1,011,730,733
Cash dividends	18	-	-	-	(56,772,000)	-	(56,772,000)
Total comprehensive income for the year		-	-	-	117,602,818	1,816,436	119,419,254
Balance at December 31, 2018		630,800,000	P -	52,309,224	328,314,487	62,954,276	1,074,377,987

See Notes to Financial Statements.

CROWN ASIA CHEMICALS CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 173,292,045**	P 192,348,016	P 168,210,947
Adjustments for:				
Depreciation and amortization	9, 10, 12	**42,261,701**	40,349,239	31,476,494
Interest expense	11, 12, 15	**4,765,295**	3,842,961	1,139,025
Unrealized foreign currency losses (gains) - net		**(2,901,855)**	651,733	(2,414,399)
Gain on modification and pre-termination of leases	12	**(1,070,444)**	-	-
Gain on sale of equipment	9	**(515,000)**	(965,060)	(820,000)
Finance income	5	**(357,614)**	(640,176)	(522,880)
Impairment loss on applied tax credit certificate	8	**-**	5,515,653	3,359,487
Operating profit before working capital changes		**215,474,128**	241,102,366	200,428,674
Decrease (increase) in trade and other receivables		**(20,393,446)**	(50,845,019)	16,691,854
Decrease (increase) in inventories		**26,756,479**	(38,289,791)	(88,146,052)
Decrease (increase) in prepayments and other current assets		**3,309,920**	(26,387,456)	(32,564,781)
Decrease (increase) in other non-current assets		**2,253,968**	10,197,588	(26,301,153)
Increase in trade and other payables		**7,339,010**	92,498,177	25,550,401
Increase (decrease) in post-employment defined benefit obligation		**1,863,931**	(634,103)	(946,588)
Cash generated from operations		**236,603,990**	227,641,762	94,712,355
Cash paid for income taxes		**(27,323,177)**	(52,227,780)	(38,707,211)
Interest received		**289,584**	535,725	443,536
Net Cash From Operating Activities		**209,570,397**	175,949,707	56,448,680
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property, plant and equipment	9	**(38,387,853)**	(71,809,706)	(38,324,203)
Proceeds from disposal of equipment	9	**1,573,501**	1,387,083	950,732
Net Cash Used in Investing Activities		**(36,814,352)**	(70,422,623)	(37,373,471)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of loans and mortgage payables	11	**(38,075,046)**	(80,840,792)	(6,908,120)
Proceeds from loans	11	**35,000,000**	50,000,000	33,000,000
Dividends paid	18	**(24,443,639)**	(56,376,180)	(56,772,000)
Repayments of lease liabilities	12	**(6,708,341)**	(4,043,003)	-
Acquisition of treasury shares	18	**(3,633,060)**	(37,462,971)	-
Interest paid for loans and mortgage payables	11	**(1,321,392)**	(2,388,197)	(739,619)
Net Cash Used in Financing Activities		**(39,181,478)**	(131,111,143)	(31,419,739)
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		**(1,834,288)**	651,732	2,767,564
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**131,740,279**	(24,932,327)	(9,576,966)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**56,456,379**	81,388,706	90,965,672
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 188,196,658**	P 56,456,379	P 81,388,706

Supplemental Information on Non-cash Investing and Financing Activities:

(i) In 2019, the Company’s land was revalued resulting in an increase in the value of such property amounting to P89.7 million (see Note 9).

(ii) The Company recognized right-of-use assets and the corresponding lease liabilities with outstanding amount of P43.4 million and P44.2 million, respectively, as of December 31, 2019, of which portion of such lease arrangements were modified and pre-terminated in 2020 (see Note 12).

(iii) In 2019, deposit for future investment amouting to P25.8 million was applied as payment for a purchase of land. As of December 31, 2019, the unpaid portion relating to the purchase amounts to P21.6 million, which was fully settled in 2020 (see Note 11).

(iv) In 2019 and 2018, the Company acquired a certain transportation equipment amounting to P7.4 million and P3.2 million, respectively, through bank loan financing (see Notes 9 and 11). In 2018, the Company purchased a certain machinery and equipment amounting to P8.3 million, which was directly paid to the supplier by the related party in favor of the Company. However, in 2019 the same machinery and equipment were disposed of and sold directly to the related party and the outstanding amount of P8.3 million was applied against the Company's receivable from the sale of such asset (see Notes 9 and 17).

See Notes to Financial Statements.

CROWN ASIA CHEMICALS CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019 and 2018
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Crown Asia Chemicals Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 10, 1989 primarily 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 of similar nature.

The Company's shares were listed in the Philippine Stock Exchange (PSE) on April 27, 2015 (see Note 18.1).

The Company's registered office, which is also its principal place of business, is located at Km. 33, McArthur Highway, Bo. Tuktukan, Guiguinto, Bulacan. The Company's administrative office is located at Units 506 and 508 President's Tower, No. 81 Timog Ave., South Triangle, Quezon City.

The financial statements of the Company as of and for the year ended December 31, 2020 (including the comparative financial statements as of December 31, 2019 and for the years ended December 31, 2019 and 2018) were authorized for issue by the Company's Board of Directors (BOD) on March 2, 2021.

1.2 Impact of COVID-19 Pandemic on Company's Business

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020. The measures taken by the government to contain the virus have affected economic conditions and the Company's business operations.

The following are the impact of the COVID-19 pandemic to the Company's business:

- temporary cessation of operations from March 17, 2020 to May 17, 2020;
- decline in total actual revenues and net income in 2020 by 22% and 11%, respectively, compared to that of 2019;
- decline in certain operating expenses incurred including salaries and wages and utilities due to the temporary cessation of operations;
- recognition of impairment loss on trade receivables amounting to P2.2 million; and,
- additional operating expenses were incurred to ensure the health and safety of its employees and customers such as the frequent disinfection of facilities, giving of protective equipment such as face masks, face shields and alcohol, shuttle services and free lodging for employees residing outside Metro Manila.

In response to this matter, the Company has taken the following actions:

- established a dedicated risks mitigation team covering finance, operations, sales and marketing;
- extended payment terms for certain customers while negotiated for longer payment terms from suppliers;
- communicated with suppliers on mitigating actions to ensure on-time delivery;
- set new lead time for the delivery of goods during the quarantine period;
- issued a memo to all employees on how to prevent spread of COVID-19 in the workplace, and re-arranged work areas to maximize distance between employees; and,
- implemented flexible working arrangements.

Based on the above actions and measures taken by management to mitigate the adverse effect of the pandemic, it projects that the Company would continue to report positive results of operations and would remain liquid to meet current obligation as it falls due. Accordingly, management has not determined material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents the statement of comprehensive income separate from the statement of profit or loss.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of New and Amended PFRS

(a) *Effective in 2020 that are Relevant to the Company*

The Company adopted for the first time the following pronouncements, which are mandatorily effective for annual periods beginning on or after January 1, 2020:

Conceptual Framework	:	Revised Conceptual Framework for Financial Reporting
PAS 1 and PAS 8 (Amendments)	:	Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
PFRS 7 and PFRS 9 (Amendments)	:	Financial Instruments: Disclosures and Financial Instruments – Interest Rate Benchmark Reform

Discussed below and in the succeeding page are the relevant information about these pronouncements.

(i) *Revised Conceptual Framework for Financial Reporting.* The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. The application of the revised conceptual framework had no significant impact on the Company's financial statements.

(ii) PAS 1 (Amendments), *Presentation of Financial Statements,* and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material.* The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other standards that contain definition of material or refer to the term 'material' to ensure consistency. The application of these amendments had no significant impact on the Company's financial statements.

(iii) PFRS 7 (Amendments), *Financial Instruments: Disclosures,* and PFRS 9 (Amendments), *Financial Instruments – Interest Rate Benchmark Reform.* The amendments clarify that an entity would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The application of these amendments had no significant impact on the Company's financial statements.

(b) Effective in 2020 that are not Relevant to the Company

Among the amendments to PFRS that are mandatorily effective for annual periods beginning on or after January 1, 2020, only PFRS 3 (Amendments), *Business Combinations – Definition of a Business* is not relevant to the Company's financial statements.

(c) Effective Subsequent to 2020 but not Adopted Early

There are pronouncements effective for annual periods subsequent to 2020, which are adopted by the FRSC. Management will adopt the relevant pronouncements below and in the succeeding page in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements.

(i) PFRS 16 (Amendments), *Leases – COVID-19-Related Rent Concessions* (effective from June 30, 2020). The amendments permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

(ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

(iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective January 1, 2022). The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

(iv) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Company:

a. PFRS 9 (Amendments), *Financial Instruments – Fees in the ’10 per cent’ Test for Derecognition of Liabilities*. The improvements clarify the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

b. Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*. The improvement merely removes potential for confusion regarding lease incentives.

(v) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective January 1, 2023). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company’s strategic steering committee, its chief operating decision-maker. The strategic steering committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Company’s products as disclosed in Note 4, which represent the main products provided by the Company.

Each of these operating segments is managed separately as each of these product lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm’s length prices.

The measurement policies the Company uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its financial statements. However, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to any segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.4 Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification and Measurement of Financial Assets

Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss. Under PFRS 9, the classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets at amortized cost is the only classification applicable to the Company. The classification and measurement of the Company's relevant financial assets are described below.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers,* for Contracts all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL).

The Company's financial assets at amortized cost are presented as Cash and Cash Equivalents, Trade and Other Receivables (except Advances and portion of Other receivables) and Security deposits (presented under Other Non-current Assets) in the statement of financial position. Cash and cash equivalents include cash on hand and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash.

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of profit or loss as part of Finance income under Other Income (Charges).

(b) *Impairment of Financial Assets*

At the end of the reporting period, the Company assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost. The Company considers a broader range of information in assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Company also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due [see Note 21.2(b)].

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral or effect of any credit enhancement.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

The amount of ECL required to be recognized during the year, if any, is presented as Impairment loss on trade receivables under the Other Operating Expenses. Reversal of loss allowance, if applicable, is recognized in the statement of profit or loss as part of Other income under Other Income (Charges).

(c) *Derecognition of Financial Assets*

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.5 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method. Finished goods include the cost of raw materials, direct labor and a proportion of manufacturing overhead based on actual units produced. The cost of raw materials includes all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value of raw materials, supplies and packaging materials is the current replacement cost.

2.6 Prepayments and Other Assets

Prepayments and other assets, which are non-financial assets, pertain to other resources controlled by the Company as a result of past events. They are recognized at cost in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably. These are subsequently charged to profit or loss as utilized or reclassified to another asset account if capitalizable.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

Advances to suppliers that will be applied as payment for future purchase of inventories are classified and presented under the Trade and Other Receivables account in the statement of financial position. On the other hand, advances to suppliers that will be applied as payment for future acquisition or construction of property, plant and equipment are classified and presented under the Other Non-current Assets account. The classification and presentation is based on the eventual realization of the asset to which it was advanced for.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.15).

2.7 Property, Plant and Equipment

Property, plant and equipment, except land, are initially recognized at cost and subsequently carried at cost less accumulated depreciation, amortization and any impairment in value. As no finite useful life for land can be determined, the related carrying amount is not depreciated.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized, while expenditures for repairs and maintenance are charged to expense as incurred.

Following initial recognition at cost, land is carried at revalued amount which is the fair value at the date of the revaluation as determined by independent appraisers. Revalued amount is the fair market value determined based on appraisal by external professional valuer once every two years or more frequently if market factors indicate a material change in fair value (see Note 23.3).

Any revaluation surplus is recognized in other comprehensive income and credited to the Revaluation Reserves account in the statement of changes in equity. Any revaluation deficit directly offsetting a previous surplus in the same asset is charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and the remaining deficit, if any, is recognized in profit or loss. Upon disposal of revalued assets, amounts included in Revaluation Reserves relating to the assets are transferred to Retained Earnings, net of tax.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets as follows:

Land improvements	5 years
Building and improvements	3-10 years
Transportation equipment	3-7 years
Machineries, factory, and other equipment	3-15 years
Furniture, fixtures and office equipment	3-5 years

Leasehold improvements, presented as part of Building and improvements, are amortized over the asset's estimated useful lives or applicable lease terms, whichever is shorter.

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs (see Notes 2.17 and 9) and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.15).

Fully depreciated and amortized assets are retained in the account until they are no longer in use and no further charge for depreciation and amortization is made in respect to those assets.

The residual values, estimated useful lives and method of depreciation and amortization of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment, including the related accumulated depreciation, amortization and any impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.8 Intangible Assets

Intangible assets include registered trademarks which are accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire an asset at the time of its acquisition or production. Capitalized costs are amortized on a straight-line basis over the estimated useful life of 10 years as the lives of these intangible assets are considered finite. Intangible assets are subject to impairment testing as described in Note 2.15. The carrying amounts of the intangible assets are presented as Trademarks under Other Non-current Assets account in the statement of financial position (see Note 10).

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds received and the carrying amount of the asset and is recognized in profit or loss.

2.9 Financial Liabilities

Financial liabilities, which include Trade and Other Payables (except Advances from customers and tax-related payables), Loans and Mortgage Payables, Lease Liabilities and Advances from a Stockholder, are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges incurred on financial liabilities are recognized as an expense under the caption Finance Costs in the statement of profit or loss.

Trade and other payables, loans and mortgage payables and advances from a stockholder are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for those with maturities beyond one year, less settlement payments.

Dividend distributions to stockholders are recognized as financial liabilities upon declaration by the Company's BOD.

Interest-bearing loans normally arise from the funding of certain construction projects and working capital loans raised for support of short-term funding of operations and are recognized initially at the transaction price (i.e., the present value of cash payable to the bank, including transaction costs). Finance costs are charged to profit or loss on an accrual basis (except for capitalizable borrowing costs which are added as part of the cost of qualifying asset) using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

The measurement of lease liabilities is discussed in Note 2.13(*i*).

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.10 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entities and all counterparties to the financial instruments.

2.11 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pre-tax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.12 Revenue and Expense Recognition

Revenue comprises sale of goods measured by reference to the fair value of consideration received or receivable by the Company for goods sold, excluding value-added tax (VAT).

To determine whether to recognize revenue, the Company follows a five-step process:

(1) identifying the contract with a customer;
(2) identifying the performance obligation;
(3) determining the transaction price;
(4) allocating the transaction price to the performance obligations; and,
(5) recognizing revenue when/as performance obligations are satisfied.

The Company determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
(ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The Company enters into transactions involving the sale of goods representing compounds, pipes and roofing products. The transaction price allocated to the performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. As a matter of accounting policy when applicable, if the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

Specifically, revenue from sale of goods is recognized when the control over the goods has been transferred at a point in time to the customer, i.e., generally when the customer has acknowledged delivery of goods. Invoices for goods transferred are due upon receipt by the customer. The significant judgments in determining the timing of satisfaction of the performance obligation is disclosed in Note 3.1(b).

As applicable, if the Company is required to refund the related purchase price for returned goods, it recognizes a refund liability for the expected refunds by adjusting the amount of revenues recognized during the period. Also, if applicable, the Company recognizes a right of return asset on the goods to be recovered from the customers with a corresponding adjustment to Cost of Goods Sold account. However, there were no contracts that contained significant right of return arrangements that remain outstanding during the reporting periods [see Note 3.1(c)].

In obtaining customer contracts, the Company incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Company uses the practical expedient in PFRS 15 and recognizes as outright expenses such costs as incurred. The Company also incurs costs in fulfilling contracts with customers. However, as those costs are within the scope of other financial reporting standards, the Company accounts for those costs in accordance with accounting policies related to those financial reporting standards.

Costs and expenses are recognized in profit or loss upon utilization of the goods and/or services or at the date they are incurred. All finance costs except for the capitalized borrowing costs, if any, are reported in profit or loss on an accrual basis.

2.13 Leases – Company as Lessee

(i) Accounting for Leases in Accordance with PFRS 16 (2020 and 2019)

For any new contracts entered into on or after January 1, 2019, the Company considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;

- the Company has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.15).

On the other hand, the Company measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets and lease liabilities have been presented separately from property, plant and equipment and other liabilities, respectively.

(ii) Accounting for Leases in Accordance with PAS 17 (2018)

Leases which do not transfer to the Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in the profit or loss on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.14 Foreign Currency Transactions and Translation

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the period are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2.15 Impairment of Non-financial Assets

The Company's property, plant and equipment, right-of-use assets, intangible assets (presented under the Other Non-current Assets account) and other non-financial assets are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amounts, which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.16 Employee Benefits

The Company provides short-term and post-employment benefits to employees through defined benefit and defined contribution plans, and other employee benefits which are recognized as follows:

(a) Short-term Employee Benefits

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees, which are expected to be settled before twelve months after the end of the annual reporting period during which employee services are rendered, but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Accrued expenses under Trade and Other Payable account in the statement of financial position.

(b) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is partially funded, tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bonds [using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL)], that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest), are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Finance Costs or Finance income in the statement of profit or loss.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(c) Post-employment Defined Contribution Plan

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(d) Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(e) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in the Trade and Other Payables account in the statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.17 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.18 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or current tax liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For purposes of measuring deferred tax liabilities for land that is measured using the fair value model (see Note 2.7), the land's carrying amount is presumed to be recovered entirely through sale as an ordinary asset.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax effect is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

2.19 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual; and, (d) the Company's funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Based on the requirements of SEC Memorandum Circular No. 10, Series of 2019, *Rules on Material Related Party Transactions for Publicly-Listed Companies*, transactions amounting to 10% or more of the total assets based on the latest audited financial statements that were entered into with the related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-third of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Company's total assets based on the latest audited financial statements, the same BOD approval would be required for the transactions that meet and exceed the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in the discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

2.20 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of.

Revaluation reserves include the fair value gains and losses due to the revaluation of land and remeasurements of post-employment defined benefit plan [see Note 2.7 and 2.16(b)].

Retained earnings, the appropriated portion of which, if any, is not available for dividend distribution, represent all current and prior period results of operations as reported in the statement of profit or loss, reduced by the amounts of dividends declared.

2.21 Earnings per Share

Basic earnings per share (EPS) is computed by dividing net profit by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of any dilutive potential shares.

2.22 Events After the End of the Reporting Period

Any post year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgment in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Determination of Lease Term of Contracts with Renewal and Termination Options (2020 and 2019)

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and such provision of the contract is not subject to mutual agreement of both parties.

The factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Company did not include the renewal period as part of the lease term for leases of some of its office space and warehouse due to the provision in its contracts that requires mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

The lease term is reassessed if an option is actually exercised or not exercised or the Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

(b) Determination of Timing of Satisfaction of Performance Obligations

The Company determines that its revenue from sale of goods shall be recognized at a point in time when the control of the goods have passed to the customer, i.e., generally when the customer has acknowledged delivery of the goods.

(c) Determination of Transaction Price

The transaction price, which excludes any amounts collected on behalf of third parties (e.g., VAT), is considered receivable to the extent of products sold with consideration on the right of return, if applicable (see Note 2.12). Also, the Company uses the practical expedient in PFRS 15, with respect to non-adjustment of the promised amount of consideration for the effects of any financing component [i.e., the Company receives advances from certain customers which can be applied to their future purchases (see Note 11.1)] as the Company expects, at contract inception, that the period between when the Company transfers promised goods or services to the customer and payment due date is one year or less.

(d) Determination of ECL on Trade and Other Receivables

The Company uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments to the extent applicable that have similar loss patterns (i.e., by geography, product type, or customer type and rating).

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Company's trade and other receivables are disclosed in Note 21.2(b).

(e) Determination of Cost of Inventories

In inventory costing, management uses estimates and judgment in properly allocating the labor and overhead between the cost of inventories on hand and cost of goods sold. Currently, the Company allocates manufacturing overhead on the basis of actual units produced. However, the amount of costs charged to finished goods inventories would differ if the Company utilized a different allocation base. Changes in allocated cost would affect the carrying cost of inventories and could potentially affect the valuation based on lower of cost and net realizable value.

(f) Distinction between Operating and Finance Leases (2018)

The Company has entered into various lease contracts as a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Management has assessed that the Company's lease arrangements are operating leases.

(g) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.11 and disclosures on relevant provisions and contingencies are presented in Note 20.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities (2020 and 2019)

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 21.2(b).

(c) Determination of Net Realizable Value of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the dates the estimates are made. Even though the Company's core business is not continuously subject to rapid technological changes which may cause inventory obsolescence, future realization of the carrying amounts of inventories as presented in Note 7 is still affected by price changes. Such aspect is considered a key source of estimation uncertainty and may cause significant adjustments to the Company's inventories within the next financial reporting period.

There was no inventory write-down to recognize the inventories at their net realizable value in 2020, 2019 and 2018 based on management's assessment.

(d) Estimation of Useful Lives of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

The Company estimates the useful lives of property, plant and equipment, right-of-use assets and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment, right-of-use assets and intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets (Trademarks under Other Non-current Assets account) are presented in Notes 9, 12 and 10, respectively. Based on management's assessment as at December 31, 2020 and 2019, there is no change in estimated useful lives of property, plant and equipment, right-of-use assets and intangible assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in the factors mentioned above.

(e) Measurement of Fair Value of Land

The Company's land is carried at revalued amount at the end of the reporting period. In determining its fair value, the Company engages the services of professional and independent appraisers applying the relevant valuation methodology (see Note 23.3).

When the appraisal is conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

A significant change in these elements may affect prices and the value of the assets. The amount of revaluation increment recognized is disclosed in Note 9.

(f) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2020 and 2019 will be fully utilized in the coming years. The carrying values of deferred tax assets netted against deferred tax liabilities as of those reporting periods are disclosed in Note 16.

(g) Impairment of Non-financial Assets

The Company's policy on estimating the impairment of property, plant and equipment, right-of-use assets, intangible assets and other non-financial assets is discussed in Note 2.15. Though management believes that the assumptions used in the estimation of fair values are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

There was no impairment loss recognized on non-financial assets in 2020, 2019 and 2018, except for the impairment loss recognized on the Company's applied tax credit certificate (TCC) in 2019 and 2018 (see Note 8).

(h) Valuation of Post-employment Defined Benefit Obligation

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increase. A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the post-employment defined benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 15.2.

4. SEGMENT REPORTING

4.1 Business Segments

The Company is organized into business units based on its products for purposes of management assessment of each unit. For management purposes, the Company is organized into three major business segments, namely: compounds, pipes and roofing. These are also the basis of the Company in reporting to its chief operating decision-maker for its strategic decision-making activities.

The products under the compounds segment are the following:

- Polyvinyl Chloride (PVC) compounds for wires and cable; and,
- PVC for bottles, integrated circuit tubes packaging and films.

The products under the pipes segment are the following:

- PVC pipes and fittings;
- Polypropylene Random Copolymer Type 3 pipes and fittings; and,
- High-density Polyethylene pipes and fittings.

The product under the roofing segment is only the unplasticized PVC roofing material, which started sales to the public in 2018.

The Company's products are located in Guiguinto, Bulacan, Davao branch, Cebu branch and Valenzuela branch.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of property, plant and equipment, trade and other receivables and inventories, net of allowances and provisions. Segment assets do not include deferred taxes. Segment liabilities, however, were not presented as this measure is not regularly being provided to the chief operating decision-maker (see Note 4.5).

4.3 Intersegment Transactions

Segment revenues, expenses and performance do not include sales and purchases between business segments.

4.4 Analysis of Segment Information

Segment information can be analysed as follows:

	Compounds	Pipes	Roofing	Total
For the year ended December 31, 2020				
Statement of Profit or Loss				
Revenues	P 570,578,751	P 534,699,877	P 12,409,924	P1,117,688,552
Costs and Other Operating Expenses				
Cost of goods sold (excluding depreciation and amortization)	440,574,323	302,307,329	5,894,956	748,776,608
Depreciation and amortization	6,874,138	26,182,407	5,197,752	38,254,297
Other operating expenses (excluding depreciation and amortization)	34,827,684	77,625,564	4,309,274	116,762,522
	482,276,145	406,115,300	15,401,982	903,793,427
Other Charges (Income) – net	3,469,541	(2,891,243)	(401,606)	176,692
Segment Operating Profit (Loss)	**P 84,833,065**	**P 131,475,820**	**(P 2,590,452)**	**P 213,718,433**
December 31, 2020				
Statement of Financial Position				
Segment assets	**P 309,792,057**	**P 882,236,991**	**P 145,697,994**	**P1,337,727,042**

	Compounds	Pipes	Roofing	Total
For the year ended December 31, 2019				
Statement of Profit or Loss				
Revenues	P 826,053,317	P 590,651,808	P 16,697,558	P1,433,402,683
Costs and Other Operating Expenses				
Cost of goods sold (excluding depreciation and amortization)	671,899,790	340,275,996	3,325,075	1,015,500,861
Depreciation and amortization	6,315,260	25,981,093	4,388,672	36,685,025
Other operating expenses (excluding depreciation and amortization)	47,368,829	88,812,556	4,483,813	140,665,198
	725,583,879	455,069,645	12,197,560	1,192,851,084
Other Charges – net	12,119,383	1,050,444	842,381	14,012,208
Segment Operating Profit	P 88,350,055	P 134,531,719	P 3,657,617	P 226,539,391
December 31, 2019				
Statement of Financial Position				
Segment assets	P 398,724,817	P 885,091,318	P 143,890,083	P1,427,706,218
For the year ended December 31, 2018				
Statement of Profit or Loss				
Revenues	P 682,227,418	P 495,786,523	P 9,172,327	P1,187,186,268
Costs and Other Operating Expenses				
Cost of goods sold (excluding depreciation and amortization)	529,853,661	299,482,501	4,765,735	834,101,897
Depreciation and amortization	6,511,907	12,520,829	2,386,870	21,419,606
Other operating expenses (excluding depreciation and amortization)	40,787,494	83,529,075	4,513,764	128,830,333
	577,153,062	395,532,405	11,666,369	984,351,836
Other Charges (Income) – net	(2,848,304)	194,704	(115,567)	(2,769,167)
Segment Operating Profit	P 107,922,660	P 100,059,414	(P 2,378,475)	P 205,603,599
December 31, 2018				
Statement of Financial Position				
Segment assets	P 453,800,426	P 670,648,854	P 54,393,843	P1,178,843,123

Currently, the Company's operation is concentrated within the Philippines for local sales and export sales, which are further broken down as follows:

	2020	2019	2018
Domestic	**P 750,722,480**	P 932,327,487	P 878,617,559
Foreign:			
Taiwan	**344,243,727**	452,308,026	266,167,161
Others	**22,722,345**	48,767,170	42,401,548
Total	**P 1,117,688,552**	P 1,433,402,683	P 1,187,186,268

The total revenues include revenues from one major customer totalling 30.80% in 2020, 31.45% in 2019 and 22.42% in 2018.

4.5 Reconciliations

Presented below is a reconciliation of the Company's segment information to the key financial information presented in its financial statements.

	2020	2019	2018
Profit or Loss			
Segment results	**P 213,718,433**	P 226,539,391	P 205,603,599
Other unallocated income (charges) - net	**(398,988)**	(695,530)	724,286
Other unallocated expenses	**(40,027,400)**	(33,495,845)	(38,116,938)
Profit before tax as reported in profit or loss	**P 173,292,045**	P 192,348,016	P 168,210,947
Assets			
Segment assets	**P 1,337,727,042**	P 1,427,706,218	P 1,178,843,123
Other unallocated assets	**298,977,230**	140,841,504	135,540,539
Total assets reported in the statements of financial position	**P 1,636,704,272**	P 1,568,547,722	P 1,314,383,662
Liabilities			
Unallocated liabilities (see Note 4.2)	**P 358,043,348**	P 389,490,965	P 240,005,675
Total liabilities reported in the statements of financial position	**P 358,043,348**	P 389,490,965	P 240,005,675

4.6 Disaggregation of Revenues

When the Company prepares its investor presentations and when the Company's Executive Committee evaluates the financial performance of the operating segments, it disaggregates revenue similar to its segment reporting as presented in Notes 4.1 and 4.4. The Company determines that the categories used in the investor presentations and financial reports used by the Company's Executive Committee can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. While all of the Company's revenues from sale of goods are recognized at point in time, a summary of additional disaggregation from the segment revenues are shown below.

	2020	2019	2018
Sales channel:			
Manufacturers and traders	**P 654,360,302**	P 892,914,308	P 682,227,418
Contractors and developers	**395,969,372**	454,993,825	270,740,904
Wholesalers and retailers	**67,358,878**	85,494,550	234,217,946
	P1,117,688,552	P1,433,402,683	P1,187,186,268

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of December 31:

	2020	2019
Cash on hand and in banks	**P 117,666,268**	P 43,580,179
Short-term placements	**70,530,390**	12,876,200
	P 188,196,658	P 56,456,379

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements have maturity of 30 to 90 days and earn effective interest rates ranging from 0.39% to 0.59% in 2020, 1.00% to 1.75% in 2019 and 1.00% to 1.79% in 2018.

Interest income amounting to P0.4 million, P0.6 million and P0.5 million in 2020, 2019 and 2018, respectively, are presented as Finance income under Other Income (Charges) in the statements of profit or loss.

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Note	2020	2019
Trade receivables	17.1	**P 263,758,274**	P 254,494,850
Advances to:			
Suppliers		**25,687,018**	11,999,982
Officers and employees		**1,161,283**	1,734,835
Other receivables	17.3	**376,602**	137,380
		290,983,177	268,367,047
Allowance for impairment		**(14,976,073)**	(12,800,767)
		P 276,007,104	P 255,566,280

Trade receivables are due from various customers and have credit terms of 30 to 90 days. Of the total outstanding trade receivables, P50.6 million and P41.0 million as of December 31, 2020 and 2019, respectively, are guaranteed by customers' post-dated checks in the custody of the Company.

Advances to suppliers pertain to down payments made by the Company for the purchase of goods, included under Trade and Other Receivables, and/or machineries, included as Others under Other Non-current Assets (see Note 10). The advance payments will be set-off as partial payments on the amounts due to the suppliers once full delivery of goods or assets is made and the subsequent billings have been made by the suppliers.

Advances to officers and employees are personal cash advances that are settled through salary deduction.

A reconciliation of the allowance for impairment at the beginning and end of 2020 and 2019 is shown below.

	Note	2020	2019
Balance at beginning of year		**P 12,800,767**	P 14,996,514
Impairment losses	14	**2,175,306**	-
Write-off		**-**	(2,195,747)
Balance at end of year		**P 14,976,073**	P 12,800,767

All of the Company's trade and other receivables have been reviewed for impairment. Certain trade receivables were found to be impaired using the provisional matrix as determined by management; hence, adequate amounts of allowance for impairment have been recognized [see Note 21.2(b)]. Impairment losses recognized in 2020 is presented under Other Operating Expenses in the 2020 statement of profit or loss. In 2019, certain portion of receivables fully provided with allowance amounting to P2.2 million were deemed uncollectible; hence, were written off by the Company. There was no similar write-off in 2020.

7. INVENTORIES

Inventories are all stated at cost which is lower than their net realizable value. The details of inventories are shown below.

	2020	2019
Finished goods	**P 269,619,491**	P 270,227,337
Raw materials	**187,587,769**	211,011,861
Supplies	**7,774,671**	10,575,935
Packaging materials	**3,808,857**	3,564,178
Work-in-process	**443,208**	611,164
	P 469,233,996	P 495,990,475

An analysis of the cost of inventories included in cost of goods sold is presented in Note 13.

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

	2020	2019
Input VAT	**P 104,555,122**	P 104,166,413
Prepaid expenses	**2,027,642**	14,345,598
	P 106,582,764	P 118,512,011

Prepaid expenses include, among others, prepaid taxes, prepayments for insurance and freight related to the distribution of the Company's goods.

In prior years, the Company applied for TCC which pertains to input VAT from the Company's importations of raw materials under the Bureau of Customs and Bureau of Internal Revenue (BIR) for the granting of TCC.

As of December 31, 2018, the Company has outstanding application for TCC amounting to P15.9 million, of which P8.9 million was filed in 2018 while the remainder of P7.0 million was filed prior to 2018. However, an allowance for impairment loss amounting to P7.0 million was already recognized prior to 2018 as a result of the uncustomary delay on the issuance of the TCC whereby management assessed such impairment loss without prejudice on the final expected outcome of the Company's rightful claim. An additional allowance for impairment loss amounting to P3.4 million was recognized in 2018, presented as Impairment loss on applied tax credit certificate under Other Income (Charges), when the Company received the related BIR's letter of denial subsequent to December 31, 2018 but prior to the issuance date of the Company's 2018 financial statements.

In 2019, the Company wrote-off the P7.0 million allowance for impairment loss recognized in prior years since management assessed that it will no longer be recoverable due to the lapse of the 120-day period for the BIR to assess the merits of the application; hence, resulting in a deemed denial of the Company's application for TCC. Further, in 2019, the Company received the BIR's letter of denial for the remaining P5.5 million. Management assessed that the total P8.9 million is no longer recoverable due to the explicit denial of the BIR. Thus, the Company wrote-off the allowance for impairment of P3.4 million and derecognized the outstanding amount under application for TCC of P5.5 million in 2019. The amount of input VAT under application for TCC and directly written-off in 2019 is presented as Impairment loss on applied tax credit certificate under Other Income (Charges) in the 2019 statement of profit or loss.

9. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property, plant and equipment at the beginning and end of 2020 and 2019 are shown below.

	At Revalued Amount	At Cost						
	Land	Land Improvements	Building and Improvements	Transportation Equipment	Machineries, Factory, and Other Equipment	Furniture, Fixtures and Office Equipment	Construction in Progress	Total
December 31, 2020								
Cost or valuation	P326,566,000	P 4,699,884	P 142,584,174	P 49,888,150	P 464,417,579	P 60,064,271	P 3,533,631	P1,051,753,689
Accumulated depreciation and amortization	-	(1,882,737)	(81,387,046)	(32,867,948)	(339,787,346)	(29,797,219)	-	(485,722,296)
Net carrying amount	**P326,566,000**	**P 2,817,147**	**P 61,197,128**	**P 17,020,202**	**P 124,630,233**	**P 30,267,052**	**P 3,533,631**	**P 566,031,393**
December 31, 2019								
Cost or valuation	P326,566,000	P 4,699,884	P 141,337,342	P 53,272,614	P 457,061,549	P 54,419,652	P 1,466,102	P1,038,823,143
Accumulated depreciation and amortization	-	(1,546,589)	(72,793,582)	(32,147,531)	(319,840,947)	(25,859,216)	-	(452,187,865)
Net carrying amount	P326,566,000	P 3,153,295	P 68,543,760	P 21,125,083	P 137,220,602	P 28,560,436	P 1,466,102	P 586,635,278
January 1, 2019								
Cost or valuation	P158,544,000	P 3,179,251	P 136,576,504	P 44,996,695	P 446,421,372	P 38,243,591	P 5,329,244	P 833,290,657
Accumulated depreciation and amortization	-	(1,269,576)	(63,526,319)	(30,894,428)	(299,138,068)	(23,063,839)	-	(417,892,230)
Net carrying amount	P158,544,000	P 1,909,675	P 73,050,185	P 14,102,267	P 147,283,304	P 15,179,752	P 5,329,244	P 415,398,427

A reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of 2020 and 2019 is shown below.

	At Revalued Amount	At Cost						
	Land	Land Improvements	Building and Improvements	Transportation Equipment	Machineries, Factory, and Other Equipment	Furniture, Fixtures and Office Equipment	Construction in Progress	Total
Balance at January 1, 2020, net of accumulated depreciation and amortization	P 326,566,000	P 3,153,295	P 68,543,760	P 21,125,083	P 137,220,602	P 28,560,436	P 1,466,102	P 586,635,278
Additions	-	-	506,627	519,643	7,236,030	3,236,753	5,335,600	16,834,653
Reclassification	-	-	740,205	-	120,000	2,407,866	(3,268,071)	-
Disposals – net	-	-	-	(1,058,501)	-	-	-	(1,058,501)
Depreciation and amortization charges for the year	-	(336,148)	(8,593,464)	(3,566,023)	(19,946,399)	(3,938,003)	-	(36,380,037)
Balance at December 31, 2020, net of accumulated depreciation and amortization	**P 326,566,000**	**P 2,817,147**	**P 61,197,128**	**P 17,020,202**	**P 124,630,233**	**P 30,267,052**	**P 3,533,631**	**P 566,031,393**
Balance at January 1, 2019, net of accumulated depreciation and amortization	P 158,544,000	P 1,909,675	P 73,050,185	P 14,102,267	P 147,283,304	P 15,179,752	P 5,329,244	P 415,398,427
Additions	78,280,000	-	200,000	10,701,920	18,561,676	15,729,123	3,078,729	126,551,448
Revaluation	89,742,000	-	-	-	-	-	-	89,742,000
Reclassification	-	1,520,633	4,560,838	-	405,717	454,683	(6,941,871)	-
Disposals – net	-	-	-	(422,023)	(8,327,216)	-	-	(8,749,239)
Depreciation and amortization charges for the year	-	(277,013)	(9,267,263)	(3,257,081)	(20,702,879)	(2,803,122)	-	(36,307,358)
Balance at December 31, 2019, net of accumulated depreciation and amortization	P 326,566,000	P 3,153,295	P 68,543,760	P 21,125,083	P 137,220,602	P 28,560,436	P 1,466,102	P 586,635,278

Land is stated at revalued amount, being the fair value at the date of revaluation in 2019. The revaluation surplus, net of applicable deferred tax expense, is presented as part of the Revaluation Reserves account in the statements of financial position (see Note 18.5).

Had the land been carried using the cost model, the carrying amount would have been P142.2 million as of December 31, 2020 and 2019. The fair value of land is determined periodically on the basis of the appraisals performed by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation process was conducted by an independent appraiser in discussion with the Company's management with respect to the determination of the inputs such as the size, age, and condition of the land, and the comparable prices in the corresponding property location. Other information on the basis of fair value measurement and disclosures related to land is presented in Note 23.3.

Construction in progress pertains to accumulated costs incurred in the construction of warehouse for Roofing Division and production buildings and extension of warehouse shed for finished goods and raw materials warehouses for Pipes Division. In 2020 and 2019, additional construction costs were incurred in the construction of quality assurance office for Roofing Division and re-roofing of raw materials warehouse for Pipes Division and roof office extension of the corporate office.

The percentage of completion of construction in progress ranges from 70% to 80% and 6% to 10% as of December 31, 2020 and 2019, respectively. The remaining ongoing projects are expected to be completed by the first quarter of 2021. Other than the remaining capital expenditures, there are no other capital commitments relating to the ongoing projects.

The amount of depreciation and amortization (see Notes 13 and 14) is allocated and presented in the statements of profit or loss under the following line items:

	2020	2019	2018
Cost of goods sold	**P23,373,679**	P24,505,279	P 20,554,453
Other operating expenses	**13,006,358**	11,802,079	10,863,775
	P36,380,037	P36,307,358	P 31,418,228

In 2020, 2019 and 2018, the Company recognized a gain on disposal of transportation equipment totalling to P0.5 million, P1.0 million and P0.8 million, respectively, which was presented as part of Other income under Other Income (Charges) in the statements of profit or loss.

In 2018, the Company purchased certain machinery and equipment through the advances obtained from a related party. Relative to this, in 2019, the same assets were disposed of and sold directly to a related party and the outstanding amount of P8.3 million was applied against the Company's receivable from the sale of such asset (see Note 17.3). No gain or loss was recognized as a result of the transaction.

Transportation equipment with a total carrying value of P11.2 million and P15.0 million as of December 31, 2020 and 2019, respectively, are used as collateral for car loans (see Note 11.2).

As of December 31, 2020 and 2019, the gross carrying amounts of the Company's fully depreciated and amortized property, plant and equipment that are still being used are P112.9 million and P112.4 million, respectively. The Company has no idle properties in any of the years presented.

10. OTHER NON-CURRENT ASSETS

The composition of this account is shown below.

	Notes	**2020**	2019
Deferred input VAT		**P 4,970,453**	P 7,526,776
Security deposits	12, 17.4	**3,695,651**	3,802,651
Trademarks - net		**294,626**	330,428
Others	6	**671,603**	291,089
		P 9,632,333	P 11,950,944

Deferred input VAT pertains to the unamortized input VAT from acquisition of capital assets required by the BIR to be amortized and reported for VAT reporting purposes over the useful lives of the assets or 60 months, whichever is shorter.

Security deposits are payments made to utility companies and lessors of office spaces and warehouses upon execution of the service and lease contracts. These payments will be refunded in cash at the termination of the contract. As the utility services, for which the account significantly represents, are expected to be renewed indefinitely, the present value of these financial assets cannot be determined and thus, are carried at cost. As such, the carrying amount of the security deposits is a reasonable approximation of its fair value (see Note 22.1).

Trademarks pertain to the capitalized costs of application and registration with the Intellectual Property Office and Bureau of Product Standards of the Company's logo and brand emblems used as identifying markers of the Company's products. The carrying values of trademarks were presented net of accumulated amortization amounting to P0.3 million as of December 31, 2020 and 2019. As of December 31, 2020 and 2019, the amortization expense relating to trademarks amounted to P0.07 million and P0.06 million, respectively, and is presented as part of Depreciation and amortization under the Other Operating Expenses in the statements of profit or loss (see Note 14).

11. LOANS AND PAYABLES

11.1 Trade and Other Payables

The composition of this account is shown below.

	Notes	**2020**	2019
Trade payables	17.2	**P 211,838,221**	P 217,254,931
Advances from customers		**27,461,918**	22,314,812
Accrued expenses	11.2	**6,584,717**	6,497,133
Others		**16,457,277**	35,178,212
		P 262,342,133	P 281,245,088

Advances from customers pertain to advance payments received from customers to guarantee goods placed for order to the Company. Upon delivery of goods ordered by the customer, the Company sets off these advances to the total amount of receivable from the customer.

Accrued expenses are liabilities arising from unpaid salaries, interest, utilities and other operating expenses.

Others include withholding taxes, government insurance and retention commissions payable withheld by the Company from its commission agents as security bond for any unliquidated cash advances. Others also include the unpaid portion of the land acquired in 2019 amounting to P21.6 million, which was fully settled in 2020.

11.2 Loans and Mortgage Payables

The composition of this account is shown below.

	Note	**2020**	2019
Mortgage payables:			
Current	9	**P 2,480,902**	P 3,160,034
Non-current	9	**4,561,326**	6,949,617
		P 7,042,228	P 10,109,651

In 2020 and 2019, the Company entered into short-term loan agreements with a local bank for working capital purposes. The short-term loans bear fixed annual interest of 5.75% in 2020 and ranges from 6.75% to 7.0%, in 2019. All short-term loans, including those obtained in 2020 and 2019, have been settled in 2020 and 2019, respectively.

In 2019 and prior years, the Company entered into car loan agreements with a local bank for the acquisition of certain transportation equipment and motor vehicles, which are then mortgaged to the banks (see Note 9). The car loans bear fixed annual effective interest which ranges from 2.6% to 10.96% and have terms of five years, payable monthly. The related outstanding balances are presented as Mortgage payables under Loans and Mortgage Payables for the current portion and Mortgage Payables for the non-current portion in the statements of financial position.

Interest expense related to the short-term loans and mortgage payables amounted to P1.3 million, P2.4 million and P0.7 million in 2020, 2019 and 2018, respectively, and is shown as part of Finance costs under Other Income (Charges) in the statements of profit or loss. There were no borrowing costs capitalized in 2020, 2019 and 2018. Accrued interest amounting to P0.03 million as of December 31, 2020 and 2019 is presented as part of Accrued expenses under Trade and Other Payables in the statements of financial position (see Note 11.1).

A reconciliation of the Company's short-term loans and mortgage payables as required by PAS 7, *Statement of Cash Flows,* is as follows:

	Short-term Loans	Mortgage Payables	Total
Balance as of January 1, 2020	P -	P 10,109,651	P 10,109,651
Cash flows from financing activities			
Additional borrowings	35,000,000	-	35,000,000
Payments made	(35,000,000)	(3,075,046)	(38,075,046)
Interest paid	(788,229)	(533,163)	(1,321,392)
Non-cash financing activity			
Interest expense	788,229	540,786	1,329,015
Balance as of December 31, 2020	**P -**	**P 7,042,228**	**P 7,042,228**
Balance as of January 1, 2019	P 28,000,000	P 5,515,025	P 33,515,025
Cash flows from financing activities			
Additional borrowings	50,000,000	7,408,541	57,408,541
Payments made	(78,000,000)	(2,840,792)	(80,840,792)
Interest paid	(1,395,625)	(992,572)	(2,388,197)
Non-cash financing activity			
Interest expense	1,395,625	1,019,449	2,415,074
Balance as of December 31, 2019	P -	P 10,109,651	P 10,109,651
Balance as of January 1, 2018	P -	P 4,233,145	P 4,233,145
Cash flows from financing activities			
Additional borrowings	33,000,000	3,190,000	36,190,000
Payments made	(5,000,000)	(1,908,120)	(6,908,120)
Interest paid	(332,389)	(407,230)	(739,619)
Non-cash financing activity			
Interest expense	332,389	407,230	739,619
Balance as of December 31, 2018	P 28,000,000	P 5,515,025	P 33,515,025

12. LEASES

The Company is a lessee under non-cancellable operating leases covering its warehouses and office spaces. The lease for warehouses has a term of three to 10 years, including the new leases entered into in 2019, and includes annual escalation rate of 5.00% to 10.00%, while the leases for office space have terms of three to five years with annual escalation rates ranging from 5.00% to 10.00%. All leases have renewal options. Generally, termination of lease contracts shall be communicated to the lessee by the lessor 30 to 60 days prior to the termination or expiration of the lease contract. With the exception of short-term leases, each lease is reflected in the statement of financial position as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets and lease liabilities as a separate line item in the statements of financial position.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. The Company must keep those properties in a good state of repair and return the properties in their same and good condition less ordinary wear and tear at the end of the lease. Further, the Company must insure items of property and equipment and incur maintenance fees on such items in accordance with the lease contracts.

Refundable security deposits represent the lease deposits made for the lease of the Company's office and warehouse. Related security deposits for these leases amounted to P1.4 million and P1.5 million as at December 31, 2020 and 2019, respectively, and are presented as part of Other Non-current Assets in the statements of financial position (see Note 10).

12.1 Right-of-use Assets

The carrying amounts of the Company's right-of-use assets as at December 31, 2020 and 2019 and the movements during the reporting periods are shown below.

	Warehouses	Office	Total
Balance as of January 1, 2020	P 39,457,052	P 3,979,303	P 43,436,355
Lease modification	(15,095,293)	-	(15,095,293)
Depreciation	(4,577,744)	(1,239,276)	(5,817,020)
Pre-termination of leases	(1,198,197)	(305,821)	(1,504,018)
Balance as of December 31, 2020	**P 18,585,818**	**P 2,434,206**	**P 21,020,024**
Balance as of January 1, 2019	P 1,906,222	P 5,378,771	P 7,284,993
Additions	40,132,046	-	40,132,046
Depreciation	(2,581,216)	(1,399,468)	(3,980,684)
Balance as of December 31, 2019	P 39,457,052	P 3,979,303	P 43,436,355

In January 2020, two lease contracts were pre-terminated resulting in derecognition of right-of-use assets and lease liabilities with carrying values of P1.5 million and P1.7 million, respectively, and recognition of a gain on pre-termination of leases amounting to P0.2 million. The related gain is presented as part of Other income under Other Income (Charges) in the 2020 statement of profit or loss.

Further, in December 2020, a lease contract was modified reducing the leased space from two warehouses to only one warehouse. This resulted in derecognition of right-of-use asset and lease liability with carrying values of P15.1 million and P16.0 million, respectively, and recognition of a gain on lease modification amounting to P0.9 million. The related gain is presented as part of Other income under Other Income (Charges) in the 2020 statement of profit or loss.

The depreciation expense relating to right-of-use assets is presented as part of Depreciation and amortization under the Other Operating Expenses in the 2020 and 2019 statements of profit or loss (see Note 14).

12.2 Lease Liabilities

Total outstanding balance of lease liabilities as of December 31, 2020 and 2019 are as follows:

	2020	2019
Current	**P 3,466,766**	P 4,621,594
Non-current	**19,237,768**	39,565,489
	P 22,704,534	P 44,187,083

The movements in the lease liabilities recognized in the statements of financial position as of December 31 are as follows:

	2020	2019
Balance at beginning of year	**P 44,187,083**	P 7,284,993
Lease modification	**(16,016,042)**	-
Repayments of lease liabilities	**(6,708,341)**	(4,043,003)
Interest accretion	**2,895,546**	1,137,047
Pre-termination of leases	**(1,653,712)**	-
Additional lease liabilities	**-**	39,808,046
Balance at end of year	**P 22,704,534**	P 44,187,083

The use of termination option to certain lease contracts gives the Company added flexibility in the event it has identified more suitable premises in terms of cost and/or location. The future cash outflows to which the Company is potentially exposed to that are not reflected in the measurement of lease liabilities represent the amount of remaining utility bills until clearance from the contract, other damages to the premises, and the security deposits and advance rentals to be forfeited (if any). An option is only exercised when consistent with the Company's business strategy and the economic benefits of exercising such option exceeds the expected overall cost. In 2020, the Company exercised its termination option for two lease contracts. No penalties were incurred or obligations assumed arising from the lease termination. There was no similar case in 2019 and 2018.

As of December 31, 2020 and 2019, the Company has no commitments for leases entered into which had not commenced.

The undiscounted maturity analysis of lease liabilities as of December 31, 2020 and 2019 is as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
2020:							
Lease payments	P 5,004,435	P 4,860,789	P 4,535,537	P 2,344,378	P 2,461,597	P 10,364,555	P 29,571,291
Finance charges	(1,537,669)	(1,289,777)	(1,040,033)	(863,430)	(744,387)	(1,391,461)	(6,866,757)
Net present values	**P 3,446,766**	**P 3,571,012**	**P 3,495,504**	**P 1,480,948**	**P 1,717,210**	**P 8,973,094**	**P 22,704,534**
2019:							
Lease payments	P 7,692,975	P 8,047,702	P 7,060,692	P 6,845,435	P 4,769,772	P 26,095,539	P 60,512,116
Finance charges	(3,071,381)	(2,733,492)	(2,378,878)	(2,039,079)	(1,756,697)	(4,345,505)	(16,325,033)
Net present values	P 4,621,594	P 5,314,210	P 4,681,814	P 4,806,356	P 3,013,075	P 21,750,034	P 44,187,083

12.3 Lease Payments Not Recognized as Liabilities

The Company has elected not to recognize lease liability for short-term leases. Payments made under such leases are expensed on a straight-line basis.

The expenses relating to short-term leases amounted to P1.5 million and P1.4 million in 2020 and 2019, respectively, and is presented as Rentals under Other Operating Expenses in the statements of comprehensive income (see Note 14).

As at December 31, 2020 and 2019, the Company is committed to short-term leases, and the total commitment at that date is both P0.5 million.

12.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P6.7 million and P4.0 million in 2020 and 2019, respectively. Interest expense in relation to lease liabilities amounted to P2.9 million and P1.1 million in 2020 and 2019, respectively, and is presented as part of Finance costs under Other Income (Charges) in the 2020 and 2019 statements of profit or loss.

13. COST OF GOODS SOLD

The details of cost of goods sold are shown below.

	Notes	**2020**	2019	2018
Finished goods at beginning of year	7	**P 270,227,337**	P 239,002,569	P 203,913,087
Cost of goods manufactured:				
Raw materials at beginning of year	7	**211,011,861**	206,687,341	155,822,092
Net purchases during the year		**664,396,952**	960,049,260	841,295,869
Direct labor	15.1	**17,072,797**	26,942,084	24,255,785
Manufacturing overhead	9, 15.1	**66,480,645**	88,933,728	72,512,196
Raw materials at end of year	7	**(187,587,769)**	(211,011,861)	(206,687,341)
Work-in-process at beginning of the year	7	**611,164**	241,522	2,788,754
Work-in-process at end of year	7	**(443,208)**	(611,164)	(241,522)
		771,542,442	1,071,230,910	889,745,833
Finished goods at end of year	7	**(269,619,491)**	(270,227,337)	(239,002,569)
	14	**P 772,150,288**	P1,040,006,142	P 854,656,351

14. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature are shown below.

	Notes	2020	2019	2018
Materials used in production		**P 687,821,044**	P 955,724,740	P 790,430,620
Salaries and employee benefits	15.1	**85,282,828**	106,898,685	96,166,696
Depreciation and amortization	9, 10, 12	**42,261,701**	40,349,239	31,476,494
Utilities		**25,446,649**	37,142,489	35,774,006
Outside services		**24,476,366**	26,481,227	25,479,642
Supplies		**9,968,715**	10,224,687	8,058,524
Taxes and licenses		**9,953,332**	10,219,227	9,180,832
Delivery		**9,903,219**	11,484,633	9,073,249
Transportation and travel		**8,221,023**	11,782,951	10,577,430
Repairs and maintenance		**6,933,138**	7,921,513	8,183,478
Professional fees	17.6	**6,874,796**	4,871,714	3,188,473
Advertising and promotions		**4,369,438**	8,823,415	12,594,166
Impairment loss on trade receivables	6	**2,175,306**	-	-
Insurance		**1,920,994**	2,043,963	1,740,891
Representation		**1,561,833**	3,204,935	2,105,646
Rentals	12.3, 17.4, 20.1	**1,450,024**	1,394,689	3,908,394
Changes in finished goods		**607,846**	(31,224,768)	(35,089,482)
Changes in work-in-process		**167,956**	(369,642)	2,547,232
Miscellaneous		**14,424,619**	19,373,231	6,317,473
		P 943,820,827	P1,226,346,928	P1,021,713,764

These expenses are classified in the statements of profit or loss as follows:

	Note	2020	2019	2018
Cost of goods sold	13	**P 772,150,288**	P1,040,006,142	P 854,656,351
Other operating expenses		**171,670,539**	186,340,786	167,057,413
		P 943,820,827	P1,226,346,928	P1,021,713,764

15. EMPLOYEE BENEFITS

15.1 Salaries and Employee Benefits

Details of salaries and employee benefits are presented below.

	Notes	2020	2019	2018
Short-term employee benefits		**P 80,827,929**	P 103,639,325	P 93,195,654
Post-employment defined benefits	15.2(b)	**4,454,899**	3,259,360	2,971,042
	14	**P 85,282,828**	P 106,898,685	P 96,166,696

Salaries and employee benefits are allocated in the statements of profit or loss as follows:

	Notes	2020	2019	2018
Cost of goods sold	13	**P 19,038,759**	P 29,271,075	P 25,995,743
Other operating expenses		**66,244,069**	77,627,610	70,170,953
	14	**P 85,282,828**	P 106,898,685	P 96,166,696

15.2 *Post-employment Defined Benefit Plan*

(a) Characteristics of Post-employment Defined Benefit Plan

The Company maintains a tax-qualified, partially funded and non-contributory post-employment defined benefit plan covering all regular full-time employees. The Company conforms with the minimum regulatory benefit of Republic Act 7641, *The Retirement Pay Law,* which is of a defined benefit type and provides for a lump sum retirement benefit equal to 22.5-day pay for every year of credited service. The normal retirement age is 60 with a minimum of five years of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2020 and 2019.

	2020	2019
Present value of the obligation	**P 39,189,579**	P 50,586,844
Fair value of plan assets	**(39,140,723)**	(43,754,400)
	P 48,856	P 6,832,444

The movements in the present value of the post-employment defined benefit obligation recognized in the books are as follows:

	2020	2019
Balance at beginning of year	**P 50,586,844**	P 42,546,702
Current service cost	**4,454,899**	3,259,360
Interest cost	**2,610,281**	3,191,003
Benefits paid	**(9,884,780)**	(782,948)
Remeasurement – actuarial losses (gains) arising from:		
Experience adjustments	**(7,667,103)**	(2,891,031)
Changes in financial assumptions	**(910,562)**	5,263,758
Balance at end of year	**P 39,189,579**	P 50,586,844

The movements in the fair value of plan assets are presented below.

	2020	2019
Balance at beginning of year	**P 43,754,400**	P 36,420,917
Contributions to the plan	**2,590,968**	3,917,630
Interest income	**2,069,547**	2,849,119
Benefits paid	**(9,884,780)**	(782,948)
Actuarial gain on interest income from plan assets	**610,588**	1,349,682
Balance at end of year	**P 39,140,723**	P 43,754,400

The composition of the fair value of plan assets at the end of the reporting periods by category and risk characteristics is shown below.

	2020	2019
Cash and cash equivalents	**P 1,366,011**	P 2,839,661
Debt securities – Philippine government bonds	**29,038,502**	32,225,116
Unit investment trust funds (UITF)	**5,843,710**	5,959,349
Others	**2,892,500**	2,730,274
	P 39,140,723	P 43,754,400

Others comprise of accrued interest and other receivables.

The fair value of debt securities are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy). While UITF is classified as Level 2 on which the fair value was derived using the net asset value per unit (computed by dividing the net asset value of the fund by the number of outstanding units at the end of the reporting period), as published by banks and the Investment Company Association of the Philippines (see Note 23.1).

Plan assets do not comprise any of the Company's own financial instruments.

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are as follows:

	2020	2019	2018
Recognized in profit or loss:			
Current service cost	**P 4,454,899**	P 3,259,360	P 2,971,042
Net interest expense	**540,734**	341,884	399,406
	P 4,995,633	P 3,601,244	P 3,370,448
Recognized in other comprehensive income:			
Actuarial losses (gains) arising from:			
Experience adjustments	**(P 7,667,103)**	(P 2,891,031)	P 2,328,217
Changes in financial assumptions	**(910,562)**	5,263,758	(8,662,401)
Negative (positive) return on plan assets	**(610,588)**	(1,349,682)	3,739,275
	(P 9,188,253)	P 1,023,045	(P 2,594,909)

Current service cost is included as part of Salaries and employee benefits under Cost of Goods Sold and Other Operating Expenses in the statements of profit or loss (see Notes 13 and 14).

The net interest expense is included as part of Finance costs under Other Income (Charges) in the statements of profit or loss.

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the post-employment benefit obligation, the following significant assumptions were used:

	2020	2019	2018
Discount rate	**3.95%**	5.16%	7.50%
Salary increase rate	**3.50%**	5.00%	5.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 in 2020 and 2019 is 25.7 years and 25.4 years, respectively. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero-coupon government bonds, with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and other assets and if the return on plan assets falls below this rate, it will create a deficit in the plan.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Company's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the post-employment defined benefit plan are described in the succeeding page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment defined benefit obligation as of December 31, 2020 and 2019:

		Impact on Post-Employment Defined Benefit Obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2020			
Discount rate	**+/- 1.0%**	**(P 2,730,118)**	**P 3,364,123**
Salary growth rate	**+/- 1.0%**	**3,344,458**	**(2,764,896)**
December 31, 2019			
Discount rate	+/- 1.0%	(P 2,543,126)	P 3,117,262
Salary growth rate	+/- 1.0%	3,089,904	(2,568,751)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

The retirement plan trustee has no specific matching strategy between the plan assets and the plan liabilities.

A large portion of the plan assets as of December 31, 2020 and 2019 consists of debt securities and readily available cash and cash equivalents, pending placement in investments with balanced risks and rewards optimization. The Company also has UITF for liquidity purposes.

There has been no change in the Company's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The Company has yet to decide the amount of contribution to the retirement plan for the succeeding year.

The Company is not required to pre-fund the future defined benefits payable under the plan assets before they become due. For this reason, the amount and timing of contributions to the plan assets are at the Company's discretion. However, in the event a benefit claim arises and the plan assets are insufficient to pay the claim, the shortfall will be due, demandable and payable from the Company to the plan assets.

The maturity profile of undiscounted expected benefit payments from the plan within the next ten years follow:

	2020	2019
Within one year to five years	**P 24,028,665**	P 38,236,034
More than five years to ten years	**6,605,087**	5,942,207
	P 30,633,752	P 44,178,241

The weighted average duration of the defined benefit obligation at the end of the reporting period is 7.8 years.

16. CURRENT AND DEFERRED TAXES

The components of tax expense as reported in profit or loss and other comprehensive income follow:

	2020	2019	2018
Reported in profit or loss:			
Current tax expense:			
Regular corporate income tax (RCIT) at 30%	**P 52,114,118**	P 55,058,304	P 49,416,906
Final tax at 20%; and 15%	**68,030**	104,452	79,345
	52,182,148	55,162,756	49,496,251
Deferred tax expense (income) relating to origination and reversal of temporary differences	**(139,192)**	770,607	1,111,878
	P 52,042,956	P 55,933,363	P 50,608,129
Reported in other comprehensive income –			
Deferred tax expense relating to revaluation increment on land and remeasurements of post-employment defined benefit plan	**P 2,756,476**	P 26,615,687	P 778,473

A reconciliation of tax on pre-tax profit computed at the applicable statutory rates to tax expense reported in profit or loss follows:

	2020	2019	2018
Tax on pre-tax profit at 30%	**P 51,987,614**	P 57,704,405	P 50,463,284
Adjustment for income subjected to lower tax rates	**(39,254)**	(87,601)	(77,520)
Tax effects of:			
Non-deductible expenses	**94,596**	421,208	222,365
Utilization of previously written off application for TCC	**-**	(2,104,649)	-
Tax expense reported in profit or loss	**P 52,042,956**	P 55,933,363	P 50,608,129

The net deferred tax liabilities relate to the following as of December 31:

	Statements of Financial Position	
	2020	2019
Deferred tax assets:		
Impairment loss on trade and other receivables	**P 4,492,822**	P 3,840,230
Post-employment defined benefit obligation	**14,657**	2,049,734
Unamortized past service cost	**1,394,324**	1,843,181
Effect of PFRS 16	**602,553**	322,418
Unrealized foreign currency losses - net	**-**	195,520
	6,504,356	8,251,083
Deferred tax liabilities:		
Revaluation increment on land	**(55,321,725)**	(55,321,725)
Unrealized foreign currency gains - net	**(870,557)**	-
	(56,192,282)	(55,321,725)
Net Deferred Tax Liabilities	**(P 49,687,926)**	(P 47,070,642)

	Statements of Profit or Loss and Statements of Comprehensive Income					
	Profit or Loss			Other Comprehensive Income		
	2020	2019	2018	**2020**	2019	2018
Deferred tax assets:						
Post-employment defined benefit obligation	**(P 721,399)**	P 94,916	P 164,154	**P 2,756,476**	(P 306,913)	P 778,473
Impairment loss on trade and other receivables	**(652,592)**	658,724	816,305	**-**	-	-
Unamortized past service cost	**448,857**	251,379	145,134	**-**	-	-
Effect of PFRS 16	**(280,135)**	(322,418)	-	**-**	-	-
Unrealized foreign currency losses - net	**195,520**	(195,520)	269,811	**-**	-	-
Impairment loss on applied TCC	**-**	1,007,846	(1,007,846)	**-**	-	-
	(1,009,749)	1,494,927	387,558	**2,756,476**	(306,913)	778,473
Deferred tax liabilities:						
Unrealized foreign currency gains - net	**870,557**	(724,320)	724,320	**-**	-	-
Revaluation increment on land	**-**	-	-	**-**	26,922,600	-
	870,557	(724,320)	724,320	**-**	26,922,600	-
Net Deferred Tax Expense (Income)	**(P 139,192)**	P 770,607	P 1,111,878	**P 2,756,476**	P 26,615,687	P 778,473

The Company is subject to the minimum corporate income tax (MCIT) which is computed at 2% of gross income as defined under the tax regulations, or RCIT, whichever is higher. No MCIT was recognized in 2020, 2019 and 2018 as the RCIT was higher than MCIT in those years.

In 2020, 2019 and 2018, the Company claimed itemized deductions in computing for its income tax due.

On February 1, 2021, the Bicameral Conference Committee of the Philippine House of Representatives and the Philippine Senate has approved the reconciled version of the *Corporate Recovery and Tax Incentives (CREATE) bill* which, among others, seeks to lower RCIT rates and rationalize certain fiscal incentives. As of the date of issuance of the Company's 2020 financial statements, the CREATE bill is yet to be enacted into a law pending approval by the President of the Philippines. The effective date on the reconciled version of the CREATE bill for corporate income tax rate is July 1, 2020. When enacted, the corporate income tax rate for the Company from January 1, 2020 to June 30, 2020 and July 1, 2020 to December 31, 2020 will be 30% and 25%, respectively. Pending the enactment of the CREATE bill, the Company used the prevailing regular corporate income tax rate of 30% as of December 31, 2020 in determining its current and deferred taxes in its 2020 financial statements, which will differ from the annual income tax return upon the effectivity of the CREATE bill.

17. RELATED PARTY TRANSACTIONS

The Company's related parties include entities under common ownership, stockholders and key management personnel as described below.

The summary of the Company's transactions with its related parties for the years ended December 31, 2020, 2019 and 2018 and the outstanding balances as of December 31, 2020 and 2019 are as follows:

	Note	Amounts of Transactions 2020	2019	2018
Related Parties Under Common Ownership:				
Sale of goods	17.1	**P 25,138,418**	P 32,344,043	P 33,866,747
Purchase of goods and services	17.2	**58,032,825**	48,480,138	62,100,195
Advances granted	17.3	**1,710**	(4,333)	112,013
Advances obtained for the purchase of machinery and equipment	17.3	**-**	(8,327,216)	8,327,216
Lease of properties	17.4	**421,071**	452,500	3,187,967
Right-of-use asset	17.4	**(1,504,018)**	7,284,993	-
Lease liabilities	17.4	**3,061,052**	(7,284,993)	-
Depreciation	17.4	**1,293,739**	2,053,030	-
Interest expense	17.4	**234,980**	423,101	-
Gain on pre-termination of leases	17.4	**149,694**	-	-
Security deposit	17.4	**(146,926)**	144,735	(493,945)
Consultation services	17.6	**867,500**	-	-
Key Management Personnel –				
Compensation	17.5	**45,698,751**	47,837,856	46,239,479

	Note	Outstanding Balances 2020	2019
Related Parties Under Common Ownership:			
Sale of goods	17.1	**P 8,220,277**	P 6,111,574
Purchase of goods and services	17.2	**(3,083,288)**	(1,642,175)
Advances granted	17.3	**7,734**	6,024
Right-of-use assets	17.4	**2,434,206**	5,231,963
Lease liabilities	17.4	**(2,828,378)**	(5,654,450)
Security deposit	17.4	**258,778**	405,704
Stockholders –			
Advances obtained	17.3	**(46,057)**	(46,057)

The Company's outstanding receivables with related parties were subjected to impairment using the requirements of PFRS 9. These receivables have substantially the same risk characteristics as the trade receivables. As such, the expected loss rates for trade receivables are a reasonable approximation of the loss rates for receivables from related parties. There were no impairment losses recognized for these receivables from related parties in 2020, 2019 and 2018 [see Note 21.2(b)].

17.1 Sale of Goods

The Company sells finished goods to related parties under common ownership. Goods are sold on the basis of the price lists in force and terms that would be available to non-related parties. The outstanding receivables from sale of goods, which are generally noninterest-bearing, unsecured and settled through cash within three to six months, are presented as part of Trade receivables under Trade and Other Receivables in the statements of financial position (see Note 6).

17.2 Purchase of Goods and Services

Goods and services are purchased on the basis of the price lists in force with non-related parties. The related outstanding payables for goods and services purchased in 2020 and 2019 are presented as part of Trade payables under Trade and Other Payables in the statements of financial position (see Note 11.1). The outstanding payables from purchase of goods and services are generally noninterest-bearing, unsecured and settled through cash within three months.

The Company acquires the services of Husky Plastics Corporation (Husky), a related party under common ownership, for the conversion of its pipe fittings. The Company provides its own raw materials to Husky for processing into finished goods. Once the processing is completed, the Company records the amount incurred for the services of Husky as part of the finished goods based on the billings received. The basis of the price charged to the Company is in line with Husky's prevailing market rates. The related outstanding payables for these services from Husky as of December 31, 2020 and 2019 are presented as part of Trade payables under Trade and Other Payables in the statements of financial position (see Note 11.1). The outstanding payables from purchase of services are generally noninterest-bearing, unsecured and settled through cash within three months.

17.3 Advances to/from Related Parties

The Company grants/obtains unsecured, noninterest-bearing advances to/from its related parties under common ownership and certain stockholders. These advances are repayable either in cash or through offsetting. The outstanding balance of receivable from related party advances is presented as part of Other receivables under Trade and Other Receivables in the statements of financial position (see Note 6).

On the other hand, the outstanding balance of payable to a stockholder is presented as Advances from a Stockholder in the statements of financial position. The outstanding balances are noninterest-bearing, unsecured and repayable in cash, beyond 12 months from the end of the reporting period.

In 2018, the Company purchased certain machinery equipment amounting to P8.3 million, which was directly paid to the supplier by the related party under common ownership in favor of the Company (see Note 9). The related payable arising from this transaction is noninterest-bearing, unsecured and payable in cash, and presented as Advances from a related party under Trade and Other Payables in the 2018 statement of financial position (see Note 11.1). There was no similar transaction in 2020 and 2019.

17.4 Lease of Properties

The Company entered into lease contracts with a related party under common ownership covering its office spaces and warehouse with lease terms ranging from two to five years. In 2019, in accordance with PFRS 16, the Company recognized right-of-use assets and lease liabilities amounting to P7.3 million for these lease contracts.

In 2020, two lease contracts were pre-terminated resulting in derecognition of right-of-use assets and lease liabilities with carrying values of P1.5 million and P1.7 million, respectively, and recognition of a gain on pre-termination of leases amounting to P0.2 million (see Note 12.1). The Company incurred depreciation expense amounting to P1.3 million and P2.0 million in 2020 and 2019, respectively. The Company also incurred interest expense amounting to P0.2 million and P0.5 million in 2020 and 2019. The depreciation expense and interest expense incurred were recognized in the 2020 and 2019 statements of profit or loss (see Note 14).

The related deposit as of December 31, 2020 and 2019, which is refundable at the termination of the lease term, is presented as part of Security deposits under Other Non-current Assets in the statements of financial position (see Note 10).

Further, in 2020 and 2019, the Company incurred rental expense for short-term vehicle leases with a related party under common ownership amounting to P0.4 million and P0.5 million, respectively, and is shown as part of Rentals under Other Operating Expenses in 2020 and 2019 statements of profit or loss (see Note 14).

17.5 Key Management Personnel Compensation

The total compensation of key management personnel, which include all managers and executives, is shown below.

	2020	2019	2018
Short-term benefits	**P 42,258,618**	P 45,332,703	P 43,520,499
Post-employment defined benefits	**3,440,133**	2,505,153	2,718,980
	P 45,698,8751	P 47,837,856	P 46,239,479

17.6 Others

In 2020, the Company entered into a consulting service agreement with a stockholder relating to employees training for four months amounting to P0.9 million, which is shown as part of Professional fees under Other Operating Expenses in 2020 statement of profit or loss (see Note 14). There was no outstanding balance as of December 31, 2020. There was no similar transaction in 2019 and 2018.

The Company's retirement fund for its post-employment benefit plan is administered and managed by a trustee bank. The retirement fund neither provides any guarantee or surety for any obligation of the Company nor its investments covered by any restrictions or liens. The fair value of the plan assets and the composition of the plan assets as of December 31, 2020 and 2019 are shown in Note 15.2.

18. EQUITY

18.1 Capital Stock

The Company's authorized capital stock is 1,300,000,000 shares at P1.00 par value per share. The issued and outstanding capital stock as of December 31, 2020 and 2019 consisted of 630,800,000 shares equivalent to P630.8 million.

On September 5, 2014, the BOD and the stockholders approved the Company's application for the registration of 630.8 million of its common shares with the SEC and apply for the listing thereof in the PSE (see Note 1). The BOD's approval covered the planned initial public offering of 158.0 million unissued common shares of the Company.

As of December 31, 2020, the Company's number of shares registered totaled 630,800,000 with par value of P1.00 per share and closed at a price of P1.87. The total number of stockholders is 58 and 42 as of December 31, 2020 and 2019, respectively. The public float lodged with Philippine Central Depositary Nominee Corporation is counted only as one stockholder.

18.2 Additional Paid-in Capital

Additional paid-in capital consists of P52.3 million from the initial public offering in 2015, net of P12.5 million stock issuance costs incurred such as underwriting fees and commissions, taxes and filing fees (see Note 1).

18.3 Retained Earnings

The information of cash dividends, which are all regular dividends, are summarized below.

Date of Declaration	Date of Record	Date of Payment	Amount	Dividends per share
March 29, 2020	June 26, 2020	July 22, 2020	P 24,443,639	P 0.04
March 12, 2019	April 12, 2019	May 9, 2019	31,455,100	0.05
March 12, 2019	July 9, 2019	July 23, 2019	24,921,080	0.04
March 9, 2018	April 12, 2018	May 9, 2018	25,232,000	0.04
March 9, 2018	June 26, 2018	July 11, 2018	31,540,000	0.05

18.4 Share Buyback Program

On December 5, 2018, the Company's BOD approved the adoption of a Share Buyback Program (SBP) whereby the Company is authorized to reacquire its capital stock from the public for an aggregate acquisition price of P100.0 million. As of December 31, 2020 and 2019, the cumulative number of shares repurchased consists of 20,161,000 treasury shares and 18,356,000 treasury shares aggregating to an acquisition cost of P41.1 million and P37.5 million, respectively. The SBP has already concluded on December 5, 2020.

18.5 Revaluation Reserves

The components and reconciliation of items of other comprehensive income presented in the statements of changes in equity under Revaluation Reserves account, are shown below.

	Revaluation Increment on Land (see Note 9)	Actuarial Gain or Loss on Post-employment Benefit Plan (see Note 15.2)	Total
Balance as of January 1, 2020	P 129,084,027	(P 4,026,483)	P 125,057,544
Remeasurements of post-employment defined benefit plan	-	9,188,253	9,188,253
Tax expense	-	(2,756,476)	(2,756,476)
Balance as of December 31, 2020	**P 129,084,027**	**P 2,405,294**	**P 131,489,321**
Balance as of January 1, 2019	P 66,264,627	(P 3,310,351)	P 62,954,276
Gain on revaluation of land	89,742,000	-	89,742,000
Remeasurements of post-employment defined benefit plan	-	(1,023,045)	(1,023,045)
Tax income (expense)	(26,922,600)	306,913	(26,615,687)
Balance as of December 31, 2019	P 129,084,027	(P 4,026,483)	P 125,057,544
Balance as of January 1, 2018	P 66,264,627	(P 5,126,787)	P 61,137,840
Remeasurements of post-employment defined benefit plan	-	2,594,909	2,594,909
Tax expense	-	(778,473)	(778,473)
Balance as of December 31, 2018	P 66,264,627	(P 3,310,351)	P 62,954,276

19. EARNINGS PER SHARE

Basic and diluted EPS is computed as follows:

	2020	2019	2018
Net profit	**P 121,249,089**	P 136,414,653	P 117,602,818
Divided by weighted average number of outstanding common shares (considering the effect of treasury shares)	**611,075,083**	622,417,750	630,800,000
Basic and diluted EPS	**P 0.20**	P 0.22	P 0.19

The Company does not have dilutive potential common shares outstanding as of December 31, 2020, 2019 and 2018; hence, diluted EPS is equal to the basic EPS.

20. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Company:

20.1 Operating Lease Commitments – Company as Lessee (2018)

The Company is a lessee under non-cancellable operating leases covering its warehouse and office spaces. The lease for warehouse has a term of three years and includes annual escalation rate of 10.00%, while the leases for office space have terms of three to five years with escalation rates ranging from 5.00% to 10.00%. All leases have renewal options. The future minimum lease payments under these non-cancellable operating leases as of December 31, 2018 is shown in the succeeding page.

Within one year	P	2,253,907
After one year but not more than five years		4,485,829
	P	6,739,736

Rental expense for the year ended December 31, 2018 amounted to P3.9 million (see Note 14).

20.2 Unused Credit Lines

The Company had P420.0 million and P320.0 million of unused credit lines of the approved Omnibus Line of Credit from local banks granted as of December 31, 2020 and 2019, respectively.

20.3 Others

There are other commitments and contingent liabilities that arise in the normal course of the Company's operations which are not reflected in the financial statements. As of December 31, 2020 and 2019, management and its legal counsel are of the opinion that losses, if any, from these items will not have a material effect on the Company's financial statements.

21. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to financial instruments. The Company's financial assets and financial liabilities by category are summarized in Note 22. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated by its BOD, and focuses on actively securing the Company's closely short-to-medium term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described below and in the succeeding pages.

21.1 Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from both its operating, investing and financing activities.

(a) Foreign Currency Risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in United States (U.S.) dollars. The Company also holds U.S. dollar-denominated cash and cash equivalents.

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency-denominated financial assets and liabilities, translated into Philippine pesos at the closing rate follow:

	2020	2019
Financial assets	**P 100,017,894**	P 78,742,084
Financial liabilities	**(7,092,996)**	(4,398,597)
Net exposure	**P 92,924,898**	P 74,343,487

The sensitivity of the Company's profit before tax is based on the Company's financial assets and financial liabilities denominated in U.S. dollars and the U.S. dollar – Philippine peso exchange rate. It assumes a +/- 13.12% and +/- 11.87% change of the Philippine peso/ U.S. dollar exchange rate for the years ended December 31, 2020 and 2019, respectively. These percentages have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months at a 99% confidence level. The sensitivity analysis is based on the Company's foreign currency financial instruments held at the end of each reporting period.

If the Philippine peso had strengthened against the U.S. dollar by 13.12% and 11.87% at December 31, 2020 and 2019, profit before tax for the years ended December 31, 2020 and 2019 would have decreased by P12.2 million and P8.8 million, respectively. Conversely, if the Philippine peso had weakened against the U.S. dollar by the same percentages at December 31, 2020 and 2019, profit before tax for the years ended December 31, 2020 and 2019 would have increased by the same amounts.

Exposures to foreign exchange rates vary during the period depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is considered to be representative of the Company's currency risk.

Unrealized foreign currency exchange gains - net amounts to P2.9 million in 2020 and P2.4 million in 2018, while unrealized foreign currency exchange losses - net amounts to P0.7 million in 2019. These are presented as part of Foreign currency gains (losses) - net in the statements of profit or loss.

(b) Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually made at fixed rates. At December 31, 2020 and 2019, the Company is exposed to changes in market interest rates through its cash and cash equivalents, which are subject to variable interest rates (see Note 5). All other financial assets and liabilities have fixed rates.

The table in the succeeding page illustrates the sensitivity of the Company's profit before tax and equity to a reasonably possible change in interest rates of +/- 1.48% and +/- 1.71% in 2020 and 2019, respectively. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables are held constant.

	Increase		Decrease	
	2020	2019	**2020**	2019
	1.48%	1.71%	**1.48%**	1.71%
Effect in profit before tax	**P 2,793,424**	P 858,093	**(P 2,793,424)**	(P 858,093)
Effect in equity	**1,955,397**	600,665	**(1,955,397)**	(600,665)

21.2 Credit Risk

Credit risk is the risk that counterparty may fail to discharge an obligation to the Company. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position (or in the detailed analysis provided in the notes to financial statements), as summarized below.

	Notes	**2020**	2019
Cash and cash equivalents	5	**P 188,196,658**	P 56,456,379
Trade receivables - net	6	**248,782,201**	241,694,083
Security deposits	10	**3,695,651**	3,802,651
		P 440,674,510	P 301,953,113

None of the financial assets are secured by collateral or other credit enhancements except for cash and cash equivalents and certain trade receivables with entrusted and on hand post-dated checks issued by the customers (see Note 6).

(a) Cash

The credit risk for cash is considered negligible, since bank deposits are only maintained with reputable financial institutions, as a matter of Company's policy. Included in cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables. Advances to officers and employees have been assessed separately and individually wherein management determined that there is no required ECL to be recognized since collections are made on a monthly basis or through salary deductions within a period of one year or less.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Company also concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables as it shares the same credit risk characteristics.

The expected loss rates are based on the payment and aging profiles over a period of 36 months before December 31, 2020 and 2019, respectively, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified that the construction materials wholesale price index in 2020 and the construction materials retail price index in 2019 were the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The Company identifies a default when the receivables become credit impaired or when the customer has not able to settle the receivables within the normal credit terms of 30 to 90 days, depending on the terms with customers; hence, these receivables were already considered as past due on its contractual payment. In addition, the Company considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty.

The loss allowance for trade receivables as at December 31, 2020 and 2019, which was determined based on months past due, is as follows:

	Not more than 3 months	More than 3 months but not more than 4 months	More than 4 months	Total
December 31, 2020				
Expected loss rate	0.00%	100.00%	100.00%	
Gross carrying amount	P 248,782,201	P 1,502,248	P 13,473,825	P 263,758,274
Loss allowance	**-**	**1,502,248**	**13,473,825**	**14,976,073**
December 31, 2019				
Expected loss rate	0.00%	92.33%	100.00%	
Gross carrying amount	P 241,548,858	P 1,893,413	P 11,052,579	P 254,494,850
Loss allowance	-	1,748,188	11,052,579	12,800,767

(c) Security deposits

With respect to refundable security deposits, management assessed that these financial assets have low probability of default since the Company has utility contract and operating lease contracts as lessee with the counterparties. The Company can apply such deposits to future payments in case it defaults.

21.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments, if any, for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in short-term placements. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities (see Note 21.2). As at December 31, the Company's financial liabilities (except lease liabilities – see Note 12) have contractual maturities which are presented in the succeeding page.

	2020					
	Current				Non-current	
	Within Six Months		Six to 12 Months		One to Five Years	
Trade and other payables (except Advances from customers and tax-related payables)	P	232,422,938	P	-	P	-
Loans and mortgage payables		1,538,581		1,313,154		4,975,448
Advances from a stockholder		-		-		46,057
	P	**233,961,519**	**P**	**1,313,154**	**P**	**5,021,505**

	2019					
	Current				Non-current	
	Within Six Months		Six to 12 Months		One to Five Years	
Trade and other payables (except Advances from customers and tax-related payables)	P	246,799,324	P	-	P	-
Loans and mortgage payables		1,941,004		1,940,337		7,835,981
Advances from a stockholder		-		-		46,057
	P	248,740,328	P	1,940,337	P	7,882,038

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the financial liabilities at the end of the reporting periods.

22. CATEGORIES AND OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

22.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position at amortized cost are shown below.

		2020		2019	
	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	5	**P 188,196,658**	**P 188,196,658**	P 56,456,379	P 56,456,379
Trade and other receivables - net	6	**248,782,201**	**248,782,201**	241,694,083	241,694,083
Security deposits	10	**3,695,651**	**3,695,651**	3,802,651	3,802,651
		P 440,674,510	**P 440,674,510**	P 301,953,113	P 301,953,113
Financial Liabilities					
Financial liabilities at amortized cost:					
Trade and other payables (except Advances from customers and tax-related payables)	11	**P 233,422,938**	**P 233,422,938**	P 246,799,324	P 246,799,324
Lease liabilities	12	**22,704,534**	**22,704,534**	44,187,083	44,187,083
Loans and mortgage payables	11	**7,042,228**	**7,042,228**	10,109,651	10,109,651
Advances from a stockholder	17	**46,057**	**46,057**	46,057	46,057
		P 263,215,757	**P 263,215,757**	P 301,142,115	P 301,142,115

The Company's management considers that the carrying values of the foregoing financial assets and financial liabilities approximate their fair values either because these instruments are short-term in nature or the effect of discounting for those with maturities of more than one year is not material.

See Note 2.4 and 2.9 for a description of the accounting policies for each category of financial instruments. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 21.

22.2 Offsetting Financial Assets and Financial Liabilities

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Company and counterparties (i.e., related parties) allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis (see Note 21). In the absence of such an election, financial assets and liabilities will be settled on a gross basis; however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

By default, the Company does not elect to settle financial assets and financial liabilities with counterparties through offsetting. Gross settlement is generally practiced.

23. FAIR VALUE MEASUREMENTS AND DISCLOSURES

23.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement,* the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

The Company has no financial assets or financial liabilities measured at fair values.

23.2 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed (see Note 22.1).

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Financial assets:				
Cash and cash equivalents	P188,196,658	P -	P -	P 188,196,658
Trade receivables - net	-	-	248,782,201	248,782,201
Security deposits	-	-	3,695,651	3,695,651
	P188,196,658	**P -**	**P252,477,852**	**P 440,674,510**
Financial liabilities:				
Trade and other payables	P -	P -	P 233,422,938	P 233,422,938
Lease liabilities	-	-	22,704,534	22,704,534
Loans and mortgage payables	-	-	7,042,228	7,042,228
Advances from a stockholder	-	-	46,057	46,057
	P -	**P -**	**P 263,215,757**	**P263,215,757**
December 31, 2019				
Financial assets:				
Cash and cash equivalents	P 56,456,379	P -	P -	P 56,456,379
Trade receivables - net	-	-	241,694,083	241,694,083
Security deposits	-	-	3,802,651	3,802,651
	P 56,456,379	P -	P 245,496,734	P 301,953,113
Financial liabilities:				
Trade and other payables	P -	P -	P 246,799,324	P 246,799,324
Lease liabilities	-	-	44,187,083	44,187,083
Loans and mortgage payables	-	-	10,109,651	10,109,651
Advances from a stockholder	-	-	46,057	46,057
	P -	P -	P 301,142,115	P301,142,115

23.3 Fair Value Measurement for Non-financial Assets

The fair value of the Company's land amounting to P326.6 million as of December 31, 2020 and 2019 is classified under Level 3 in the fair value hierarchy. The Level 3 fair value of land was derived using market comparable approach that reflects recent transaction prices for similar properties in nearby locations, adjusted for key attributes such as property size, age, condition and accessibility of the land. The most significant input into this valuation approach is the price per square foot; hence, the higher the price per square foot, the higher the fair value.

There has been no change to the valuation techniques used by the Company during the year for its non-financial assets. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2020 and 2019.

24. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to stockholders by pricing products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2020	2019	2018
Total liabilities	**P 358,043,348**	P 389,490,965	P 240,005,675
Total equity	**1,278,660,924**	1,179,056,757	1,074,377,987
Debt-to-equity ratio	**0.28 : 1.00**	0.33 : 1.00	0.22 : 1.00

There were no internally and externally imposed capital requirements to be complied with as of December 31, 2020 and 2019.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to stockholders, issue new shares or sell assets to reduce debt.

25. SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR

Presented below and in the succeeding pages is the supplementary information which is required by the BIR under Revenue Regulation (RR) No. 15-2010 and RR No. 34-2020 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

25.1 Requirements under RR No. 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No.15-2010 are presented below and in the succeeding pages.

(a) Output VAT

In 2020, the Company declared output VAT as follows:

	Tax Base	Output VAT
Sale of goods:		
Taxable sales	P 759,608,652	P 91,153,038
Zero-rated sales	358,079,900	-
	P1,117,688,552	P 91,153,038

The Company's zero-rated receipts from sale of goods were determined pursuant to Section 106 (A), *VAT on Sale of Goods or Properties*, of the National Internal Revenue Code of 1997, as amended.

(b) Input VAT

The movements in input VAT in 2020 are presented below.

Balance at beginning of year	P 104,166,413
Goods other than capital goods	52,252,105
VAT on importation of goods	21,574,446
Services lodged under other accounts	14,371,951
Capital goods subject to amortization	670,850
Change in deferred input VAT	2,556,323
Capital goods not subject to amortization	116,072
Applied against output VAT	(91,153,038)
Balance at end of year	P 104,555,122

The outstanding balance of input VAT is presented under Prepayments and Other Current Assets in the 2020 statement of financial position.

Deferred input VAT amounting to P4,970,453 pertains to the unamortized input VAT on purchases of capital goods exceeding P1.0 million. Deferred input VAT is amortized and credited against output tax evenly over 60 months or the life of the asset, whichever is shorter. The outstanding balance is presented as part of Other Non-current Assets in the 2020 statement of financial position.

(c) Taxes on Importation

In 2020, the total landed cost of the Company's importations for use in business amounted to P181,521,217. This also includes customs duties and tariff fees totalling to P1,615,432 which are capitalized as part of the cost of the raw materials inventory and machineries, factory and other equipment.

(d) Excise Tax

The Company paid P129,600 for excise taxes during the year for the importation of lubricants.

(e) Documentary Stamp Tax

Documentary stamp taxes (DST) paid and accrued in 2020 is presented below.

Bank transactions	P 1,607,053
Others	331,579
	P 1,938,632

(f) Taxes and Licenses

The composition of Taxes and licenses in 2020 is shown below.

Registration and license fees	P	5,324,293
Real property tax		2,385,427
DST		1,938,632
Residence tax		23,417
Miscellaneous		281,563
	P	9,953,332

The amount of Taxes and licences is presented as part of Other Operating Expenses in the 2020 statement of profit or loss.

(g) Withholding Taxes

The details of total withholding taxes in 2020 are shown below.

Expanded	P	7,383,302
Compensation and benefits		7,074,954
Final tax on dividends		2,333,966
	P	16,792,222

(h) Deficiency Tax Assessments

In 2020, the Company has final deficiency tax assessment for the taxable period January 1, 2019 to June 30, 2019. Pursuant to the Company's policy of addressing such actions in line with prudent business practice, the Company has engaged tax counsels and advisors in relation to this matter. As of December 31, 2020, the deficiency tax assessment is still under protest. Management believes that the Company has enough basis in law, Supreme Court and Court of Tax Appeals decisions and evidence to support their claim; hence; no provisions were recognized in the financial statements.

Other than the foregoing, as of December 31, 2020, the Company does not have any other final deficiency tax assessments from the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

25.2 Requirements under RR No. 34-2020

RR 34-2020 prescribes the guidelines and procedures on the submission of BIR Form No. 1709, transfer pricing documentation (TPD) and other supporting documents for related party transactions. The Company is not required to prepare and submit TPD and other supporting documents as the Company did not meet the materiality thresholds under Section 3 of RR No. 34-2020.

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

The Board of Directors and the Stockholders
Crown Asia Chemicals Corporation
Km. 33, McArthur Highway
Bo. Tuktukan, Guiguinto
Bulacan

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Crown Asia Chemicals Corporation (the Company) for the year ended December 31, 2020, on which we have rendered our report dated March 2, 2021. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Company's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **John Endel S. Mata**
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 8533233, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 121347-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002551-040-2019 (until Dec.15, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

March 2, 2021

CROWN ASIA CHEMICALS CORPORATION
List of Supplementary Information
December 31, 2020

CROWN ASIA CHEMICALS CORPORATION
Schedule B
Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2020
(Amounts in Philippine Pesos)

Name	Balance at Beginning of Period		Additions		Deductions				Ending Balance				Balance at End of Period	
					Amounts Collected		Written Off		Current		Non-current			
Asean Timber Corp.	P	6,111,574	P	23,920,225	P	21,811,522	P	-	P	8,220,277	P	-	P	8,220,277
Guiguinto Integrated Woods Industry Corp.		6,024		29,866		28,156		-		7,734		-		7,734
W.T. Derrick Realty Corporation		-		850,688		850,688		-		-		-		-
Husky Plastics Corp.		-		367,506		367,506		-		-		-		-
Total Accounts Receivable	**P**	**6,117,598**	**P**	**25,168,285**	**P**	**23,057,872**	**P**	**-**	**P**	**8,228,011**	**P**	**-**	**P**	**8,228,011**
W.T. Derrick Realty Corporation	P	405,704	P	22,476	P	169,402	P	-	P	258,778	P	-	P	258,778
Total Security Deposit	**P**	**405,704**	**P**	**22,476**	**P**	**169,402**	**P**	**-**	**P**	**258,778**	**P**	**-**	**P**	**258,778**

CROWN ASIA CHEMICALS CORPORATION
Schedule D
Long-Term Debt
December 31, 2020
(Amounts in Philippine Pesos)

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption"Loans and Mortgage Payables" in Related Statement of Financial Position	Amount Shown Under Caption"Mortgage Payables" in Related Statement of Financial Position
Car loans	P 7,042,228	P 2,480,902	P 4,561,326

Supplementary information on Long-term Debt

The Company entered into car loan agreements with local banks for the acquisition of certain transportation equipment and motor vehicles, which are then mortgaged to the banks.

CROWN ASIA CHEMICALS CORPORATION
Schedule E
Indebtedness to Related Parties
December 31, 2020
(Amounts in Philippine Pesos)

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
Related parties under common ownership:		
Husky Plastics Corp.		
Advances obtained	P -	P -
Purchase of goods and services	1,479,615	2,836,523
Asean Timber Corp.	162,560	246,765
	P 1,642,175	P 3,083,288
Stockholder -		
Tita P. Villanueva	P 46,057	P 46,057

CROWN ASIA CHEMICALS CORPORATION
Schedule G
Capital Stock
December 31, 2020

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Postion Caption	Number of Shares Reserved for Options, Warrants, Coversion and Other Rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
Common	1,300,000,000	610,639,000	-	4,355,000	307,690,246	298,593,754

CROWN ASIA CHEMICALS CORPORATION
KM. 33, MCARTHUR HIGHWAY
BO. TUKTUKAN, GUIGUINTO BULACAN
Reconciliation of Retained Earnings Available for Dividend Declaration
For Year Ended December 31, 2020

Unappropriated Retained Earnings of the Company at Beginning of Year		P 408,352,960
Prior Periods' Reconciling Item from Deferred Tax Asset		(6,525,447)
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year		401,827,513
Net Profit of the Company Realized during the Year		
Net profit per audited financial statements	P 121,249,089	
Non-actual/unrealized income:		
Deferred tax income from deferred tax asset recognized during the year	(1,654,126)	
Unrealized foreign exchange gain (except those attributable to Cash and Cash Equivalents), net of tax	(3,316,412)	116,278,551
Less other items:		
Cash dividends declared and paid during the year		(24,443,639)
Treasury shares		(41,096,031)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year		**P 452,566,394**

Report of Independent Auditors on Components of Financial Soundness Indicators

The Board of Directors and the Stockholders
Crown Asia Chemicals Corporation
Km. 33, McArthur Highway
Bo. Tuktukan, Guiguinto
Bulacan

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Crown Asia Chemicals Corporation (the Company) for the years ended December 31, 2020 and 2019, on which we have rendered our report dated March 2, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as of December 31, 2020 and 2019 and for each of the two years in the period ended December 31, 2020 and 2019 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 8533233, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 121347-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002551-040-2019 (until Dec.15, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

March 2, 2021

CROWN ASIA CHEMICALS CORPORATION
Supplemental Schedule of Financial Soundness Indicators
December 31, 2020 and 2019

Ratio	Formula	2020	Formula	2019
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets P 1,040,020,522 Divide by: Total Current Liabilities 284,461,415 Current ratio 3.66	3.66	Total Current Assets divided by Total Current Liabilities Total Current Assets P 926,525,145 Divide by: Total Current Liabilities 289,026,716 Current ratio 3.21	3.21
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 1,040,020,522 Less: Inventories (469,233,996) Other Current Assets (106,582,764) Quick Assets 464,203,762 Divide by: Total Current Liabilities 284,461,415 Acid test ratio 1.63	1.63	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 926,525,145 Less: Inventories (495,990,475) Other Current Assets (118,512,011) Quick Assets 312,022,659 Divide by: Total Current Liabilities 289,026,716 Acid test ratio 1.08	1.08
Solvency ratio	Total Liabilities divided by Total Assets Total Liabilities P 358,043,348 Divide by: Total Assets 1,636,704,272 Solvency ratio 0.22	0.22	Total Liabilities divided by Total Assets Total Liabilities P 389,490,965 Divide by: Total Assets 1,568,547,722 Solvency ratio 0.25	0.25
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities P 358,043,348 Divide by: Total Equity 1,278,660,924 Debt-to-equity ratio 0.28	0.28	Total Liabilities divided by Total Equity Total Liabilities P 389,490,965 Divide by: Total Equity 1,179,056,757 Debt-to-equity ratio 0.33	0.33
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets P 1,636,704,272 Divide by: Total Equity 1,278,660,924 Assets-to-equity ratio 1.28	1.28	Total Assets divided by Total Equity Total Assets P 1,568,547,722 Divide by: Total Equity 1,179,056,757 Assets-to-equity ratio 1.33	1.33
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 178,057,340 Divide by: Interest expense 4,765,295 Interest rate coverage ratio 37.37	37.37	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 196,217,854 Divide by: Interest expense 3,869,838 Interest rate coverage ratio 50.70	50.70
Return on equity	Net Profit divided by Total Equity Net Profit P 121,249,089 Divide by: Total Equity 1,278,660,924 Return on equity 0.09	0.09	Net Profit divided by Total Equity Net Profit P 136,414,653 Divide by: Total Equity 1,179,056,757 Return on equity 0.12	0.12
Return on assets	Net Profit divided by Total Assets Net Profit P 121,249,089 Divide by: Total Assets 1,636,704,272 Return on assets 0.07	0.07	Net Profit divided by Total Assets Net Profit P 136,414,653 Divide by: Total Assets 1,568,547,722 Return on assets 0.09	0.09
Net profit margin	Net Profit divided by Total Revenue Net Profit P 121,249,089 Divide by: Total Revenue 1,117,688,552 Net profit margin 0.11	0.11	Net Profit divided by Total Revenue Net Profit P 136,414,653 Divide by: Total Revenue 1,433,402,683 Net profit margin 0.10	0.10

Ratio	Formula	2020	Formula	2019
Gross profit margin	Gross Profit divided by Total Revenue Gross Profit P 345,538,264 Divide by: Total Revenue 1,117,688,552 Gross profit margin 0.31	0.31	Gross Profit divided by Total Revenue Gross Profit P 393,396,541 Divide by: Total Revenue 1,433,402,683 Gross profit margin 0.27	0.27
Book value per share	Total Equity divided by Outstanding Shares Total Equity P 1,278,660,924 Divide by: Outstanding Shares 610,639,000 Book value per share 2.09	2.09	Total Equity divided by Outstanding Shares Total Equity P 1,179,056,757 Divide by: Outstanding Shares 612,444,000 Book value per share 1.93	1.93
Earnings per share	Net Profit divided by Average Outstanding Shares Net Profit P 121,249,089 Divide by: Average Outstanding Shares 611,075,083 Earnings per share 0.20	0.20	Net Profit divided by Average Outstanding Shares Net Profit P 136,414,653 Divide by: Average Outstanding Shares 622,417,750 Earnings per share 0.22	0.22
Price to book value per ratio	Stock Price divided by Book Value per Share Stock Price P 1.87 Divide by: Book Value per Share 2.09 Price to book value per ratio 0.89	0.89	Stock Price divided by Book Value per Share Stock Price P 2.15 Divide by: Book Value per Share 1.93 Price to book value per ratio 1.11	1.11
Price to earnings ratio	Stock Price divided by Earnings per Share Stock Price P 1.87 Divide by: Earnings per Share 0.20 Price to earnings ratio 9.35	9.35	Stock Price divided by Earnings per Share Stock Price P 2.15 Divide by: Earnings per Share 0.22 Price to earnings ratio 9.77	9.77

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

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

   Postal Code **3015**
8. Issuer's telephone number, including area code **(632) 3413-80-32**
9. Former name, former address and former fiscal year, if changed since last report **Not Applicable**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding
Common stock	**610,639,000**
	Amount of debt outstanding
	P 448,221,049

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

    Yes [/] No [ ]

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

    The Philippine Stock Exchange Inc.

12. Indicate by check mark whether the registrant:

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

Yes [/] No [ ]

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

Yes [/] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Interim Financial Statements are attached as Exhibits 1 to 5 hereof and incorporated herein by reference.

Exhibit 1 – Statements of Financial Position as of March 31, 2021 and December 31, 2020

Exhibit 2 – Statements of Comprehensive Income for the periods ended March 31, 2021 and March 31, 2020

Exhibit 3 – Statements of Changes in Equity as of March 31, 2021 and March 31, 2020

Exhibit 4 – Statements of Cash Flow as of March 31, 2021 and March 31, 2020

Exhibit 5 – Notes to Interim Financial Information

Item 2 – Management's Discussion and Analysis of Results of Operations and Financial Position

Please refer to Exhibit 6 hereof.

Item 3 – Aging of Accounts Receivable

Please refer to Exhibit 7 hereof.

Item 4 – Key Performance Indicators

Please refer to Exhibit 8 hereof.

EXHIBIT 1

CROWN ASIA CHEMICALS CORPORATION
(Formerly Crown Asia Compounders Corporation)
STATEMENTS OF FINANCIAL POSITION
MARCH 31,2021 AND DECEMBER 31, 2020
(Amounts in Philippine Pesos)

	UNAUDITED MARCH 31, 2021	AUDITED DECEMBER 31, 2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	133,227,984	188,196,657
Trade and other receivables	385,413,854	276,007,104
Inventories	544,410,548	469,233,996
Prepayments and other current assets - net	114,842,275	106,582,764
Total Current Assets	1,177,894,661	1,040,020,521
NON-CURRENT ASSETS		
Property, plant and equipment - net	574,688,721	566,031,390
Right of Use Assets - net	19,974,649	21,020,024
Other non-current assets - net	9,064,687	9,632,334
Total Non-Current Assets	603,728,056	596,683,747
TOTAL ASSETS	1,781,622,721	1,636,704,268
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	350,871,028	262,342,133
Loans and Mortgage Payable	1,837,746	2,480,902
Lease Liability-Current	2,658,132	3,466,766
Income tax payable	18,157,038	16,171,614
Total Current Liabilities	373,523,943	284,461,415
NON-CURRENT LIABILITIES		
Mortgage Payable	4,561,325	4,561,325
Lease Liability-Non Current	19,237,768	19,237,768
Post-employment defined benefit obligation	1,162,580	48,856
Deferred tax liabilities - net	49,689,374	49,687,926
Advances from stockholders	46,057	46,057
Total Non-current Liabilities	74,697,104	73,581,932
Total Liabilities	448,221,049	358,043,347
EQUITY		
Capital stock	630,800,000	630,800,000
Additional Paid In capital	52,309,224	52,309,224
Revaluation reserves	131,489,322	131,489,322
Retained earnings	559,899,156	505,158,408
	1,374,497,702	1,319,756,954
Treasury Stock	(41,096,031)	(41,096,031)
Total Equity	1,333,401,673	1,278,660,923
TOTAL LIABILITIES AND EQUITY	1,781,622,722	1,636,704,270

See Notes to Financial Statements.

EXHIBIT 2

CROWN ASIA CHEMICALS CORPORATION
(Formerly Crown Asia Compounders Corporation)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE (3) MONTHS ENDED MARCH 31, 2021 AND 2020
(Amounts in Philippine Pesos)

	FOR THE QUARTER UNAUDITED	
	March 31, 2021	March 31, 2020
REVENUE	410,075,686	320,749,596
COST OF GOODS SOLD	293,729,927	212,924,458
GROSS PROFIT	116,345,759	107,825,138
OTHER OPERATING EXPENSES	44,070,093	43,225,531
OTHER INCOME (CHARGES)		
Finance costs	(532,784)	326,918
Foreign currency gains (losses) - net	786,208	13,134
Finance income	68,205	(206,650)
Other income	310,748	(13,290)
	632,377	120,112
PROFIT BEFORE TAX	72,908,042	64,719,719
TAX EXPENSE		
Current income tax	(18,167,294)	(19,292,844)
Deferred income tax	-	
NET PROFIT	54,740,748	45,426,876
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to profit or loss		
Revaluation increment on land		
Remeasurements of post-employment defined benefit plan		
Tax income (expense)		
TOTAL COMPREHENSIVE INCOME	54,740,748	45,426,876
BASIC AND DILUTED EARNINGS PER SHARE	0.09	0.07

See Notes to Financial Statements.

EXHIBIT 3

CROWN ASIA CHEMICALS CORPORATION
(Formerly Crown Asia Compounders Corporation)
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE (3) MONTHS ENDED MARCH 31, 2021 AND 2020
(Amounts in Philippine Pesos)

	UNAUDITED March 31, 2021	March 31, 2020
CAPITAL STOCK		
Balance at beginning of year	630,800,000	630,800,000
Issuance of shares during the year		
Balance at end of year	630,800,000	630,800,000
ADDITIONAL PAID IN CAPITAL		
Balance at beginning of year	52,309,224	52,309,224
Balance at end of year	52,309,224	52,309,224
REVALUATION RESERVES		
Balance at beginning of year		
As previously reported	131,489,321	125,057,545
Effect of revaluation of land - net of tax	-	-
As restated	131,489,321	125,057,545
Revaluation of land during the year		
Tax effect of revaluation of land		
Remeasurement of post-employment defined benefit - net of tax		
Balance at end of year	131,489,321	125,057,545
RETAINED EARNINGS		
Appropriated		
Balance at beginning of year		
Reversal of appropriation		
Appropriation during the year		
Balance at end of year		
Unappropriated		
Balance at beginning of year	505,158,408	408,352,961
Net profit for the year	54,740,748	45,426,876
Effect of adoption of PFRS 16/9		
	559,899,156	453,779,836
Cash dividend	-	-
Balance at end of year	559,899,156	453,779,836
Balance at end of year	1,374,497,701	1,261,946,605
Treasury stock (20,161,000 shares)	(41,096,031)	(40,075,751)
TOTAL EQUITY	P 1,333,401,670	P 1,221,870,854

See Notes to Financial Statements.

EXHIBIT 4

CROWN ASIA CHEMICALS CORPORATION

(Formerly Crown Asia Compounders Corporation)

STATEMENTS OF CASH FLOWS

FOR THE THREE (3) MONTHS ENDED MARCH 31, 2021 AND 2020

(Amounts in Philippine Pesos)

	UNAUDITED	
	March 31, 2021	**March 31, 2020**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	72,908,042	64,719,716
Adjustments for:		
Depreciation and amortization	10,246,862	9,165,935
Impairment Loss on applied tax credit certificate	-	-
Reversal of allowance for impairment of trade receivables	-	-
Unrealized Foreign currency (gains) loss - net	279,891	(418,047)
Interest expense	532,784	206,680
Finance income	310,748	(13,134)
Other Income	-	13,290
Gain on sale of property and equipment	68,205	-
Operating profit before working capital changes	84,346,533	73,694,410
(Increase)decrease in trade and other receivables	(109,406,749)	(31,393,084)
(Increase)decrease in inventories	(75,178,094)	30,016,590
(Increase) decrease in prepayments and other current assets	(4,313,497)	1,127,970
(Increase) decrease in other non-current assets	(3,379,828)	727,465
Increase (decrease) in trade and other payables	88,534,604	(64,985,905)
Increase (decrease) in post-employment defined benefit obligation	1,113,728	814,840
Cash generated from (used in) operations	(18,280,304)	10,002,316
Cash paid for Income taxes	(16,171,614)	-
Net Cash From (Used In) Operating Activities	(34,451,918)	10,002,316
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(18,543,080)	(2,644,604)
Proceeds from disposal of property, plant and equipment	680,000	-
Other Income	(310,748)	(13,290)
Interest received	(78,461)	10,792
Net Cash Used in Investing Activities	(18,252,289)	(2,647,102)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances/Payments from stockholders		
Acquisition of shares during the year		(2,612,780)
Dividends paid		-
Interest paid for lease liabilities	(808,634)	-
Payments for principal portion of lease liabilities		-
Interest paid on loans and mortgages	(532,784)	(206,680)
Payment of short term loans and borrowings	(643,155)	(783,331)
Proceeds from short term loans	-	-
Net Cash From (Used in) Financing Activities	(1,984,575)	(3,602,762)
Effect of Exchange Rate Changes on Cash	(279,891)	418,047
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(54,968,673)	4,170,499
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	188,196,657	56,456,379
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P 133,227,984	P 60,626,880

See Notes to Financial Statements.

EXHIBIT 5

CROWN ASIA CHEMICALS CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020 (UNAUDITED)
(With Comparative Figures for December 31, 2020)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Crown Asia Chemicals Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 10, 1989 primarily 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 of similar nature.

The Company's Board of Directors (BOD) approved the change in name of the Company from Crown Asia Compounders Corporation to Crown Asia Chemicals Corporation on March 4, 2014. The SEC approved the change in name of the Company and the corresponding amendment in the Company's Articles of Incorporation on September 29, 2014. The change in name of the Company was registered with the Bureau of Internal Revenue (BIR) on October 24, 2014.

The Company's shares were listed in the Philippine Stock Exchange (PSE) on April 27, 2015.

On December 5, 2018, the Company's BOD approved the adoption of Share Buyback program whereby the Company is authorized to reacquire its capital stock from the public for an aggregate acquisition price of P100.0 million.

The Company's registered office, which is also its principal place of business, is located at Km. 33, McArthur Highway, Bo. Tuktukan, Guiguinto, Bulacan. The Company's administrative office is located at Units 506 and 508 President's Tower, No. 81 Timog Ave., South Triangle, Quezon City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the

International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents the statement of comprehensive income separate from the statement of profit or loss.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2019 that are Relevant to the Company

The Company adopted for the first time the following PFRS, amendments, interpretations and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2019:

PAS 19 (Amendments)	:	Employee Benefits – Plan Amendment, Curtailment or Settlement
PFRS 9 (Amendments)	:	Financial Instruments – Prepayment Features with Negative Compensation
PFRS 16	:	Leases
International Financial Reporting Interpretations Committee (IFRIC) 23	:	Uncertainty over Income Tax Treatments
Annual Improvements to PFRS (2015-2017 Cycle)		

PAS 12 (Amendments)	:	Income Taxes – Tax Consequences of Dividends
PFRS 23 (Amendments)	:	Borrowing Costs – Eligibility for Capitalization

Discussed below are the relevant information about these pronouncements.

(i) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement.* The amendments clarify that past service cost and gain or loss on settlement is calculated by measuring the net defined benefit liability or asset using updated actuarial assumptions and comparing the benefits offered and plan assets before and after the plan amendment, curtailment or settlement but ignoring the effect of the asset ceiling that may arise when the defined benefit plan is in a surplus position. Further, the amendments now require that if an entity remeasures its net defined benefit liability or asset after a plan amendment, curtailment or settlement, it should also use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the change to the plan. The application of these amendments had no significant impact on the Company's financial statements.

(ii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation.* The amendments clarify that prepayment features with negative compensation attached to financial assets may still qualify under the "solely payments of principal and interests" (SPPI) test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at fair value through other comprehensive income (FVOCI). The application of these amendments had no significant impact on the Company's financial statements.

(iii) PFRS 16, *Leases.* The new standard replaced PAS 17, *Leases*, and its related interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, Standard Interpretations Committee (SIC) 15, *Operating Leases – Incentives* and SIC 27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* For lessees, it requires an entity to account for leases "on-balance sheet" by recognizing a "right-of-use" asset and lease liability arising from contract that is, or contains, a lease.

For lessors, the definitions of the type of lease (i.e., finance and operating leases) and the supporting indicators of a finance lease are substantially the same with the provisions under PAS 17. In addition, basic accounting mechanics are also similar but with some different or more explicit guidance related to variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

The Company has adopted PFRS 16 using the modified retrospective approach as allowed under the transitional provisions of the standard.

The new accounting policies of the Company as a lessee are disclosed in Note 2.13(i).

Discussed below are the relevant information arising from the Company's adoption of PFRS 16 and how the related accounts are measured and presented on the Company's financial statements.

a. For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from PAS 17 and IFRIC 4 and has not applied PFRS 16 to arrangements that were previously not identified as leases under PAS 17 and IFRIC 4.

b. The Company recognized lease liabilities in relation to leases which had previously been classified as operating leases under PAS 17. These liabilities were measured at the present value of the remaining lease payments.

c. The Company has elected not to include initial direct costs in the measurement of right-of-use assets at the date of initial application. The Company also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid lease payments and estimated cost to restore the leased asset that existed as at January 1, 2019.

d. For leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Company has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

e. The Company has also used the following practical expedients, apart from those already mentioned above, as permitted by the standard:

   i. application of a single discount rate to a portfolio of leases with reasonably similar characteristics;
   ii. reliance on its historical assessments on whether leases are onerous as an alternative to performing an impairment review on right-of-use assets.

   iii. use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(iv) IFRIC 23, *Uncertainty over Income Tax Treatments*. This interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Company to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Company has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above.

(v) Annual Improvements to PFRS 2015-2017 Cycle. Among the improvements, the following amendments are relevant to the Company:

- PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends*. The amendments clarify that an entity should recognize the income tax consequence of dividend payments in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits.

- PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization*. The amendments clarify that if any specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, such borrowing is treated as part of the entity's general borrowings when calculating the capitalization rate.

(b) *Effective in 2019 that are not Relevant to the Company*

Among the annual improvements to PFRS 2015-2017 Cycle which are mandatorily effective for annual periods beginning on or after January 1, 2019, the amendments to PFRS 3, *Business Combinations*, PFRS 11, *Joint Arrangements* and PFRS 28, *Investment in Associates and Joint Ventures – Long-term Interest in Associates and Joint Ventures* are not relevant to the Company's financial statements.

(c) *Effective Subsequent to 2019 but not Adopted Early*

There are new PFRS, interpretation, amendments and annual improvements to existing standards effective for annual periods subsequent to 2019, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements* and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material* (effective from January 1, 2020). The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other Standards that contain definition of material or refer to the term 'material' to ensure consistency.

(ii) Revised Conceptual Framework for Financial Reporting (effective from January 1, 2020). The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised framework from January 1, 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised framework.

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's strategic steering committee, its chief operating decision-maker. The strategic steering committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Company's products and service lines as disclosed in Note 4, which represent the main products and services provided by the Company.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Company uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its financial statements. However, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to any segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.4 Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) *Classification, Measurement and Reclassification of Financial Assets*

Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at amortized cost, financial assets at FVOCI, and financial assets at FVTPL. Under PFRS 9, the classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets at amortized cost is the only classification applicable to the Company. The classification and measurement of the Company's relevant financial assets are described below.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Company's financial assets at amortized cost in accordance with PFRS 9 are presented as Cash and Cash Equivalents, Trade and Other Receivables (except Advances and portion of Other receivables) and Security deposits (presented under Other Non-current Assets) in the statement of financial position.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of profit or loss as part of Finance Income under Other Income (Charges).

(b) Impairment of Financial Assets

At the end of the reporting period, the Company assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost. Recognition of credit losses is no longer dependent on the Company's identification of a credit loss event. Instead, the Company considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Company also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of default over a given time horizon.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

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Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The amount of ECL required to be recognized during the year is presented as Impairment loss under Other Income (Charges). Reversal of loss allowance, if applicable, is recognized in the statement of profit or loss as part of Other income under Other Income (Charges).

(c) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.5 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method. Finished goods include the cost of raw materials, direct labor and a proportion of manufacturing overhead based on actual units produced. The cost of raw materials includes all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value of raw materials is the current replacement cost

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.6 Prepayments and Other Assets

Prepayments and other assets, which are non-financial assets, pertain to other resources controlled by the Company as a result of past events. They are recognized at cost in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably. These are subsequently charged to profit or loss as utilized or reclassified to another asset account if capitalizable.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

Advances to suppliers that will be applied as payment for future purchase of inventories are classified and presented under the Prepayments and Other Current Assets account in the statement of financial position. On the other hand, advances to suppliers that will be applied as payment for future acquisition or construction of property, plant and equipment are classified and presented under the Other Non-current Assets account. The classification and presentation is based on the eventual realization of the asset to which it was advanced for.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.7 Property, Plant and Equipment

Property, plant and equipment, except land, are initially recognized at cost and subsequently carried at cost less accumulated depreciation, amortization and any impairment in value. As no finite useful life for land can be determined, the related carrying amount is not depreciated.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized, while expenditures for repairs and maintenance are charged to expense as incurred.

Following initial recognition at cost, land is carried at revalued amount which is the fair value at the date of the revaluation as determined by independent appraisers. Revalued amount is the fair market value determined based on appraisal by external professional valuer once every two years or more frequently if market factors indicate a material change in fair value.

Any revaluation surplus is recognized in other comprehensive income and credited to the Revaluation Reserves account in the statement of changes in equity. Any revaluation deficit directly offsetting a previous surplus in the same asset is charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and the remaining deficit, if any, is recognized in profit or loss. Upon disposal of revalued assets, amounts included in Revaluation Reserves relating to the assets are transferred to Retained Earnings, net of tax.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets as follows:

Land improvements	5 years
Building and improvements	3-10 years
Transportation equipment	3-7 years
Machineries, factory, and other equipment	3-15 years
Furniture, fixtures and office equipment	3-5 years

Leasehold improvements presented as part of Building and improvements are amortized over the asset's estimated useful lives or applicable lease terms, whichever is shorter.

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Fully depreciated and amortized assets are retained in the account until they are no longer in use and no further charge for depreciation and amortization is made in respect to those assets.

The residual values, estimated useful lives and method of depreciation and amortization of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment, including the related accumulated depreciation, amortization and any impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.8 Intangible Assets

Intangible assets include registered trademarks which are accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire an asset at the time of its acquisition or production. Capitalized costs are amortized on a straight-line basis over the estimated useful lives over ten years as the lives of these intangible assets are considered finite. Intangible assets are subject to impairment testing. The carrying amounts of the intangible assets are presented as Trademarks under Other Non-current Assets account in the statement of financial position.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds received and the carrying amount of the asset and is recognized in profit or loss.

2.9 Financial Liabilities

Financial liabilities, which include Trade and Other Payables (except Advances from customers and tax-related payables), Loans and Mortgage Payables and Advances from Stockholders, are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges incurred on financial liabilities are recognized as an expense in profit or loss under the caption Finance Costs in the statement of profit or loss.

Trade and other payables, loans and mortgage payables and advances from stockholders are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for those with maturities beyond one year, less settlement payments.

Dividend distributions to stockholders are recognized as financial liabilities upon declaration by the Company's BOD.

Interest-bearing loans, if any, normally arise from the funding of certain construction projects and working capital loans raised for support of short-term funding of operations and are recognized initially at the transaction price (i.e., the present value of cash payable to the bank, including transaction costs). Finance costs are charged to profit or loss on an accrual basis (except for capitalizable borrowing costs which are added as part of the cost of qualifying asset) using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.10 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entities and all counterparties to the financial instruments.

2.11 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pre-tax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.12 Revenue and Expense Recognition

Revenue comprises sale of goods measured by reference to the fair value of consideration received or receivable by the Company for goods sold, excluding value-added tax (VAT).

To determine whether to recognize revenue, the Company follows a five-step process:

(1) identifying the contract with a customer;
(2) identifying the performance obligation;
(3) determining the transaction price;
(4) allocating the transaction price to the performance obligations; and,
(5) recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;

(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
(ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The Company enters into transactions involving the sale of goods representing compounds, pipes and roofing products. The transaction price allocated to the performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. As a matter of accounting policy when applicable, if the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

Specifically, revenue from sale of goods is recognized when the control over the goods has been transferred at a point in time to the customer, i.e. generally when the customer has acknowledged delivery of goods. Invoices for goods transferred are due upon receipt by the customer.

As applicable, if the Company is required to refund the related purchase price for returned goods, it recognizes a refund liability for the expected refunds by adjusting the amount of revenues recognized during the period. Also if applicable, the Company recognizes a right of return asset on the goods to be recovered from the customers with a corresponding adjustment to Cost of Goods Sold account. However, there were no contracts that contained significant right of return arrangements that remain outstanding during the reporting periods.

In obtaining customer contracts, the Company incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Company uses the practical expedient in PFRS 15 and recognizes as outright expenses such costs as incurred. The Company also incurs costs in fulfilling contracts with customers. However, as those costs are within the scope of other financial reporting standards, the Company accounts for those costs in accordance with accounting policies related to those financial reporting standards.

Costs and expenses are recognized in profit or loss upon utilization of the goods and/or services or at the date they are incurred. All finance costs except for the capitalized borrowing costs, if any, are reported in profit or loss on an accrual basis.

2.13 Leases – Company as Lessee

(i) Accounting for Leases in Accordance with PFRS 16

For any new contracts entered into on or after January 1, 2019, the Company considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;

- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

On the other hand, the Company measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets and lease liabilities have been presented separately from property, plant and equipment and other liabilities, respectively.

(ii) *Accounting for Leases in Accordance with PAS 17*

Leases which transfer to the Company substantially all risks and benefits incidental to ownership of the leased item are classified as finance leases and are recognized as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property at the inception of the lease or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance costs are recognized in profit or loss. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Finance lease obligations, net of finance charges, are included in Interest-bearing Loans and Borrowings account in the statement of financial position. Leases which do not transfer to the Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific or identified asset or assets and the arrangement conveys a right to use the asset for a period of time in exchange for consideration.

2.14 Foreign Currency Transactions and Translation

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the period are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2.15 Impairment of Non-financial Assets

The Company's property, plant and equipment, intangible assets (presented under the Other Non-current Assets account) and other non-financial assets are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amounts, which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.16 Employee Benefits

The Company provides short-term and post-employment benefits to employees through defined benefit and defined contribution plans, and other employee benefits which are recognized as follows:

(a) Short-term Employee Benefits

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees, which are expected to be settled before twelve months after the end of the annual reporting period during which an employee services are rendered, but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in the profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Accrued expenses under Trade and Other Payable account in the statement of financial position.

(b) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is partially funded, tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bonds [using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL)], that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest), are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Finance Costs or Finance Income in the statement of profit or loss.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(c) *Post-employment Defined Contribution Plan*

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(d) *Termination Benefits*

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(e) *Compensated Absences*

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in the Trade and Other Payables account in the statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.17 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.18 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For purposes of measuring deferred tax liabilities for land that is measured using the fair value model, the land's carrying amount is presumed to be recovered entirely through sale as an ordinary asset.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax effect is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

2.19 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual; and, (d) the Company's funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Transactions amounting to ten percent (10%) or more of the total assets based on the latest audited financial statements that were entered into with the related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-third of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10 percent (10%) of the Company's total assets based on the latest audited financial statements, the same BOD approval would be required for the transactions that meet and exceed the materiality threshold covering the same related party.

2.20 Equity

Capital stock represents the nominal value of shares that have been issued. Additional paid-in capital includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital.

Revaluation reserves account pertains to remeasurements of post-employment defined benefit plan. It also includes the fair value gains and losses due to the revaluation of land.

Retained earnings, the appropriated portion of which, if any, is not available for dividend distribution, represent all current and prior period results of operations as reported in the statement of profit or loss, reduced by the amounts of dividends declared.

2.21 Earnings per Share

Basic earnings per share (EPS) is computed by dividing net profit by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares.

2.22 Events After the End of the Reporting Period

Any post year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgment in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of warehouses and offices, the factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Company included the renewal period as part of the lease term for leases of warehouses and offices due to the significance of these assets to its operations. These leases have a short, non-cancellable lease period (i.e., four to ten years) and there will be a significant negative effect on production if a replacement is not readily available. However, the renewal options for leases of transportation equipment were not included as part of the lease term because the Company has historically exercises its option to buy these transportation equipment at the end of the lease term.

The lease term is reassessed if an option is actually exercised or not exercised or the Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

(b) Determination of Timing of Satisfaction of Performance Obligations

The Company determines that its revenue from sale of goods shall be recognized at a point in time when the control of the goods have passed to the customer, i.e., generally when the customer has acknowledged delivery of the goods.

(c) Determination of Transaction Price

The transaction price which excludes any amounts collected on behalf of third parties (e.g., VAT) is considered receivable to the extent of products sold with consideration on the right of return, if applicable. Also, the Company uses the practical expedient in PFRS 15 with respect to non-adjustment of the promised amount of consideration for the effects of any financing component [i.e., the Company receives advances from certain customers which can be applied to their future purchases as the Company expects, at contract inception, that the period between when the Company transfers promised goods or services to the customer and payment due date is one year or less.

(d) Determination of ECL on Trade and Other Receivables

The Company uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments to the extent applicable that have similar loss patterns (i.e., by geography, product type, or customer type and rating).

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

(e) Determination of Cost of Inventories

In inventory costing, management uses estimates and judgment in properly allocating the labor and overhead between the cost of inventories on hand and cost of goods sold. Currently, the Company allocates manufacturing overhead on the basis of actual units produced. However, the amount of costs charged to finished goods inventories would differ if the Company utilized a different allocation base. Changes in allocated cost would affect the carrying cost of inventories and could potentially affect the valuation based on lower of cost and net realizable value.

(f) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.11 and disclosures on relevant provisions and contingencies are presented in Note 20.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses).

(c) Impairment of Trade and Other Receivables

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Company's relationship with the customers, the customers' current credit status, average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

(d) *Determination of Net Realizable Value of Inventories*

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the dates the estimates are made. Even though the Company's core business is not continuously subject to rapid technology changes which may cause inventory obsolescence, future realization of the carrying amounts of inventories is still affected by price changes. Such aspect is considered a key source of estimation uncertainty and may cause significant adjustments to the Company's inventories within the next financial reporting period.

(e) *Estimation of Useful Lives of Property, Plant and Equipment and Intangible Assets*

The Company estimates the useful lives of property, plant and equipment and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment and intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

(f) *Measurement of Fair Value of Land*

The Company's land is carried at revalued amount at the end of the reporting period. In determining its fair value, the Company engages the services of professional and independent appraisers applying the relevant valuation methodology.

When the appraisal is conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

(g) A significant change in these elements may affect prices and the value of the assets.

(h) *Determination of Realizable Amount of Deferred Tax Assets*

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as at March 31, 2021, will be fully utilized in the coming years. The carrying values of deferred tax assets netted against deferred tax liabilities as of those reporting periods.

(i) *Impairment of Non-financial Assets*

Though management believes that the assumptions used in the estimation of fair values are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

(j) Valuation of Post-employment Defined Benefit Obligation

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increase. A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the post-employment defined benefit obligation in the next reporting period.

4. SEGMENT REPORTING

4.1 Business Segments

The Company is organized into business units based on its products for purposes of management assessment of each unit. For management purposes, the Company is organized into three major business segments, namely: compounds, pipes and roofing. These are also the basis of the Company in reporting to its chief operating decision-maker for its strategic decision-making activities.

The products under the compounds segment are the following:
- Polyvinyl Chloride (PVC) compounds for wires and cable; and,
- PVC for bottles, integrated circuit tubes packaging and films.

The products under the pipes segment are the following:
- PVC pipes and fittings;
- Polypropylene Random Copolymer Type 3 pipes and fittings; and,
- High-density Polyethylene pipes and fittings.

The product under the roofing segment is only the unplasticized PVC roofing material.

The Company's products are located in Guiguinto, Bulacan; Davao branch, Cebu branch and Valenzuela branch.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of trade and other receivables and inventories, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of trade and other payables. Segment assets and liabilities do not include deferred taxes and tax liabilities.

4.3 Intersegment Transactions

Segment revenues, expenses and performance do not include sales and purchases between business segments.

4.4 *Disaggregation of Revenues*

When the Company prepares its investor presentations and when the Company's Executive Committee evaluates the financial performance of the operating segments, it disaggregates revenue similar to its segment reporting. The Group determines that the categories used in the investor presentations and financial reports used by the Company's Executive Committee can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

5. *Post-employment Defined Benefit Plan*

(a) Characteristics of Post-employment Defined Benefit Plan

The Company maintains a tax-qualified, partially funded and non-contributory post-employment defined benefit plan covering all regular full-time employees. The Company conforms with the minimum regulatory benefit of Republic Act 7641, *The Retirement Pay Law*, which is of a defined benefit type and provides for a lump sum retirement benefit equal to 22.5-day pay for every year of credited service. The normal retirement age is 60 with a minimum of five years of credited service.

(b) Risks Associated with the Retirement Plan

The plan exposes the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(c) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Company's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the post-employment defined benefit plan.

(i) Sensitivity Analysis

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

The retirement plan trustee has no specific matching strategy between the plan assets and the plan liabilities.

A large portion of the plan assets as of March 31, 2021 and December 31, 2020 consists of debt securities and readily available cash and cash equivalents, pending placement in investments with balanced risks and rewards optimization. The Company also has UITF for liquidity purposes.

There has been no change in the Company's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The Company has yet to decide the amount of contribution to the retirement plan for the succeeding year.

The Company is not required to pre-fund the future defined benefits payable under the plan assets before they become due. For this reason, the amount and timing of contributions to the plan assets are at the Company's discretion. However, in the event a benefit claim arises and the plan assets are insufficient to pay the claim, the shortfall will be due, demandable and payable from the Company to the plan assets.

6. RELATED PARTY TRANSACTIONS

The Company's related parties include entities under common ownership, stockholders and key management personnel as described below.

6.1 Sale of Goods

The Company sells finished goods to related parties under common ownership. Goods are sold on the basis of the price lists in force and terms that would be available to non-related parties. The outstanding receivables from sale of goods, which are generally noninterest-bearing, unsecured and settled through cash within three to six months, are presented as part of Trade receivables under the Trade and Other Receivables account in the statements of financial position.

6.2 Purchase of Goods and Services

Goods and services are purchased on the basis of the price lists in force with non-related parties. The related outstanding payables for goods and services purchased in 2019 and 2018 are presented as part of Trade payables under the Trade and Other Payables account in the statements of financial position. The outstanding payables from purchase of goods and services are generally noninterest-bearing, unsecured and settled through cash within three months.

The Company acquires the services of Husky Plastics Corporation (Husky), a related party under common ownership, for the conversion of its pipe fittings. The Company provides its own raw materials to Husky for processing into finished goods. Once the processing is completed, the Company records the amount paid for the services of Husky as part of the finished goods based on the billings received. The basis of the price charged to the Company is in line with Husky's prevailing market rates.

6.3 Lease of Properties

The Company entered into a lease agreements with a related party under common ownership covering its office spaces and warehouse with lease terms ranging from two to five years.

The related deposit, which is refundable at the termination of the lease term, is presented as part of Security deposits under Other Non-current Assets account in the statements of financial position.

7. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Company:

7.1 Operating Lease Commitments – Company as Lessee

The Company is a lessee under non-cancellable operating leases covering its warehouse and office spaces. The lease for warehouse has a term of three years and includes annual escalation rate of 10.00%, while the leases for office space have terms of three to five years with escalation rates ranging from 5.00% to 10.00%. All leases have renewal options.

7.2 Others

There are other commitments and contingent liabilities that arise in the normal course of the Company's operations which are not reflected in the financial statements. As of March 31, 2021 and December 31, 2020, management and its legal counsel are of the opinion that losses, if any, from these items will not have a material effect on the Company's financial statements.

8. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated by its BOD, and focuses on actively securing the Company's closely short-to-medium term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described below and in the succeeding pages.

8.1 Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from both its operating, investing and financing activities.

(a) Foreign Currency Risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in United States (U.S.) dollars. The Company also holds U.S. dollar-denominated cash and cash equivalents.

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Exposures to foreign exchange rates vary during the period depending on the volume of foreign currency denominated transactions.

(b) Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually made at fixed rates. At March 31, 2021 and December 31, 2020, the Company is exposed to changes in market interest rates through its cash and cash equivalents, which are subject to variable interest rates. All other financial assets and liabilities have fixed rates.

8.2 Credit Risk

Credit risk is the risk that counterparty may fail to discharge an obligation to the Company. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. None of the financial assets are secured by collateral or other credit enhancements except for cash and cash equivalents and certain trade receivables with entrusted and on hand post-dated checks issued by the customers.

(a) Cash

The credit risk for cash is considered negligible, since bank deposits are only maintained with reputable financial institutions, as a matter of Company's policy.

Included in cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables. Advances to officers and employees have been assessed separately and individually wherein management determined that there is no required ECL to be recognized since collections are made on a monthly basis or through salary deductions within a period of one year or less.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Company also concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables as it shares the same credit risk characteristics.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the inflation rate in the Philippines to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The Company identifies a default when the receivables become credit impaired or when the customer has not able to settle the receivables within the normal credit terms of 30 to 60 days, depending on the terms with customers; hence, these receivables were already considered as past due on its contractual payment. In addition, the Company considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty.

(c) Security deposits

With respect to refundable security deposits, management assessed that these financial assets have low probability of default since the Company has operating lease contracts as lessee with the counterparty lessors. The Company can apply such deposits to future lease payments in case it defaults.

8.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments, if any, for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in short-term placements. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Company's management considers that the carrying values of the foregoing financial assets and financial liabilities approximate their fair values either because these instruments are short-term in nature or the effect of discounting for those with maturities of more than one year is not material.

8.4 Offsetting Financial Assets and Financial Liabilities

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Company and counterparties (i.e., related parties) allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis; however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

By default, the Company does not elect to settle financial assets and financial liabilities with counterparties through offsetting. Gross settlement is generally practiced.

9. FAIR VALUE MEASUREMENTS AND DISCLOSURES

9.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

The Company has no financial assets or financial liabilities measured at fair values.

9.2 Fair Value Measurement for Non-financial Assets

The fair value of the Company's land amounting to P158.5 million as of March 31, 2021 and December 31, 2020 is classified under Level 3 in the fair value hierarchy. The Level 3 fair value of land was derived using market comparable approach that reflects recent transaction prices for similar properties in nearby locations, adjusted for key attributes such as property size, age, condition and accessibility of the land. The most significant input into this valuation approach is the price per square foot; hence, the higher the price per square foot, the higher the fair value.

There has been no change to the valuation techniques used by the Company during the year for its non-financial assets. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2021 and 2020.

10. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to stockholders by pricing products and services commensurate with the level of risk. The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position.

There were no internally and externally imposed capital requirements to be complied with as of March 31, 2021 and December 31, 2020.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to stockholders, issue new shares or sell assets to reduce debt.

EXHIBIT 6

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Results of Operation

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of March 31, 2021 versus March 31, 2020

Sales Revenues increased by 28% from P320.75M to P410.08 or by P 89.33M. This was driven by the increase in export sales of Compounds Division and increase in sales of Pipes and Roofing Divisions.

Cost of Sales increased by 38% from P212.92M to P293.73M or by P80.81M as the result of the increase in sales volume as well as the increase in raw material costs.

Other Income (Charges) increased by P0.51M or 426% from P0.12M to P0.63M. During the quarter, there were sale of company vehicles resulting to a gain of P0.28M. Further, with the appreciation of peso against US dollars, CACC was able to realize foreign exchange gain from export sales.

Net Profit Before Tax increased by P8.19M or 13% from P64.72M to P72.91M due to higher revenues in Quarter 1.

Tax expense decreased by P1.12M or 6% from P19.29M to P18.17M due to implementation of CREATE bill wherein the corporate income tax was reduced from 30% to 25%. The effectivity of the said CREATE bill is July 1, 2020.

Net Profit After Tax increased by P9.31M or 21% from P45.43M to P54.74M. This is due to the increase in revenues as well as the 5% reduction in the corporate income tax from 30% or 25% following the implementation of the CREATE bill.

Financial Condition

Review of financial condition as of March 31, 2021 compared with financial condition as of December 31, 2020

Cash and cash equivalents decreased by P54.97M or 29% from P188.20M to P133.23M. Purchases of raw materials increased as the volume of sales increased. However, it must be noted that cost of these materials went up, thus the higher amount of payments to suppliers. On the other hand, some customers are still trying to recover from the pandemic which resulted to slow collection from them.

Trade and Other Receivables increased by P109.41M or 40% from P276.00M to P385.41M. This was primarily due to the increase in sales during the quarter and slow collection from some customers that were impacted by the pandemic.

Inventories increased by P75.18M or 16% from P469.23M to P544.41M due to higher raw materials purchases.

Right of Use Assets decreased by P1.04M or 5% from P20.02M to P19.97M due to the recognition of depreciation expense.

Other non-current assets decreased by P0.56M or 6% from P9.63M to P9.06M due to refund of rental deposit for the terminated lease of one property in Davao.

Trade and other payables increased by P88.53M or 34% from P262.34M to P350.87M due to higher raw materials purchases.

Loans and mortgage payable decreased by P0.64M or 26% due to settlement of car loan amortization.

Current Lease Liability decreased by P.81M or 23% from P3.47M to P2.66M resulting from amortization of financial lease on the right of use asset.

Income Tax Payable increased by P1.98M or 12% from P16.17M to P18.16M due to higher taxable income for the period.

Post-employment retirement payable increased by P1.11M or 2280% from P.05M to P1.16M due to additional provision for retirement benefit.

Retained Earnings increased by P54.74M or 11% due to the increase net profit after tax during the period.

<u>Material Changes as of March 31, 2021 Financial Statements</u>

Statement of Financial Position

(Increase/decrease of 5% or more versus December 31, 2020)

29% decrease in cash and cash equivalents
Due to slow collection from some customers affected by the pandemic and higher payment to raw materials suppliers

40% increase in trade and other receivables
Due to the increase in sales and slow collection from some customers affected by the pandemic

16% increase in inventories
Due to higher raw materials purchases

5% decrease in right of use assets - net
Due to recognition of depreciation expense on the right of use assets

6% decrease in other non-current assets
Due to the refund of rental deposit from the terminated lease of one property in Davao.

34% increase in trade and other payables
Due to higher raw materials purchases

26% decrease in loans and mortgage payable
Due to settlement of car loan amortization

23% decrease in lease liability-current,
Due to amortization of lease liabilities.

12% increase in income tax payable
Due to higher taxable income for the period

2280% increase in post-employment defined benefit obligation
Due to the provision for retirement benefit payable for the period

11% increase in retained earnings
Due to higher net profit after tax for the quarter

Statement of Income

(Increase/decrease of 5% or more versus March 31, 2020)

28% increase in sales revenue
Due to increase in PVC compounds export sales and increase in sales of pipes and roofing divisions.

38% increase in cost of goods sold
Due to increase in sales revenues and raw material costs

426% increase in other income -net
Due to foreign exchange gains on export sales and sale of 2 company vehicles.

13% increase in net profit before tax
Due to higher revenues during the period

6% decrease in tax expense
Due to to CREATE bill income tax rate adjustment from 30% to 25%

21% increase in net profit after tax
Due to higher revenues and lower corporate income tax rate following the implementation of CREATE bill.

There are no other significant changes in the Company's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition of the Company.

There are no known trends or demands, commitments, events or uncertainties that would result in or that are reasonably likely to result in increasing or decreasing the Company's liquidity in any material way. The Company does not anticipate having any cash flow or liquidity problems. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

The Company has no unusual nature of transactions or events that affects assets, liabilities, equity, net income or cash flows.

The unaudited interim financial statements do not include all the information or disclosure required in the financial statements and should be read in conjunction with the Company's audited annual financial statements as of and for the year ended December 31, 2020.

The accounting policies and methods of computation adopted in preparation of the Company's unaudited interim financial statements are the same with the most recent audited annual financial statements for the year ended December 31, 2020.

There were no known material events subsequent to the end of the interim period that have not been reflected in the Company's Financial Statements for the first quarter of 2021.

There were no changes in estimates of amount reported in the current financial year or changes in estimates of amounts reported in prior financial years.

There was no contingent liability reflected in the most recent annual financial statements, the same in the current year financial statements for the first quarter of 2021. There are commitments, guarantees, and contingent liabilities that arise in the normal course of operations of the Company which are not reflected in the accompanying interim financial statements. The management of the Company is of the opinion that losses, if any, from these items will not have any material effect on its interim financial statements.

There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonable expected to have material impact on the continuing operations of the Company.

Item 3 - Aging of Accounts Receivable

EXHIBIT 7

CROWN ASIA CHEMICALS CORPORATION
(Formerly Crown Asia Compounders Corporation)
Aging of Accounts Receivable
As of March 31, 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

Type of Receivable	Balance	Current/ Not yet due	Over 30 Days	Over 60 days	Over 90 days	Over 120 days
a. Trade and Other Receivables-net	385,413,853	346,984,780	8,027,837	4,678,885	867,299	24,855,053

EXHIBIT 8

Item 4 – Key Performance Indicators

Key Performance Indicators

	LIQUIDITY RATIOS	
Key Indicators	**March 31, 2021**	**December 31, 2020**
Current ratio	3.15 : 1.00	3.66 : 1.00
Acid test ratio	1.39 : 1.00	1.63 : 1.00
Book value per share	2.18	2.09
	SOLVENCY RATIOS	
Key Indicators	**March 31, 2021**	**December 31, 2020**
Debt to equity ratio	0.34 : 1.00	0.28 : 1.00
Asset to equity ratio	1.34 : 1.00	1.28 : 1.00
	PROFITABILITY RATIOS	
Key Indicators	**March 31, 2021**	**March 31, 2020**
Earnings per share	0.09	0.07
Return on assets	3.1%	2.90%
Return on equity	4.11%	3.78%
Gross profit ratio	28.37%	33.62%
Net profit ratio	13.35%	14.16%

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/Total Equity)
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

PART II--OTHER INFORMATION

There is no information not previously reported in a report on SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized

CROWN ASIA CHEMICALS CORPORATION
Issuer

By:

TITA P. VILLANUEVA
SVP/Chief Financial Officer