COVER SHEET

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CROWN EQUITIES, INC.

(Company's Full Name)

CROWN CENTER, 158 N. GARCIA
CORNER JUPITER STREET
BEL-AIR MAKATI CITY
1209

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

ELMER B. SERRANO
Contact Person

(02) 8 687 1195
Company Telephone Number

1 2 *Month* **3 1** *Day*
Fiscal Year

SEC Form 17-A
FORM TYPE

Every Fourth Tuesday of May
Annual Meeting

Secondary License Type, If Applicable

Dept. 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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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 ended: **December 31, 2020**

2. SEC Identification Number: **39745** 3. BIR Tax Identification No.**: 002-837-461**

4. Exact name of registrant as specified in its charter: **CROWN EQUITIES, INC.**

5. **Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. **Crown Center, 158 N. Garcia corner Jupiter Street, Bel-Air, Makati City** **1209**
   Address of principal office Postal Code

8. **(632) 8899-0081, (632) 8899-0455**
   Registrant's telephone number, including area code

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common shares	**14,959,999,950 shares**

11. Are any or all of these securities listed on the Philippine Stock Exchange.

    Yes [**X**] No [ ]

12. Check whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

    Yes [**X**] No [ ]

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

    Yes [**X**] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates: ₱827,366,111.40

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

(1) **Business Development**

Crown Equities, Inc. (CEI or the Corporation) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 24, 1969 as Leyte Base Metal Corporation. On May 22, 1995, the stockholders approved the strategic shift in the Corporation's primary business activity to investment holding. The Corporation started its healthcare business by operating its ambulatory care clinic in Makati City in 1997 and in Sta. Rosa, Laguna in 1998. Also in 1998, the Corporation started the development of a property in Biñan, Laguna into a middle-class residential subdivision called Palma Real. The following year, the Corporation acquired a significant interest in a toll road project, which was eventually divested in 2005. In 2003, by virtue of an agreement with Sta. Lucia Realty and Development, Inc., development of the Palma Real project was pursued. Marketing and sales started in 2004.

The Corporation started the development of Cypress Towers, a mid-rise residential condominium project in joint venture with DM Consunji Inc. in 2005. By 2007, the Cypress Towers started marketing and selling condominium units. The cash flows from Palma Real and Cypress Towers projects, coupled with the proceeds from the divestment of the toll road project, allowed the Corporation to start construction in 2009 of its own office building called Crown Center, the corporate offices of the Corporation and FortMed Clinics. In 2010, the Corporation started leasing out excess office spaces of Crown Center.

The Corporation did not make any significant business acquisition during the past three years. Its major investments are still in the healthcare and in real estate businesses, the latter via joint venture with major companies in the industry. However, its land bank continues to appreciate in value.

(2) **Business of Issuer**

The Corporation is a Filipino-owned publicly-listed investment holding corporation. Through its subsidiaries, the Corporation acquires various real estate properties to be developed into commercial, industrial, residential, or mixed-use areas. The Corporation also has investments in healthcare business particularly in two medical ambulatory care clinics.

The subsidiaries of the Corporation that are already in operation are FortMed Medical Clinics Makati Inc., Crown Central Properties Corporation, and Healthcare Systems of Asia Philippines, Inc.. Parkfield Land Holdings, Inc. and Argent Capital Holdings Corporation are still in the pre-operating stage.

The Corporation's main business is investment holding. It acquires, develop and sell real estate properties, either through its own subsidiaries or through tie-ups with major real estate and property development companies in the field. The Corporation markets the real estate properties either through its in-house marketing group or through third party brokers and agents. The Corporation also delivers medical and health care services to outpatients through its ambulatory care centers. Lease of office spaces and equipment also contributes to the revenues of the Corporation. All of the Corporation's revenues are generated locally.

Competition in the property development business has increased in previous years due to the increasing interest in high-rise residential condominiums and the growing business process outsourcing (BPO) market. There are also several players in the industry competing for developments in prime areas. Historically, the industry has been led by highly-capitalized firms. Although these companies have been leading the industry, the Corporation on the other hand has been focusing on residential development in niche markets. The Corporation aims to continue developing real estate where opportunities for growth are identified. At present, the location and affordability of the residential units offered by the Corporation allows it to join the competition. The pandemic that started in 2020, however, dampens the market.

Property development businesses involve significant risks including the risks that construction may not be completed on schedule or within the allocated budget; and that such projects may not achieve the anticipated sales. In addition, real estate development projects typically require substantial capital expenditure during construction and it may take some time before the projects generate cash flows.

Increasing threat from competition has been the main risk in the healthcare business. Growth in the number of healthcare providers delivering similar services has been reducing profits across companies. Moreover, the business is characterized by substantial recurring capital expenditure for medical technology in order to provide a comprehensive healthcare service. However, being a basic necessity, the healthcare business could likewise provide sustainable revenues.

As a business in the real estate and health care services, the Corporation does not rely on a few customers ensuring the continuity of revenue streams for the company. Furthermore, the Corporation does not also rely on a limited number of suppliers in providing products and services that may contribute to risks of non-performance of the Corporation. The Corporation also does not have any major supply contracts.

The Corporation does not have any patents, trademarks, copyrights, licenses, franchises, concessions, or royalty agreements held. There are no government regulations specifically covering the Corporation's business. There is a possibility that the government may impose certain regulations which may include securing special permits, imposing regulatory fees and controls over the Corporation's products and services but these types of regulations would not be a hindrance to the Corporation's business. Furthermore, the costs incurred for purposes of complying with environmental laws consist primarily of payments for mandated fees for the issuance of business permits which are standard in the industry and is minimal.

The Corporation did not spend significant amount on developmental activities during the last three fiscal years.

The Corporation currently employs a hundred officers and staff, including 73 medical and administrative staff in the healthcare operations. There is no existing Collective Bargaining Agreement between the Corporation and its employees. There are no supplemental benefits or incentive arrangements with the employees, aside from those provided by law.

a. ***Real Estate and Property Development***

1. **Crown Equities, Inc.**

   The Cypress Tower is a residential condominium complex composed of three buildings: the Altiva Tower, the Belmira Tower, and the Celesta Tower. Residents enjoy a good view of the Laguna Lake to the east as well as the Manila Bay to the west. The Cypress Tower boasts of its perfect accessibility from either the north or the south of Metro Manila via the Circumferential Road 5. The Corporation likewise sell house units in Palma Real Residential Estate.

   The Corporation also owns over 30 hectares of real estate property in Sto. Tomas, Batangas. Some of the properties are still in the process of titling. The properties are mostly located in Brgy. San Miguel, Sto. Tomas, Batangas, about 56 kilometers from the central business district of Makati City. It is accessible by any land transport from Manila via the South Luzon Expressway and the Maharlika highway. It has also over 6 hectares of property in Taguig.

   For the year ended December 31, 2020, the Corporation generated aggregate revenue of ₱95.8 million, P51.6 million of which came from recognized sale of real estate units and P14.6 million from rental income.

2. **Crown Central Properties Corporation**

   Crown Central Properties Corporation (CCPC) was incorporated on September 3, 1996 as a joint venture between the Corporation and Solid Share Holdings, Inc., now Federal Land, Inc., an affiliate of a major banking group. In October 2003, CCPC entered into a Memorandum of Agreement with Sta. Lucia Realty and Development, Inc. whereby the former shall contribute land and its improvements while the latter shall be responsible for completing the development of a subdivision project. The agreement called for a 60%-40% sharing of revenues in favor of CCPC. The project was completed and marketing is on-going.

   The subdivision, named Palma Real Residential Estates, is strategically located near the boundary of Sta. Rosa and Biñan, in the province of Laguna, a few minutes away from educational institutions in the area such as Don Bosco and De La Salle University. Among residential subdivisions in its class, Palma Real is one of those nearest to these educational institutions. Although competition is considered tight given the number of residential subdivisions within its five-kilometer radius, Palma Real enjoys considerable advantage given its proximity to the schools, the industrial park, the booming commercial district in the area, and access via the Mamplasan exit of the South Luzon Expressway connecting to the Sta. Rosa-Tagaytay highway. Palma Real Residential Estates is now accessible via the Cavite-Laguna Expressway (CALAX).

   CCPC contributed 26% to the total revenue of the Corporation in 2020 having aggregate revenue of ₱44.8 million from Palma Real Residential Estates sales.

3. **Parkfield Land Holdings, Inc.**

   Parkfield Land Holdings, Inc. (PLHI), a 75%-owned subsidiary of the Corporation, was incorporated on April 11, 2001 primarily to acquire, develop, and sell real estate properties. PLHI owns 92 hectares of land located in San Jose del Monte, Bulacan.

PLHI has not started its commercial operations and has no significant business developments involving the properties. PLHI does not intend to develop its properties within the next twelve months.

b. ***Healthcare***

1. **Healthcare System of Asia Phils., Inc.**

Healthcare System of Asia, Phils. (HSAPI), Inc. was established on July 26, 1996 to deliver medical and health care services and healthcare systems, in general. Presently, HSAPI has two operational ambulatory care clinics: the FortMED Medical Clinics – Makati, which started operations in 1997, and FortMED Medical Clinics – Sta. Rosa, which started operations in 1998.

The two FortMED Clinics provide a wide range of medical services at reasonable prices. These clinics house diagnostic and ambulatory treatment apparatus including ultrasound machines and modern laboratory equipment. The clinic offers cardio-pulmonary testing, radiologic procedures, laboratory blood chemistry and hematology, and sub-specialist consultation.

Competition in this type of business is generally dictated by factors such as the reputation of doctors associated with and actually practicing in the clinic, availability of highly effective facilities, and quality of professional health service. Location and accessibility are also critical competitive factors in this industry.

FortMED-Makati is strategically located in Bel-Air Village, Makati which is easily accessible to both residents and employees in the Makati business district. FortMED-Sta. Rosa is in Greenfield Business Park, Sta. Rosa, a booming commercial district in the vicinity of a light industrial park which is home to multinational companies.

The clinic offers a fast one-stop shop type of professional service and easy accessibility to results through the clinic's proprietary Clinic Information System and computerized processes. A shuttle service in the Sta Rosa clinic is available for the convenience of its patients. The clinics also provides private duty nurses to address the need for professional health care in patient's own home.

The FortMED Clinics are accredited by the Department of Health (DOH). Necessary licenses have been secured from the DOH to operate the various facilities of the clinics including the radiology and laboratory facilities which is also licensed by the Dangerous Drug Board (DDB). License to operate is secured from the Department of Health on a regular basis.

The unique focus of medical practice at FortMED is to assist the patient and family in obtaining comprehensive interdisciplinary health care that is both accessible and acceptable. The concepts of patient participation, patient education, health promotion and illness prevention are basic parts of the integrated treatment plan. The professional staff recognizes the importance of technological and cultural dimensions of health and their influences on the individual, families, and communities serviced. The physicians also recognize their responsibility to respect each patient without bias, assisting the patient to make sound decisions about their health care.

FortMED Clinics generated aggregate revenue of ₱39 million in 2020 representing 23% of the group's revenues.

(3) **Related Party Transactions**

Transactions with related parties are made on arms-length basis in a manner similar to transactions with non-related parties. Except for payment of P14.54 million cash dividends made to shareholders of Crown Central Properties Corp. during the year, the CEI Group did not have significant account balances with related parties as of December 31, 2020.

(4) **Risks Relating to Business**

Risk management rests on the Board of Directors who is responsible for establishing and maintaining a sound risk management system. The Board of Directors assumes oversight over the entire risk management process. The CEI Group has exposure to the following financial risks:

a. Credit Risk

Credit risk is a risk of financial loss to the CEI Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the CEI Group's receivables. Counterparties such as banks and customers who pay on or before due date have minimum risk exposure because default in settling its obligations is remote. The Group deals only with reputable banks and customers to limit this risk. Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position.

b. Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments. It may result from either the inability to sell assets quickly at fair values or failure to collect from counterparty. The Group's objective is to maintain a balance between continuity of funding and flexibility through related party advances and aims to manage liquidity as follows: (a.) to ensure that adequate funding is available at all times; (b.) to meet commitments as they arise without recurring unnecessary costs; and (c.) to be able to access funding when needed at the least possible cost.

c. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include cash and cash equivalents, loans payable and equity investments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. The CEI Group's market risk is limited to its investments carried at fair value through profit or loss and AFS financial assets. The CEI Group manages its risk arising from changes in value of investments carried at fair value through profit of loss by monitoring the changes in the market price of the investments.

The financial risks of the CEI Groups as of December 31, 2020 are further discussed in Note 28 of the accompanying audited financial statements.

Item 2. Properties

The Corporation owns a real estate property located at the corner of Jupiter and N. Garcia Streets in Makati City where the Crown Center, a five-storey office building stands as the main office of the Corporation and its subsidiaries. Crown Center also houses other tenants.

The Corporation indirectly owns the FortMED Clinic Building, a two-storey building located in Greenfield Business Park, Santa Rosa, Laguna, which houses FortMED-Santa Rosa and other tenants.

The investment properties of the CEI Group include a 4,907-square meter of prime property in Greenfield Business Park where the FortMED Clinic Building now stands. The CEI Group also owns six hectares of land in Taguig City, Metro Manila, over 30 hectares of land in Santo Tomas, Batangas, and a 92-hectare land in San Jose Del Monte, Bulacan. However, no major land developments are being done on these properties.

The Corporation does not lease from other parties real properties it uses for its business and operations.

Some of the properties of the Corporation are still in the process of titling and are free from liens or mortgages. Except when there is a very good opportunity, the Corporation does not intend to acquire any other property in the next twelve months other than to complete the consolidation of its existing land bank.

Item 3. Legal Proceedings

In the ordinary course of business, CEI Group has pending legal proceedings, which are in various stages with the courts and relevant third parties. Management believes that the bases of the CEI Group’s position are legally valid and the ultimate resolution of these proceedings would not have a material effect on CEI Group’s financial position and results of operations. On the basis of the information furnished by its legal counsel, management believes that none of these contingencies will materially affect the CEI Group’s financial position and financial performance.

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

There is no matter submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

(1) Market Information

The Corporation's securities are traded only in the Philippine Stock Exchange (PSE) and no market for the shares is expected to be developed outside the Philippines. For the last two years, the highs and lows of stock market closing prices for CEI's equity shares are as follows:

		HIGH	LOW
2020	October – December	0.15	0.14
	July – September	0.133	0.129
	April – June	0.124	0.124
	January – March	0.127	0.127
2019	October – December	0.189	0.18
	July – September	0.223	0.215
	April – June	0.238	0.237
	January – March	0.27	0.23

As of December 29, 2020, the closing price of the Corporation's common shares was Php0.1460 per share.

(2) Holders

There were 365 shareholders of CEI as of December 31, 2020. The top 20 stockholders on record as of December 31, 2020 are as follows:

	NAME	CITIZENSHIP	TOTAL SHARES	%
1	PCD NOMINEE CORP.	Filipino / Others	13,953,945,409	93.2750
2	TONG, MARIE LOUISE Y.	Filipino	245,905,000	1.6438
3	TONG, ROBIN Y.	Filipino	245,905,000	1.6438
4	TONG, WELLINGTON Y.	Filipino	245,905,000	1.6438
5	DAVID GO SECURITIES, CORP.	Filipino	30,800,000	0.2059
6	GCV MANAGEMENT & CONSULTING CORPORATION	Filipino	24,085,600	0.1610
7	ACUNA, EMMANUEL E.	Filipino	20,213,600	0.1351
8	LAY, ELLEN	Filipino	13,200,000	0.0882
9	PINPIN, ELISA T.	Filipino	13,200,000	0.0882
10	TRANS-ASIA SECURITIES, INC.	Filipino	12,800,000	0.0856
11	ALCANTARA, EDITHA	Filipino	8,800,000	0.0588
12	ONG, RODERICK PHILIP	Filipino	8,800,000	0.0588
13	RIEZA, RENE DANIEL S.	Filipino	8,800,000	0.0588
14	KATSUTOSHI, SHIMIZU	Filipino	6,160,000	0.0412
15	ONGSIAKO, MARGARITA	Filipino	5,438,400	0.0364
16	LEE II, ANTHONY PETER BRYAN TIONG	Filipino	5,280,000	0.0353
17	GO, GEORGE L.	Filipino	4,400,880	0.0294
18	PO, ALFONSO L. &/OR LETTY PO	Filipino	4,400,000	0.0294
19	REYES, MICHAEL	Filipino	4,400,000	0.0294
20	TE, LUIS SOW	Filipino	4,400,000	0.0294

As of December 31, 2020, the number of common shares owned and held by non-Philippine nationals is 168,063,100.

(3) Dividends

(a) There were no dividends declared in 2020.

(b) In 2019, the Corporation declared a ten percent (10%) stock dividend and distributed the same to its shareholders during the year. No dividends have been declared on common shares from 2016 to 2018.

(c) There are no restrictions that limit the ability of the Corporation to pay dividends on common equity and no such restriction is expected to arise in the future.

(4) Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

The Corporation did not sell nor offer for sale any unregistered or exempt securities including issuance of securities constituting an exempt transaction for the last three (3) years.

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

The Corporation has adopted all the relevant Philippine Financial Reporting Standards (PFRS) in its financial statements. The Corporation's financial statements for 2020 and the comparatives presented for 2019 and 2018 comply with all presentation and disclosure requirements.

Management's discussion of the Corporation's financial condition and results of operation presented below should be read in conjunction with the attached audited consolidated financial statements of the Corporation and its subsidiaries.

(1) Changes in Financial Position and Results of Operation

Calendar Year Ended December 31, 2020 and 2019

Financial Position and Changes in Financial Position

Total assets as of year-end 2020 amounted to P2.38 billion consisting of P879 million in total current assets and P1.5 billion in non-current assets. Cash constitutes 19% of total assets while Investment Properties makes up 45%.

Next to Cash and Cash Equivalents of P442 million, Investment in Quoted Shares is a major component of current assets amounting to P183 million. Inventories come in as the third largest amounting to P132 million which is mainly composed of the house units and lot units inventory of Palma Real and a few in Cypress Towers. Receivables of P68 million include P25 million secured loan to a third party over a 6-month period earning 10% interest per annum.

Out of the total P1.5 billion non-current assets, P1.08 billion pertains to investment properties consisting mostly of properties in Taguig, Batangas, and Bulacan. Property and equipment including office buildings amounted to P249.8 million, net of depreciation.

Total liabilities amounted to P186 million of which P149 million represent customers' deposits, closing fees, and trade liabilities including liabilities to doctors, contractors, and suppliers. Dividend payable in year-end 2019 was paid during the year 2020.

There were no other significant movements in the equity accounts during the year except for changes in the net income for the year.

Results of Operation

Net income for the year 2020 amounted to P35.9 million compared to P33.3 million in the previous year.

Total consolidated revenues amounted to P172 million of which P104 million or 61% came from realized real estate sales and related interest on installment contracts receivable. Thirty-nine million pesos or 23% came from sale of medical services while rental income and dividend income accounted for 8% and 9% of revenues, respectively.

The total revenues for 2020 was lower than that of the previous year. While realized revenue from real estate sales declined by 16% due to fewer units reaching the recognition threshold, revenue from sale of services sharply declined by 51% due to the impact of the pandemic on patient volume of the clinics. Rental income, on the other hand, declined by 13% due to lower occupancy rate of leasable space. Meanwhile, dividend income increased to P15 million from the P9 million in 2019, accounting for 9% of total revenue.

Meanwhile, total costs and expenses in 2020 amounted to P144 million with direct costs decreasing by 28% to P62 million, owing to lower volume of realized real estate sales and sale of medical services. Direct costs for real estate sales and cost of services dropped by 11% to P36 million and 43% to P27 million, respectively. General operating expenses likewise dropped from P109 million to P82 million in 2020.

Net other income for 2020 amounted to P13.4 million registering a slight decline from the previous year. While interest income on loans and bank placements registered lower at P10.7 million, realized gain on sale of investments in quoted shares registered a P6.6 million increase. Moreover, the decline in fair value of investments in quoted shares was lower at P5 million compared with the P14 million in 2019, thus a recovery.

Calendar Year Ended December 31, 2019 and 2018

Financial Position and Changes in Financial Position

Total assets as of year-end 2019 amounted to P2.35 billion consisting of P846 million total current assets and P1.5 billion in non-current assets. Cash constitutes 15% of total assets while Investment Properties makes up 46%.

Next to Cash and Cash Equivalents of P345 million, Investment in Quoted Shares is a major component of current assets amounting to P195 million. Inventories come in third largest which is mainly composed of the house units and lot units inventory of Palma Real and a few in Cypress Towers. Receivables of P105 million include P50 million secured loan to a third party over a 6-month period earning 10% interest per annum. This loan will fall due in May 2020 and is secured by twice its value in readily tradable equity securities.

Out of the total P1.5 billion non-current assets, P1.08 billion pertains to investment properties consisting mostly of properties in Taguig, Batangas, and Bulacan. Investment properties recorded an addition of P89 million in 2019 and P322 million in 2018 due to the acquisition of a parcel of land in Taguig to make the properties contiguous.

Total liabilities amounted to P193 million of which P162 million represent customers' deposits, dividend payable to non-controlling interest, closing fees, and trade liabilities including liabilities to doctors, contractors, and suppliers.

There were no other significant movement in the equity accounts during the year except for changes in retained earnings resulting from stock dividend payment and the net income for the year.

<u>*Results of Operation*</u>

Total consolidated revenues amounted to P229 million of which P125 million or 55% came from realized real estate sales and related interest on installment contracts receivable while P79 million or 34% came from sale of medical services. Rental income and dividend income accounted for 7% and 4% of revenues, respectively.

The total revenues for 2019 was almost the same level as that of the previous year. However, revenue mix changed during the year with real estate sales dropping to 55% of total revenue while sale of medical services remained at 34%. Rental and dividend income accounted for 11% of total revenue.

Meanwhile, total costs and expenses in 2019 amounted to P197 million with direct costs decreasing by 13% to P87 million, owing to lower volume of real estate sales and sale of medical service. Direct costs for real estate sales and medical services dropped by 21% to P40 million and 4% to P47 million, respectively. General operating expenses likewise dropped from P159 million to P109 million in 2019.

Net other income for 2019 amounted to P14.3 million including interest income on loans and bank placements amounting to P23.1 million. For 2018, net other income amounted to P308.9 million including gain on sale of investment in Sky Leisure amounting to P317.97 million and provision for impairment in property amounting to P25.5 million, among others.

Net income for the year 2019 amounted to P33.4 million compared to P285.1 million in the previous year. Non-recurring items during the year 2018 significantly brought the bottom line higher.

Without the non-recurring gains and expenses, the bottom-line figures for 2018 would have been P32.4 million.

Calendar Year Ended December 31, 2018 and 2017

<u>*Financial Position and Changes in Financial Position*</u>

Total assets posted an increase of ₱297.7 million or 14% primarily attributable to the growth in non-current assets by ₱318.7 million or 29%. In contrast, current assets dropped by ₱21.0 million or 2% mainly driven by the sale of asset held for sale.

Total current assets declined by ₱21.0 million, or 2% lower than the ₱1.0 billion as of December 31, 2017. Cash went up by ₱239.1 million or 90% primarily coming from the sale of investment in Sky Leisure Properties as reduced by the cost of the acquisition of investment property in Taguig City. Financial assets through profit or loss increased by ₱66.5 million or 99% resulting from the additional investment in the equities market. The increase in recognized sales resulted in a decrease in inventories by ₱24.01 million or 1.11%. Receivables increased by ₱ 65.0 million or 80% primarily as the Company granted a loan facility to Bluestock Development Holding, Inc. Other current assets, on the other hand, decreased by ₱12.9million or 19.8% due to the utilization of tax assets during the period.

Total noncurrent assets increased by ₱318.7 million primarily due to the acquisition of real properties in Taguig City. Out of the total ₱1.4 billion non-current assets, ₱995 million pertains to investment properties consisting of properties in Batangas, Bulacan, and Taguig which have higher market values but recorded at cost.

From ₱251.8 million as of December 31, 2017, total liabilities recorded an increase of ₱21.6 million to ₱273.4 million mainly attributable to the increase in liabilities to suppliers, to contractors and other liabilities of which ₱154 million represent customers' deposits, closing fees, doctors' fees, trade liabilities, and accrued liabilities related to property acquisitions.

Total equity increased by ₱276.1 million to ₱2.1 billion as of December 31, 2018 as against ₱ 1.9 billion as of December 31, 2017, essentially due to the net income posted during the period. Total equity attributable to equity holders of the parent company amounted to ₱2.0 billion.

Results of Operation

For the year ending December 31, 2018 the Corporation generated a total revenue of ₱233.4 million, ₱114.9 million of which came from realized real estate sales. Total costs and expenses amounted to ₱259.6 million while net other charges amounted to ₱11.0 million and a net gain on the sale of investment amounting to ₱318 million resulting to a net income after-tax of ₱ 285.1 million. The net income in 2018 is higher by ₱156.3 million compared to the ₱128.8 million net income in 2017.

The Parent Company and real estate subsidiaries generated a total revenue of ₱176.9 million of which ₱114.9 million came from realized real estate sales. Total revenue increased by 39% from the ₱168.5 million reported in 2017. In 2017, real estate sales recognized from projects increased by 65% from ₱69.4 million in 2017.

Meanwhile, the healthcare subsidiary reported a ₱79.1 million gross revenue which is almost 11% higher than the 2017 levels.

Total costs and expenses for the year increased by 40% to ₱259.6 million due to an increase in operating expenses. Net other charges was at ₱11.0 million in 2018 primarily from the impairment losses in investment property. This eventually led to a net income after tax of ₱ 285.1 million as against a ₱128.8 million net income after tax for 2017.

Key Performance Indicators

The Corporation measures its performance based on the utilization of assets and the return on its investments.

Indicator	As of			Formula
	Dec 2020	Dec 2019	Dec 2018	
Current Ratio	5.87x	5.12x	4.03x	$\frac{Current\ Assets}{Current\ Liabilities}$
Cash Ratio	2.95x	2.08x	2.02x	$\frac{Cash\ and\ Cash\ equivalents}{Current\ Liabilities}$
Debt-Equity Ratio	0.09x	0.09x	0.13x	$\frac{Total\ Liabilities}{Total\ Equity}$
Debt-Asset Ratio	0.08x	0.08x	0.11x	$\frac{Total\ Liabilities}{Total\ Assets}$
Asset-Equity Ratio	1.09x	1.09x	1.13x	$\frac{Total\ Asset}{Total\ Equity}$
Interest Coverage Ratio	n/a	418x	1,132x	$\frac{Earnings\ before\ Interest\ and\ Tax}{Interest\ Expense}$
Net Profit Margin	20.08%	14.5%	123.34%	$\frac{Net\ Income}{Net\ Revenues}$
Investment Ratio	0.45x	0.46x	0.41x	$\frac{Total\ Investment\ and\ Advances}{Total\ Assets}$
Return on Assets	1.46%	1.40%	12.61%	$\frac{Net\ Income}{Average\ Total\ Assets}$
Earnings Per Share	0.00186	0.00114	0.01983	$\frac{Net\ Income\ after\ Minority\ Interest}{Total\ Shares\ Subscribed}$

Liquidity

Current ratio increased to 5.87x as of December 31, 2020 compared to 5.12x as of December 31, 2019 resulting from collection of receivables. Cash ratio likewise increased to 2.95x as of December 31, 2020 from 2.08x as of December 31, 2019.

In 2019, current ratio improved to 5.12x as of December 31, 2019 compared to 4.03x as of December 31, 2018 as cash levels decreased resulting from payment of liabilities and acquisition of some assets. Cash ratio likewise increased to 2.08x as of December 31, 2019 from 0.13x as of December 31, 2018.

Solvency/Leverage

Debt-equity ratio remained at 0.09x from the same ratio as of December 31, 2019. Likewise, debt-asset ratio remained at 0.08x from the same ratio December 31, 2019. Asset-equity ratio also remained at 1.09x as of December 31, 2020 as there is unusual movement in both assets and equity. The Company has a nil interest coverage ratio as it has zero loans and therefore no interest expense was incurred in 2020.

As of December 31, 2019, debt-equity ratio decreased to 0.09x from the 0.13x as of December 31, 2018. On the other hand, debt-asset ratio slightly decreased to 0.08x from 0.11x as of December 31, 2018. Asset-equity ratio also decreased to 1.09x as of December 31, 2019 as assets were reduced to bring down liabilities. The Company's interest coverage ratio was 418x in 2019.

The debt equity ratio decreased to 0.13x as of December 31, 2018 compared to .14x as of December 31, 2017. Debt-asset ratio also decreased to 0.11x compare to 0.12x as of December 31, 2017. Similarly, asset-equity ratio decreased to 1.13x as of December 31, 2018. The Company's interest coverage ratio was 1,132x it had very minimal interest expense in 2018.

Investment Ratio

Investment ratio decreased to 0.45x as of December 31, 2020 from 0.46x as of December 31, 2020 due to depreciation of investment property.

Investment ratio increased to 0.46x as of December 31, 2019 from 0.41x as of December 31, 2018 due to the acquisition of additional investment property.

Profitability

There was an improvement in the net income margin to 20.18% in 2020 compared to 14.5% in 2019 due to better results of operations.

Net income for the year 2019 was lower than the previous year in the absence of significant extraordinary gains resulting to net income margin declining to 14.5% compared to 123.3% in 2018.

There was a substantial improvement in the net income margin at 1.23x in 2018 compared to 0.84x in 2017 due to the sale of investment in associate.

Return on Assets

Return on assets increased to 1.46% as of December 31, 2020 from 1.40% as of December 31, 2019 as bottom line improved over a largely stable pool of assets.

There was a significant decrease in net income as of December 31, 2019 resulting to a lower return on assets at 1.4% from 12.61% as of December 31, 2018.

Return on assets increased to 12.61% as of December 31, 2018 from 6.30% as of December 31, 2017 as income improved resulting from the sale of investment assets.

Earnings Per Share

Earnings per share increased to 0.00186 as of December 31, 2020 compared to ₱0.00114 as of December 31, 2019. Income attributable to shareholders of the Corporation improved while Corporation's average number of outstanding shares has increased resulting from dividends in the previous year.

Income per share for the year ended December 31, 2019 is lower at ₱0.00114 compared to ₱0.01983 as of December 31, 2018 as a result of the decrease in the Company's profitability for the year 2019 despite the increase in average number of outstanding shares resulting from dividends.

Earnings per share increased to ₱0.01983 as of December 31, 2018 compared to ₱0.00889 as of December 31, 2017 resulting from a significant increase in the bottom line. The Company's number of outstanding shares has been fixed for the past five years.

(i) Past and Future Financial Condition with Particular Emphasis on the Prospects for the Future

The Corporation continues to generate revenues from its real estate projects, particularly Cypress Towers and Palma Real Residential Estates. Aggregate revenue from real estate sales amounted to P104.3 million including interest on installment contracts receivable. The healthcare business, on the other hand, generated P39.4 million during the year from the previous year's P78.9 million.

The Palma Real Residential Estates is expected to continue selling. The project continues to market house and lot packages intended to promote community build-up. The project realized P83 million in revenue in 2020 accounting for 48% of total revenue. Future sales are still expected to improve as Palma Real is now accessible both from the Sta. Rosa-Tagaytay road and from the Mamplasan exit of the South Luzon Expressway. Moreover, the project is seen to benefit from the booming Sta. Rosa residential market and the completion of the Cavite-Laguna Expressway (CALAX).

Except for the impact of the COVID-19 pandemic on its businesses which at this point cannot be reasonably estimated, the Corporation has no known trends, events or uncertainties in the present operations of the Corporation that will have material impact on net sales or revenues or income from continuing operations of its operating subsidiaries, or of any seasonal aspects that have a material effect on the financial condition or results of operation of the Company or which is likely to result in the Corporation's liquidity increasing or decreasing in any material way. It is not aware of any events that will trigger direct or contingent financial obligation that is material to the Corporation, including any default or acceleration of an obligation, loan, lease, or other indebtedness or other financing arrangements requiring payments. Furthermore, there is no significant amount in trade payables that has not been paid within the stated trade terms. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligation), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

As of this report, the Company has no material commitment for capital expenditure.
The Corporation and its subsidiaries have neither issued nor invested in any financial instruments or complex securities that will make them susceptible to the effects of any uncertainties in global financial condition. They have neither foreign currency denominated nor local peso denominated loans. The Corporation's financial risk exposure is limited to its investments in the equities market reported as "Investment in Quoted Shares" in its balance sheet though insignificant in relation to the Corporation's total assets base. Moreover, these investments are always marked to market thus reflecting the most verifiable values available. The Corporation's risk management policies are religiously observed and fair values of investments are reviewed by the Executive Committee on a regular basis.

Item 7. Financial Statements

The audited financial statements of the Corporation are included in this report as Annex A.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Corporation engaged the auditing firm, Reyes Tacandong & Co. to handle the independent audit of the Corporation for 2020 and is also being considered to handle the independent audit of the Corporation for year 2021. R.G. Manabat & Co. previously handled the independent audit of the Corporation from 2016-2017. There were no disagreements with the independent auditor on accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

For the audit of the Corporation's financial statements, the aggregate fee billed by the independent auditors was P1.1 million in 2020 and P1.2 million in 2019. There were no other professional fees billed by the independent auditors during the year. The Audit Committee reviews all proposals for services to be rendered by the independent auditor. In the last two (2) years, the Corporation did not engage the independent public accountants for any services other than the regular conduct of independent audit of the year-end financial statements.

The members of the Audit Committee are as follows:

Mr. Conrado G. Marty – Chairman
Mr. Rodolfo B. Fernandez – Member
Mr. Ramon A. Recto - Member

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Corporation

a. Directors and Executive Officers

Mr. George L. Go, 79 years old, Filipino, is presently the Chairman of the Board of Directors of the Corporation. He has been a Director of the Corporation since 1995. He is also the Chairman of the Nominations Committee and a Member of the Executive Committee, Investment Committee and the Compensation and Remuneration Committee. Mr. Go is also the Chairman of the Board of Healthcare Systems of Asia Philippines, Inc., Fortmed Medical Clinics Makati, Inc., and Asian Alliance Holdings and Development Corporation. Mr. Go is also a Director of Asian Alliance Investment Corporation. Mr. Go earned his bachelor's degree in Economics from Youngtown University, U.S.A and completed an Advanced Management Program in Harvard Business School, U.S.A.

Mr. Wilfrido V. Vergara, 76 years old, Filipino, has been the Vice Chairman of the Board of Directors of the Corporation since May 2002. He is the Chairman of the Executive Committee, the Investment Committee and the Compensation and Remunerations Committee. Mr. W.V. Vergara is the Chairman of the Board of Directors of Argent Capital Holdings Corporation and also the Vice Chairman of Fortmed Medical Clinics Makati, Inc. and Healthcare Systems Asia Philippines, Inc.. He is also a Director of Parkfield Land Holdings, Inc.. Mr. Vergara obtained his Bachelor's Degree in Economics from the Ateneo de Manila University.

Mr. Romuald Dy Tang, 69 years old, Filipino, has been a member of the Board of Directors of the Corporation since 2008 and was elected President of the Corporation in May 2010. Mr. Dy Tang is also a Member of the Executive Committee, Nominations Committee and the Compensation and Remuneration Committee and Investment Committee. He is likewise a Director and President of Argent Capital Holdings Corporation and a member of the Board of Directors of Healthcare Systems of Asia Philippines, FortMED Medical Clinics Makati, Inc. and Parkfield Landholdings, Inc. Mr. Dy Tang is also a Director and Officer of other corporations namely, Kok Tay Trading Corporation, Sedgewick Holdings, Inc. and DTV Realty and Development, Inc. He was the Executive Vice President and Treasurer of Equitable PCI Bank and a Director of the various subsidiaries of the bank. Mr. Dy Tang earned his Bachelor of Science in Business Administration from De La Salle University, Manila.

Mr. Antonio B. Alvarez (†), 77 years old, Filipino has been a member of the Board of Director's since 1995 and the Treasurer of the Corporation[1] since 1997. He is a member of the Executive Committee, the Nomination Committee, the Compensation and Remuneration Committee and Investment Committee. Mr. Alvarez is the Director and President of Healthcare Systems of Asia Philippines, Inc. and Fortmed Medical Clinics Makati, Inc. He is also a Director of Parkfield Landholdings, Inc. and the Treasurer and Director of Argent Capital Holdings Corporation. He is also the President/Nominee of Guild Securities, Inc. and formerly the Executive Vice President of Securities Specialists, Inc. Mr. Alvarez obtained Bachelor of Science in Commerce Major in Accounting from Far Eastern University.

Mr. Eugene B. Macalalag, 53 years old, Filipino, has been a member of the Board of Directors of the Corporation since May 2003. He is First Vice President of the Corporation and member of the Investment Committee. Mr. Macalalag is the President of Parkfield Landholdings, Inc. and Crown Central Properties Corporation. He is a Director of Argent Capital Holdings Corporation and Director and Treasurer of Healthcare Systems of Asia Philippines, Inc. and FortMED Medical Clinics Makati, Inc.. He joined Crown Equities, Inc. in April 1996. Mr. Macalalag earned his Master's Degree in Business Administration from De La Salle University, Manila.

Mr. Patrick Warren D. Go, 53 years old, Filipino, has been a Director of the Corporation since 1995 and the Compliance Officer since 2008. Mr. Go is also the Managing Director of Healthcare Systems of Asia Phils., Inc. since August 2009 and in June 2010 became the Managing Director of FortMED Medical Clinics Makati, Inc. Mr. Go is a graduate of San Francisco State University, U.S.A. in 1992 with a Bachelor of Science in both Finance and Real Estate. He is the son of Mr. George L. Go.

Mr. Ramon A. Recto, 88 years old, Filipino, has been an Independent Director of the Corporation since May 2002. He has been a Member of the Audit Committee and the Nominations Committee since May 2003. He is also a Member of the Corporate Governance Committee. Mr. Recto was the President of Marcventures Holdings, Inc. and Lepanto Consolidated Mining Corporation. Mr. Recto obtained both of his Bachelor's Degrees in Electrical Engineering and in Mechanical Engineering from the University of the Philippines. He also earned his Master's Degree in Industrial Management from the same University.

Mr. Conrado G. Marty, 75 years old, Filipino, has been a member of the Board of Directors of the Corporation since 2006. Mr. Marty is also a Chairman of the Audit Committee of the Corporation. He is the President of Universal LMS Finance and Leasing Corporation and is also the Vice Chairman of Hyundai Asia Resources, Inc. Mr. Marty holds a Bachelor

[1] Mr. Antonio B. Alvarez was Treasurer of the Corporation as of December 31, 2020.

in Business Administration Major in Accounting from University of the East and is a Certified Public Accountant. He obtained his Master in Business Administration major in Finance from the Wharton School, University of Pennsylvania.

Mr. Salvador P. Escano, 69 years old, Filipino, was elected to the Board of Directors in June 2011. Mr. Escano is a self-made entrepreneur-businessman with substantial interests in real estate and the gases business, specifically liquefied petroleum gas (LPG) and industrial gases, with operations mainly in the Visayas and Mindanao regions of the Philippines. He is concurrently Chairman and CEO of Pryce Corporation and of its subsidiary, Pryce Gases, Inc. He was previously General Manager of Anselmo Trinidad and Co., (HK) Ltd., a Hongkong-based stockbrokerage firm from 1978 to 1981. He was also a Member of the Board of Governors of the Makati Stock Exchange from 1989 to 1991. Mr. Escano started his professional career as a banker with then Far East Bank & Trust Co. (later absorbed by Bank of the Philippine Islands). Mr. Escano holds an Economics Degree from Xavier University and a Master Degree in Business Administration from the University of the Philippines.

Mr. Melvin O. Vergara, 49 years old, Filipino, has been a member of the Board of Directors since May 2011. He is also a Director of Healthcare Systems of Asia Philippines, Inc. and FortMED Clinics Makati, Inc. Mr. Melvin O. Vergara has been an Associate Person of Guild Securities, Inc. since 2002. He was a former Consultant of the same company. He earned his Degree in Business Administration from the University of Sto. Tomas. He is the son of Wilfrido V. Vergara.

Mr. Christopher Brian C. Dy, 36 years old, Filipino, is the Corporation's Assistant Vice President for Real Estate Subsidiaries & Operations. Mr. Dy has been a member of the Board of Directors of the Corporation since May 2011. He is the Chief Risk Officer of the Corporation and also the Vice President of Crown Central Properties Corporation. Before joining the Corporation, he served as the purchasing officer of FortMED Medical Clinics in 2010. He took up securities training in Guild Securities, Inc. from 2009 to 2010 and worked for 3M Philippines for the Projections Systems and Optical Systems divisions. He was formerly the General Manager of Gold Crest Holdings, Inc. and a Property Specialist of Ayala Land Premier. He earned his Bachelor of Science in Management, Major in Management Communications Technology from the Ateneo de Manila University. He is the son of Mr. Romuald U. Dy Tang.

Mr. Nixon Y. Lim, 50 years old, Filipino, graduated B.S Physics at University of St. La Salle, Manila in 1991. He is currently the Chairman of the Related Party Transaction Committee of the Corporation and a Member of the Board Risk Oversight Committee and Investments Committee. He is the President of Greenstone Packaging Corporation, Lamitek Systems, Inc. and Greenkraft Corporation. In addition, he is also the President of GreenSiam Resources Corporation, Steniel Mindanao Packaging Corporation, Steniel Cavite Packaging Corp., and Chairman, President and CEO of Steniel Manufacturing Corporation, a listed company.

Atty. Rodolfo B. Fernandez, 64 years old, Filipino, is an independent director of the Corporation. He is also the Chairman of the Corporate Governance Committee and member of the Audit Committee and Board Risk Oversight Committee. Atty. Fernandez currently sits in the board of Reference Group Financial Services, Inc. He is also director and corporate secretary at The Organization of Property Stakeholders. He was formerly Chief Compliance and AMLA Officer at BPI Family Savings Bank; Head of Compliance and Legal at BPI Asset Management and Trust Group (AMTG) and BPI Mutual Fund

Companies; Head of the BPI Account Management 4; Chief Legal Counsel at Far East Bank and Trust Co., and Head of Legal and Product Development of FEBTC – Trust Department. An expert and lecturer on estate planning, he obtained his Bachelor of Laws from the UP College of Law and his AB Political Science from the University of Santo Tomas.

Mr. Reynaldo V. Reyes, 78 years old, is an independent director of both the Corporation and Argent Capital Holdings Corporation. He is also a Member of the Corporate Governance Committee, Related Party Transaction Committee, and Investments Committee. Mr. Reyes spent his most productive years as a military serviceman from age 17 to compulsory retirement at age 56. He served as a PAF line pilot, Squadron Commander, Wing Commander and went on to become Air Division Commander stationed in Zamboanga, Mindanao after which he was placed in command of the Western Command (WESCOM) in charge of Palawan and the West Philippine Sea. He had modest exposure in business management while detailed at the Defense Department as head of the Defense Management Division and Deputy Assistant Secretary for Comptrollership. There he served in concurrent capacity as Senior Vice President of the AFP pension fund performing a wide range of functions from lending, treasury management and managing property holdings of the fund. He was a member of the Philippine Stock Exchange from 1999 to 2006, being then the Chairman and President of stock brokerage firm Public Securities Corporation. He was at the same time President and CEO of an investment house, Resources and Investments Corporate House Inc. (RICH). He served as Director of the Securities Clearing Corporation (SCCP), and also as member of the PSE Listing Committee. He currently serves as an independent director of Bob Garon and Vandevoort Consultancy Incorporated (BGVCI). Mr. Reyes graduated from the Philippine Military Academy in 1964 with a Bachelor's Degree. His in-service career training included courses in Resource Management at the US Naval Post Graduate School in Monterey, USA; Industrial College of the US Armed Forces; Command and Staff Course at the Air University, Montgomery, Alabama, USA and ADMU MBA off-campus course.

Mr. Emilio S. De Quiros, Jr., 72 years old, is an Independent Director of the Corporation. He is also a Member of the Compensation and Remuneration Committee, Board Risk Oversight Committee, Related Party Transaction Committee, and Investments Committee. Mr. De Quiros is also a director of Belle Corporation and an independent director of Atlas Consolidated Mining and Development Corporation and an independent director of Sunlife Investment Management & Trust Corporation. He was previously the President and Chief Executive Officer of the Social Security System (SSS) and also served as a Director of Belle Corporation, UnionBank of the Philippines, Philex Mining Corporation and Philhealth Insurance Corporation. Prior to his appointment as President of SSS, he served as Executive Vice President of Bank of the Philippine Islands and President of Ayala Life Insurance Inc., Ayala Plans Inc. and a director of BPI Bancassurance, Inc. Mr. De Quiros graduated from Ateneo de Naga with a Bachelor of Arts in Economics degree (Cum Laude), and holds a Master of Arts in Economics degree from University of the Philippines.

Directorships in other reporting companies:

Within the last five (5) years, the following directors are also directors of other reporting companies as listed below:

Mr. Emilio S. De Quiros, Jr. is currently a director of Belle Corporation and an independent director of Atlas Consolidated Mining & Development Corporation.

Mr. Nixon Y. Lim is currently the Chairman, President and CEO of Steniel Manufacturing Corporation.

b. Significant Employees

The Corporation has no employee who is not an executive officer but is expected to make a significant contribution to the business.

c. Family Relationships

Mr. Patrick D. Go, Compliance Officer and member of the Board of Directors, is the son of Mr. George L. Go, Chairman of the Board of Directors. Mr. Melvin O. Vergara is the son of Mr. Wilfrido V. Vergara, Vice Chairman of the Board of Directors while Mr. Christopher Brian C. Dy is the son of Mr. Romuald U. Dy Tang, President. Aside from the foregoing, no other directors or executive officer are related up to the fourth civil degree either by consanguinity or affinity.

The Corporation has no controlling or parent company.

d. Involvement in Certain Legal Proceedings

The Corporation has no knowledge of the involvement of the current directors and executive officers, in any legal proceedings as defined in the Securities Regulation Code for the last five years up to the date of this report.

Item 10. Executive Compensation

In 2020, the Corporation's Executive Officers consisted only of the following key personnel: the Chairman, the President, First Vice-President and the Treasurer.

The aggregate compensation paid or incurred during the last two fiscal years and estimated to be paid in the ensuing fiscal year to the Executive Officers and Directors of the Corporation are as follows:

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS					
Name and Principal Position	Year	Salary/Fees	Bonus	Other Annual Compensation	Total
Compensation of Executive Officers* George L. Go, Chairman Romuald U. Dy Tang, President Eugene B. Macalalag, First Vice President Antonio B. Alvarez, Treasurer[2]	2021 (Est.)	P5.85 million	P2.50 million		P8.35 million
	2020	P5.07 million	P2.48 million		P7.55 million
	2019	P5.34 million	P23.75 million		P29.09 million
All Other Directors and Officers as a Group	2021 (Est.)	P5.00 million	P 2.00 million		P 7.00 million
	2020	P4.49 million	P 1.77 million		P 6.26 million
	2019	P6.90 million	P16.03 million	-	P22.93 million

* *The Chairman, President, First Vice President and Treasurer are the only executive officers of Crown Equities, Inc.*

<u>*Compensation of Directors*</u>

The members of the Board of Directors who are not executive officers are elected for a term of one year.

[2] Mr. Antonio B. Alvarez was Treasurer of the Corporation as of December 31, 2020.

As provided in the Corporation's by-laws, directors shall receive a reasonable per diem allowance for their attendance at each meeting. Further, as compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the Corporation during the preceding year. Such compensation shall be determined and apportioned among the Directors in such manner as the Board may deem proper.

Other Arrangements

On May 31, 2002, the stockholders approved a stock option plan for directors and executive officers of the Corporation as may be designated by the Board.

The Corporation's stock option plan entitles, on grant date, the directors and executive officers of the Corporation to purchase shares of stock of the Corporation at par value or book value, whichever is higher. The underlying shares subject to the stock option plan covers 2,400,000,000 common shares representing 10% of the authorized capital stock of the Corporation. The stock option shall be subject to vesting according to such schedule as shall be approved by the Board of Directors, provided that vesting shall lapse after five years from entitlement date, and provided further that with respect to executive officers, vesting shall expire upon their resignation from the Corporation. The number of underlying common shares in respect of outstanding options and/or the exercise price shall be correspondingly adjusted in the event of any stock dividend declaration, stock split, merger, consolidation, or the similar or analogous change in the corporate structure or capitalization of the Group. The terms and conditions of the stock option plan may be amended by the resolution of the Board of Directors, except that any increase in the maximum number of shares or any decrease in the exercise price shall require the approval of stockholders representing at least two-thirds of the outstanding capital stock.

No stock option has been granted from the time the stock option plan was approved.

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

(1) Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2020, the following stockholders own more than 5% of the Corporation's outstanding capital stocks:

Title of Class	Name and Address of Stockholders	Amount of shares [Record (r)/Beneficial (b) Ownership]	% Ownership
Common shares	PCD Nominee Corp. [1] 37/F Tower 1 Enterprise Center Ayala Ave. cor. Paseo de Roxas, Makati City	13,953,945,409	93.2750%

[1] *PCD Nominee Corp. (PCD), a wholly-owned subsidiary of Philippine Central Depository, Inc., is the registered owner of certain shares in the books of the Corporation's transfer agents in the Philippines. The beneficial owners of such shares are PCD's participants, who hold shares on their behalf or in behalf of their clients. PCD is a private Corporation organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. The beneficial owners of PCD shares that owns 5% and above are indicated as follows:*

Guild Securities, Inc. (Filipino)	*9,286,776,409*	*62.0774%*

Unit 1215 Tower One and Exchange Plaza
Ayala Avenue, Makati City

Marian Securities, Inc. (Filipino) *Unit 1710-1711, 7th Floor, Philippine Stock Exchange Tower,* *5th Avenue cor. 281th Street* *Bonifacio Global City, Taguig City*	*1,074,772,600*	*7.1843%*

The following have the right to vote or direct the voting or disposition of the CEI shares beneficially held by the Corporations they respectively represent: Antonio B. Alvarez for Guild Securities, Inc. and Conrado G. Marty for Marian Securities, Inc.

To the best knowledge of the Corporation, no security holder has created a voting trust for the purpose of conferring upon a trustee the right to vote pertaining to shares of stock of the Corporation.

(2) Security Ownership of Directors and Management

Security ownership of Management and Directors as of December 31, 2020 is as follows:

Title of Class	*Names of Beneficial Owner*	*Amount and Nature of Beneficial Ownership*	*Citizenship*	*Percent of Ownership*
	A. **Directors**			
Common Shares	George L. Go	774,638,380 db1	Filipino	5.18%
Common Shares	Nixon Y. Lim	404,448,000 d	Filipino	2.700%
Common Shares	Patrick D. Go	200,035,000 db2	Filipino	1.327%
Common Shares	Wilfrido V. Vergara	24,833,600 db3	Filipino	0.016%
Common Shares	Ramon A. Recto	11,968,000 db4	Filipino	0.080%
Common Shares	Reynaldo V. Reyes	550,000 db5	Filipino	0.003%
Common Shares	Conrado G. Marty	88,008 d	Filipino	0.001%
Common Shares	Christopher Brian C. Dy	22,000 d	Filipino	nil
Common Shares	Salvador P. Escano	11,000 d	Filipino	nil
Common Shares	Melvin O. Vergara	11,000 d	Filipino	nil
Common Shares	Emilio S. De Quiros, Jr.	11,000 d	Filipino	nil
Common Shares	Rodolfo B. Fernandez	88 d	Filipino	nil
			Filipino	
	B. **Executive Officers**			
Common Shares	Antonio B. Alvarez[3]	195,360 d	Filipino	0.001%
Common Shares	Romuald Dy Tang	86,992,000db6	Filipino	0.58%
Common Shares	Eugene B. Macalalag	18,740,088db7	Filipino	0.12%
	C. **All Directors and Officers as a Group**	1,522,543,524		10.15%

d – these are directly owned by the aforementioned director or officer
db1 – 132,950,000 of these are registered in one of the PCD member companies but beneficially owned by the director while 623,992,500 are indirectly beneficially owned by the director through Mrs. Rosie D. Go.
db2 – 181,412,000 of these are registered in one of the PCD member companies but beneficially owned by the director
db3 – 22,536,000 of these are registered in one of the PCD member companies but beneficially owned by the director
db4 – 10,000,000 of these are registered in one of the PCD member companies but beneficially owned by the director
db5 – 500,000 of these are registered in one of the PCD member companies but beneficially owned by the director
db6 – 86,970,000 of these are registered in one of the PCD member companies but beneficially owned by the director
db7 – 18,740,000 of these are registered in one of the PCD member companies but beneficially owned by the director

(2) Voting Trust Holders of 5% or More

No persons known to the Corporation hold more than 5% of the common shares under a

[3] Mr. Antonio B. Alvarez was Treasurer of the Corporation as of December 31, 2020.

voting trust or similar agreement.

(3) Changes in Control

There are no arrangements which may result in a change in control of the Corporation.

Item 12. Certain Relationships and Related Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are on arm's length basis in a manner similar to transactions with non-related parties.

During the last three years, there were no transactions or series of similar transactions with or involving the Corporation or any of its subsidiaries in which a director, executive officer, nominee for election as a director or stockholder owning ten percent (10%) or more of total outstanding shares and members of their immediate family, had or is to have a direct or indirect material interest.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

(1) Evaluation System

Since the implementation of its Manual on Corporate Governance in 2003, compliance with it has been satisfactory and no sanction has been imposed on any member of the organization for deviating from the Manual.

The Corporation adopted and implemented its Manual on Corporate Governance in 2003 to institutionalize the principles of good corporate governance in the entire organization and to supplement its By-Laws. The Corporation has four (4) independent directors in its Board and has designated a Compliance Officer to oversee the implementation of the Manual. Pursuant to the Manual, the Corporation created a Nomination Committee to pre-screen and shortlist all candidates nominated to become a member of the Board. A Compensation and Remuneration Committee was also formed to develop policies on executive remuneration; and an Audit Committee to check all financial reports and to provide oversight on financial management functions. Several other committees have been formed recently including Risk Oversight Committee, Related Party Transactions Committee, and Investments Committee.

The Corporation has a five-member Executive Committee that regularly meets to discuss the Corporation's day-to-day operation.

(2) Measures on leading practices of good corporate governance

The Board of Directors shall review the Manual from time to time and recommend the amendment thereof with the goal of achieving better transparency and accountability. The Compliance Officer continues to evaluate the compliance of the Corporation, its directors, officers, and employees with its existing Manual, which may be amended from time to time.

(3) Any Deviation from the Manual

There was no material deviation in compliance with the Manual for the year 2018.

(4) Improvement

In 2017, the Corporation amended its Manual to comply with the Revised Code of Corporate Governance.

The Corporation has adopted the policy of reviewing its Manual on an annual basis at the Board level with the aim of constantly improving its corporate governance.

PART V - EXHIBITS AND SCHEDULES

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

(1) Exhibits

Audited Financial Statements — Annex A

(2) Reports on SEC Form 17-C from January 1 to December 31, 2020

Date of Disclosure	Subject
April 13, 2020	Results of the meeting of the regular meeting of the Board of Crown Equities held on April 13, 2020. 1. Setting the annual stockholders' meeting on June 30, 2020; 2. Setting the record date to May 15, 2020.
June 4, 2020	Results of the meeting of the executive committee of the Board of Crown Equities held on June 4, 2020. 1. Postponing the annual stockholders' meeting to July 23, 2020, to be held virtually; 2. Changing the record date to June 30, 2020.
July 23, 2020	Results of the annual and organizational Board meeting of Crown Equities held on July 23, 2020 via Remote Communication (Cisco Webex).
September 1, 2020	Submission of the Integrated Annual Corporate Governance Report

SIGNATURES

Pursuant to the requirements of 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 the City of Makati.

By:

ROMUALD U. DY TANG President	**EUGENE B. MACALALAG** First Vice-President
PATRICK WARREN D. GO Treasurer	**ELMER B. SERRANO** Corporate Secretary

SUBSCRIBED AND SWORN to before me this 14 May 2021 affiant exhibiting to me their Tax Identification Number, as follows:

NAMES	TIN
Romuald U. Dy Tang	115-321-304
Eugene B. Macalalag	117-667-674
Elmer B. Serrano	153-406-995
Patrick Warren D. Go	149-511-050

Doc. No. 121;
Page No. 26;
Book No. II;
Series of 2021.

VICTOR ENRIQUE C. BOLINAO
Appointment No. 196 (2020-2021)
Notary Public
Until December 31, 2021
Attorney's Roll No. 74263
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 7233542; 01.05.21; Pasig City
IBP Receipt No. 137825; 01.05.21; RSM
Admitted to the Bar July 8, 2020

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

CROWN EQUITIES

INCORPORATED

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **CROWN EQUITIES, INC. AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended December 31, 2020 and 2019, 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 consolidated 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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible in overseeing the Group's financial reporting process.

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders in 2020 and 2019, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the members, has expressed its opinion on the fairness of presentation upon completion of such audit.

GEORGE L. GO	ROMUALD U. DY TANG	ANTONIO B. ALVAREZ
Chairman of the Board	President	Treasurer

MAKATI CITY APR 13 2021

SUBSCRIBED AND SWORN to before me this __________ affiant exhibiting to me their Tax Identification Number, as follows:

NAMES	TIN
George L. Go	100-929-738
Romuald U. Dy Tang	115-321-304
Antonio B. Alvarez	107-049-888

Doc No. 231
Page No. 47
Book No. 161
Series. 2021

ATTY. JOSHUA P. LAPUZ
Notary Public for and in Makati City
Appointment No M-56 until 12/31/2021
PTR No. 8531012, Jan. 4, 2021 Until Dec. 31, 2021 Makati City
Roll No. 45790, IBP Lifetime N. 04897
MCLE No VI-0016565 / Jan. 14, 2019
G/F Fedman Suites, 199 Salcedo Street.
Legaspi Village, Makati City

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	3	8	7	4	5

C O M P A N Y   N A M E

CROWN EQUITIES, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

5th Floor Crown Center, 158 Jupiter cor. N. Garcia Sts., Bel-Air Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
ACFS	CRMD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number/s	Mobile Number
ebm@crownequitiesinc.com	(632) 8-899-0081	+63 919 076 1391

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
365	4th Tuesday of May	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Eugene B. Macalalag	ebm@crownequitiesinc.com	(632) 8-899-0081	–

CONTACT PERSON'S ADDRESS

Crown Center, 158 Jupiter Corner N. Garcia St., Makati City

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2: *All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.*

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
CROWN EQUITIES, INC. AND SUBSIDIARIES
5th Floor Crown Center
158 Jupiter cor. N. Garcia Sts.
Bel-Air Makati City

Opinion

We have audited the consolidated financial statements of CROWN EQUITIES, INC. AND SUBSIDIARIES (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2020, 2019 and 2018, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2020 and 2019, and their financial performance and their cash flows for the years ended December 31, 2020, 2019 and 2018, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group 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 the audit of the consolidated 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Fair Value Measurement of Investment Properties</u>
The Group's investment properties amounted to ₱1,081.8 million as at December 31, 2020.

We focused our audit on the determination of the fair value of investment properties because the fair value is a significant disclosure and the process involves significant management judgment when selecting the appropriate valuation techniques and inputs used to determine fair value. Moreover, fair value measurement is significant to our audit as the investment properties accounted for 45.4% of the Group's total consolidated assets as at December 31, 2020 (see Notes 2, 3 and 10).

We assessed the independence and competency of the appraiser engaged by the Group. We also reviewed the reasonableness of the assumptions used to estimate the fair value of the Group's investment properties by (1) testing the underlying lease agreements on a sample basis, (2) testing raw land's value by comparison with the value of similar properties, and (3) verifying valuation inputs such as yields, occupancy rates and discount rates to external industry data to ascertain if these are reasonably appropriate.

Other Information

Management is responsible for the other information. The other information comprises the information included in 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 consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), 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 consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 PSAs 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, these could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 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 consolidated 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.

The engagement partner on the audit resulting in this independent auditors' report is Wilson P. Teo.

REYES TACANDONG & CO.

WILSON P. TEO
Partner
CPA Certificate No. 92765
Tax Identification No. 191-520-944-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 92765-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-014-2020
Valid until January 1, 2023
PTR No. 8534283
Issued January 5, 2021, Makati City

March 18, 2021
Makati City, Metro Manila

CROWN EQUITIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2020**	2019
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱441,804,614**	₱343,966,400
Investments in quoted shares	5	**183,126,975**	195,597,395
Receivables	6	**68,118,372**	105,035,689
Inventories	7	**132,235,440**	150,147,431
Other current assets	8	**53,822,812**	51,934,528
Total Current Assets		**879,108,213**	846,681,443
Noncurrent Assets			
Installment contracts receivable - net of current portion	6	**77,140,160**	77,734,875
Investment in unquoted shares	9	**47,344,659**	47,344,659
Investment properties	10	**1,081,775,556**	1,083,217,004
Property and equipment	11	**249,772,778**	255,415,444
Goodwill	12	**21,740,604**	21,740,604
Deferred tax assets	26	**25,222,126**	20,782,966
Other noncurrent assets	13	**2,705,552**	2,940,516
Total Noncurrent Assets		**1,505,701,435**	1,509,176,068
		₱2,384,809,648	₱2,355,857,511
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables	14	**₱149,702,254**	₱162,269,220
Income tax payable		**–**	3,011,826
Total Current Liabilities		**149,702,254**	165,281,046
Noncurrent Liabilities			
Retirement benefits liability	16	**24,023,096**	18,142,561
Security deposits	25	**3,189,580**	2,892,221
Deferred tax liabilities	26	**9,867,981**	6,834,181
Total Noncurrent Liabilities		**37,080,657**	27,868,963
Total Liabilities		**186,782,911**	193,150,009

(Forward)

	Note	December 31 2020	2019
Equity	17		
Capital stock		**₱1,977,523,246**	₱1,977,523,246
Additional paid-in capital		**118,570,274**	118,570,274
Retained earnings		**415,763,521**	387,891,854
Other comprehensive income	16	**4,214,544**	4,694,824
		2,516,071,585	2,488,680,198
Treasury stock		**(481,523,251)**	(481,523,251)
Equity Attributable to Equity Holders of the Parent Company		**2,034,548,334**	2,007,156,947
Non-controlling interests	17	**163,478,403**	155,550,555
Total Equity		**2,198,026,737**	2,162,707,502
		₱2,384,809,648	₱2,355,857,511

See accompanying Notes to Consolidated Financial Statements.

CROWN EQUITIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2020**	2019	2018
REVENUE	18			
Real estate sales		**₱88,854,180**	₱105,768,795	₱114,900,301
Sale of services		**39,436,127**	78,894,579	79,050,657
Interest income from installment contracts receivable	4	**15,451,922**	19,526,978	20,767,583
Dividend income	5	**14,990,571**	9,176,819	3,206,819
Rental income	25	**13,298,563**	15,624,740	13,180,218
Others		**–**	7,339	72,848
		172,031,363	228,999,250	231,178,426
DIRECT COSTS	19	**62,526,073**	87,433,094	100,071,663
GROSS INCOME		**109,505,290**	141,566,156	131,106,763
SELLING AND ADMINISTRATIVE EXPENSES	20	**(82,338,211)**	(109,592,585)	(159,215,478)
GAIN ON SALE OF ASSETS HELD FOR SALE	18	–	–	317,969,983
OTHER INCOME (CHARGES) - Net	22	**13,408,935**	14,279,336	(9,099,268)
INCOME BEFORE INCOME TAX		**40,576,014**	46,252,907	280,762,000
PROVISION FOR (BENEFIT FROM) INCOME TAX	26			
Current		**5,901,518**	13,993,160	9,757,708
Deferred		**(1,177,862)**	(1,027,752)	(14,139,400)
		4,723,656	12,965,408	(4,381,692)
NET INCOME		**35,852,358**	33,287,499	285,143,692
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss				
Remeasurement gain (loss) on retirement benefits, net of tax effect of ₱228,482, ₱598,925 and ₱543,365 in 2020, 2019 and 2018 respectively)	16	**(533,123)**	(1,397,493)	1,267,853
TOTAL COMPREHENSIVE INCOME		**₱35,319,235**	₱31,890,006	₱286,411,545

NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**₱27,871,667**	₱15,940,808	₱269,669,964
Non-controlling interests		**7,980,691**	17,346,691	15,473,728
		₱35,852,358	₱33,287,499	₱285,143,692

		Years Ended December 31		
	Note	**2020**	2019	2018
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**₱27,391,387**	₱14,578,465	₱270,912,109
Non-controlling interests		**7,927,848**	17,311,541	15,499,436
		₱35,319,235	₱31,890,006	₱286,411,545
BASIC/DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	24	**₱0.00186**	₱0.00114	₱0.01983

See accompanying Notes to Consolidated Financial Statements.

CROWN EQUITIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2020**	2019	2018
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Capital Stock	17			
Balance at beginning of year		**₱1,977,523,246**	₱1,833,309,158	₱1,829,559,158
Stock dividends		**–**	135,999,998	–
Collections of subscriptions receivable		**–**	8,214,090	3,750,000
Balance at end of year		**1,977,523,246**	1,977,523,246	1,833,309,158
Additional Paid-in Capital				
Balance at beginning and end of year	17	**118,570,274**	118,570,274	118,570,274
Retained Earnings				
Balance at beginning of year		**387,891,854**	507,951,044	238,281,080
Net income		**27,871,667**	15,940,808	269,669,964
Stock dividends	17	**–**	(135,999,998)	–
Balance at end of year		**415,763,521**	387,891,854	507,951,044
Other Comprehensive Income				
Not to be reclassified to profit or loss in subsequent periods	16			
Balance at beginning of year		**4,694,824**	6,057,167	4,815,022
Other comprehensive income (loss), net of tax		**(480,280)**	(1,362,343)	1,242,145
Balance at end of year		**4,214,544**	4,694,824	6,057,167
Treasury Stock				
Balance at beginning and end of year	17	**(481,523,251)**	(481,523,251)	(481,523,251)
		2,034,548,334	2,007,156,947	1,984,364,392
NON-CONTROLLING INTERESTS				
Balance at beginning of year		**155,550,555**	152,779,414	151,299,215
Total comprehensive income attributable to non-controlling interests		**7,927,848**	17,311,541	15,499,436
Dividends declared by a subsidiary		**–**	(14,540,400)	(14,019,237)
Balance at end of year		**163,478,403**	155,550,555	152,779,414
		₱2,198,026,737	₱2,162,707,502	₱2,137,143,806

See accompanying Notes to Consolidated Financial Statements.

CROWN EQUITIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2020**	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱40,576,014**	₱46,252,907	₱280,762,000
Adjustments for:				
Dividend income	5	**(14,990,571)**	(9,176,819)	(3,206,819)
Depreciation and amortization	10	**13,004,736**	15,193,695	15,623,643
Interest income from:	4			
Cash in banks and short-term placements		**(6,197,347)**	(18,351,092)	(13,839,227)
Loans receivable		**(4,545,976)**	(4,749,802)	(2,202,778)
Retirement benefits	16	**5,118,930**	2,617,826	5,702,228
Unrealized loss on fair value changes in investments in quoted shares	5	**5,058,940**	13,996,062	9,321,806
Unrealized foreign exchange loss (gain)	22	**637,326**	1,099,216	(820,203)
Provision for impairment losses on receivables and other assets	6	**487,162**	372,519	3,390,525
Interest expense	15	**–**	110,984	248,194
Provision for losses on investment properties	10	**–**	–	25,460,606
Gain on:				
Sale of assets held for sale	18	**–**	–	(317,969,983)
Disposal of property and equipment	11	**–**	–	(22,321)
Operating income before working capital changes		**39,149,214**	47,365,496	2,447,671
Decrease (increase) in:				
Receivables		**12,140,148**	(15,889,287)	8,706,980
Investments in quoted shares		**7,411,480**	(75,803,886)	(75,283,793)
Inventories		**17,911,991**	(1,600,836)	22,197,411
Other assets		**6,003,387**	6,588,157	13,156,388
Increase (decrease) in:				
Accounts and other payables		**(12,566,966)**	(49,059,821)	23,363,176
Security deposits		**297,359**	(321,156)	364,085
Net cash generated from (used for) operations		**70,346,613**	(88,721,333)	(5,048,082)
Income taxes paid		**(16,684,345)**	(16,233,606)	(12,230,795)
Dividends received		**14,990,571**	9,176,819	3,206,819
Interest received		**10,743,323**	23,100,894	16,042,005
Contribution to plan asset	16	**–**	(3,500,000)	–
Net cash flows from operating activities		**79,396,162**	(76,177,226)	1,969,947

(Forward)

	Note	**2020**	2019	2018
		Years Ended December 31		
CASH FLOWS FROM INVESTING ACTIVITIES				
Collections of loans receivable	6	**₱25,000,000**	₱150,000,000	₱10,000,000
Acquisitions of and additions to:				
Property and equipment	11	**(5,526,215)**	(1,645,296)	(8,891,009)
Investment properties	10	**(394,407)**	(89,682,651)	(323,073,702)
Loans extended to a third party	6	**–**	(100,000,000)	(100,000,000)
Proceeds from:				
Sale of assets held for sale	18	**–**	–	637,094,150
Sale of property and equipment	11	**–**	–	22,321
Net cash flows from investing activities		**19,079,378**	(41,327,947)	215,151,760
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Dividends to non-controlling interests	23	**–**	(14,019,237)	(16,875,000)
Loans payable and interest		**–**	(265,104,511)	(20,248,194)
Proceeds from availment of loans	15	**–**	230,000,000	54,993,527
Collections of subscriptions receivable	17	**–**	8,214,090	3,750,000
Net cash flows from financing activities		**–**	(40,909,658)	21,620,333
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(637,326)**	(1,079,583)	330,769
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**97,838,214**	(159,494,414)	239,072,809
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**343,966,400**	503,460,814	264,388,005
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱441,804,614**	₱343,966,400	₱503,460,814

SUPPLEMENTARY INFORMATION ON NONCASH FINANCING AND INVESTING ACTIVITIES				
Stock dividends	17	**₱–**	₱135,999,998	₱–
Dividends payable to non-controlling interests	23	**–**	14,540,400	14,019,237
Transfer from real estate inventories to:				
Investment properties		**–**	–	1,792,000
Property and equipment		**–**	–	116,084

	Note	Years Ended December 31 2020	2019	2018
COMPONENTS OF CASH AND CASH EQUIVALENTS	4			
Cash on hand		**₱54,998**	₱54,998	₱57,998
Cash in banks		**231,489,419**	18,306,402	62,135,316
Short-term placements		**210,260,197**	325,605,000	441,267,500
		₱441,804,614	₱343,966,400	₱503,460,814

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

General Information

Crown Equities, Inc. ("CEI" or the "Parent Company"), a public corporation under Section 17.2 of the Securities Regulation Code (SRC), was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on October 24, 1969. The registration was extended for another 50 years in 2018. Under the Revised Corporation Code of the Philippines (the "RCC"), which was signed into law on February 20, 2019, a corporation with certificate of incorporation issued prior to the effective date of the RCC and which continues to exist shall have perpetual existence. Accordingly, the Parent Company has perpetual corporate term. The Parent Company is an investment holding company, currently engaged in the business of real estate development and healthcare through its subsidiaries. Its shares are listed on the Philippine Stock Exchange (PSE).

The Parent Company's registered office address is located at the 5th Floor Crown Center, 158 Jupiter cor. N. Garcia Sts., Bel-Air Makati City.

Subsidiaries

The consolidated financial statements include the accounts of CEI and the following subsidiaries (collectively referred herein as the "Group") as at December 31, 2020, 2019 and 2018:

Name of Subsidiary	% of Ownership	Nature of Business	Principal Place of Business
Crown Central Properties, Corp. (CCPC) [a]	48%	Real Estate	Biñan, Laguna
Parkfield Land Holdings, Inc. (PLHI)	75%	Real Estate	Makati City
Healthcare Systems of Asia Phils., Inc (HSAPI)	97%	Holding	Makati City
Fortmed Medical Clinics Makati, Inc. (FMCMI) [b]	97%	Healthcare	Makati City
Argent Capital Holdings Corporation (ACHC) [c]	100%	Holding	Makati City

(a) Management has determined that the Parent Company has control over the financial and operating policies of CCPC through representation on the Board of Directors (BOD) (see Note 3).
(b) Indirectly owned through HSAPI.
(c) Newly incorporated in 2019.

CCPC. CCPC was incorporated and registered with the SEC on September 3, 1996 and is engaged in acquiring, developing and selling real estate properties. CCPC has completed projects in Palma Real Residential Estates, located in Biñan, Laguna (see Note 25).

PLHI. PLHI was incorporated and registered with the SEC on April 11, 2001 and is engaged in acquiring, developing and selling real estate properties. As at December 31, 2020 and 2019, PLHI only holds parcels of land for undeterminable future use.

HSAPI. HSAPI was incorporated and registered with the SEC on July 26, 1996 as an investment holding company. HSAPI owns 97% interest ownership in FMCMI.

FMCMI. FMCMI was incorporated and registered with the SEC on January 21, 1997 and is engaged in providing and delivering medical and health care services. FMCMI has two clinics located in Makati City and Sta. Rosa, Laguna.

ACHC. ACHC was incorporated and registered with the SEC on August 28, 2019 and is engaged in investment activities. The Parent Company subscribed to 25.0 million shares of ACHC at ₱1.00 par value a share.

Approval of Consolidated Financial Statements

The consolidated financial statements as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 were approved and authorized for issuance by the BOD on March 18, 2021, and was reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Significant Accounting and Reporting Policies

The significant accounting policies used in the preparation of the consolidated financial statements have been consistently applied to all years presented, unless otherwise stated.

Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations on International Financial Reporting Interpretations Committee (IFRIC).

Bases of Measurement

The consolidated financial statements are presented in Philippine Peso (Peso), the Group's functional currency. All values are rounded to the nearest Peso except when otherwise indicated.

The consolidated financial statements of the Group have been prepared on a historical cost basis except for investments in quoted shares designated at fair value through profit or loss (FVPL) and investment in unquoted shares designated at fair value through other comprehensive income (FVOCI). Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group uses market observable data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes to consolidated financial statements:

- Note 3 - Significant Judgments, Estimates and Assumptions
- Note 5 - Investments in Quoted Shares
- Note 9 - Investment in Unquoted Shares
- Note 10 - Investment Properties
- Note 27 - Fair Value of Financial Assets and Liabilities

<u>Adoption of Amended PFRSs</u>
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of following amended PFRSs:

Effective January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRSs – The amendments include new concepts affecting measurement, presentation and disclosure and derecognition; improved definitions and guidance-in particular the definition of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence, measurement uncertainty and substance over form in financial reporting.

- Amendments to PFRS 3 - *Definition of a Business* – This amendment provides an improved definition of a “business” which emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. To be considered a business, ‘an integrated set of activities and assets’ must include, at a minimum, ‘an input and a substantive process that together significantly contribute to the ability to create an output’. The clarification is important because an acquirer may recognize goodwill (or a bargain purchase) when acquiring a business but not a group of assets. An optional simplified assessment (the concentration test) has been introduced to help companies determine whether an acquisition is of a business or a group of assets.

- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material* – The amendments clarify the definition of “material” and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRSs. Based on the new definition, an information is “material” if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Effective June 1, 2020 -

- Amendments to PFRS 16, Leases – *Covid-19 Related Rent Concessions* – The amendments provide practical expedient to lessees from applying the requirements on lease modifications under PFRS 16 for eligible rent concessions that is a direct consequence of COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment. The amendments do not affect lessors. Earlier application of the amendments is permitted.

Under prevailing circumstances, the adoption of the foregoing amended PFRSs did not have any material effect on the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements as necessary.

Amended PFRSs Issued But Not Yet Effective

Relevant amended PFRSs, which are not yet effective as at December 31, 2020 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or IFRIC 21, *Levies,* instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

    - Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Subsidiary as a First-time Adopter* – The amendments permit a subsidiary that becomes a first-time adopter later than its parent and measures its assets and liabilities in accordance with paragraph D16 (a) of PFRS 1 to measure cumulative translation differences for all foreign operations using the amounts reported by its parent, based on the parent's date of transition to PFRSs. Earlier application of the amendments is permitted.

    - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 percent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 percent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

    - Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Effective for annual periods beginning on or after January 1, 2023 -

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

Deferred effectivity:

- Amendments to PFRS 10, *Consolidated Financial Statements,* and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

- SEC Memorandum Circular No. 34, Series of 2020 - *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods PAS 23 - Borrowing Cost for Real Estate Industry* – The circular provides relief to the real estate industry by deferring the application of the provisions of the PIC Q&A No. 2018-12 with respect to the accounting for significant financing component and the exclusion of land in the calculation of POC and IFRIC agenda decision on over time transfer of constructed goods under PAS 23 - borrowing cost with respect to the accounting of capitalized borrowing cost, for another period of three (3) years or until 2023. Effective January 1, 2024, real estate companies will adopt PIC Q&A No. 2018-12, IFRIC agenda decision on over time transfer of constructed goods and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

  Had these specific provisions been adopted, the impact on the consolidated financial statements would have been the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments explicit in the contract to sell would constitute a significant financing component. Interest income would have been recognized for contract assets and interest expense for contract liabilities using effective interest rate method and this would have impacted retained earnings and revenue from real estate sales as at and for the years ended December 31, 2020, 2019, and 2018. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes.

- SEC Memorandum Circular No. 3, Series of 2019, *PIC Q&A No. 2018-14: PFRS 15 - Accounting for Cancellation of Real Estate Sales* – Upon sales cancellation, the repossessed inventory would be recorded at fair value plus cost to repossess (or fair value less cost to repossess if this would have been opted). Effective January 1, 2021, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

Under prevailing circumstances, the adoption of the foregoing amended PFRSs is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements as necessary.

Basis of Consolidation

Subsidiaries. Subsidiaries are entities in which the Group has control. The Group controls a subsidiary if it is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Control is generally accompanied by a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are substantive are considered when assessing whether the Group controls an entity. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Group obtains control and continue to be consolidated until the date when such control ceases. The results of operations of the subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

The financial statements of the subsidiaries are prepared using the same reporting period of the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in full.

A change in the ownership interest of a subsidiary, without a change in control, is accounted for as an equity transaction. Upon the loss of control, the Group derecognizes the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Gain or loss arising from the loss of control is recognized in profit or loss. If the Group retains an interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity-accounted investee or as financial assets at FVOCI depending on the level of interest retained.

Non-controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets not held by the Group, presented within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the Parent Company. Non-controlling interests represent the interests of minority shareholders of CCPC, PLHI, HSAPI and FMCMI.

Business Combination and Goodwill

Acquisitions of businesses are accounted for using the acquisition method. The acquisition cost is measured as the sum of the considerations transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in selling and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

When the business combination is achieved in stages, any previously held non-controlling interests is re-measured at the date of obtaining control and a gain or loss is recognized in profit or loss.

If the initial accounting for a business combination is incomplete as at the reporting date in which the combination occurs, the Group reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjusts the provisional amounts and recognizes additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period ends at the date the Group receives the information about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable, but should not exceed one year from the acquisition date.

Goodwill, which arose from the acquisitions of controlling shares in HSAPI in 2014, is initially measured at the acquisition date as the sum of the fair value of consideration transferred; the recognized amount of any non-controlling interests in the acquiree; and, if the business combination is achieved in stages, the fair value of existing equity interest in the acquiree less the fair value of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the bargain purchase gain is recognized directly in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the entity's cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the entity are assigned to those units or groups of units. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes.

Where goodwill has been allocated to a cash-generating unit or group of cash generating units and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation in determining the gain or loss on disposal. Goodwill disposed in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Financial Assets and Liabilities

Recognition and Measurement

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way of purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVPL, includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Classification

The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

As at December 31, 2020 and 2019, the Group does not have financial liabilities at FVPL.

Classification of Financial Instruments between Liability and Equity. A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Financial Assets and Liabilities at FVPL. Financial assets and liabilities at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Group had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Group may, at initial recognition, designate a financial asset or financial liability meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.

As at December 31, 2020 and 2019, the Group designated its investments in quoted shares as financial assets at FVPL.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through an amortization process. Financial assets at amortized cost are included under current assets if realizability or collectibility is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2020 and 2019, the Group's cash and cash equivalents, receivables, refundable deposits and construction bond (both presented under "Other assets") are classified under this category.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement and which are subject to an insignificant risk of changes in value.

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and

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

For equity instruments, the Group may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in other comprehensive income and presented in the equity section of the consolidated statement of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods, even if the asset is sold or impaired. The cumulative fair value adjustment is transferred to retained earnings when the asset is sold.

As at December 31, 2020 and 2019, the Group designated its investment in unquoted shares as a financial asset at FVOCI.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2020 and 2019, the Group's accounts and other payables (excluding contract liabilities, deposits for document processing, statutory payable and unearned rental income) and security deposits are classified under this category.

Reclassification
The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset. The financial asset is measured at the reclassification day as if it had always been measured at amortized cost.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed of. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment
The Group records an allowance for expected credit losses (ECL) which is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables (excluding installment contracts receivable), the Group has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For installment contracts receivable and other financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Inventories
Inventories are initially measured at cost. Subsequently, inventories are stated at the lower of cost and net realizable value (NRV).

Real Estate Inventories. Real estate inventories include constructed houses, lots and condominium and parking units which are for sale in the ordinary course of business rather than to be held for rental or capital appreciation. Costs include the acquisition cost of the land plus costs incurred for development and improvement of the properties. NRV is the estimated selling price in the ordinary course of business less estimated costs to complete and sell. Cost represents price using a specific identification method.

Medical Supplies. Medical supplies pertain to medical, laboratory and pharmacy supplies. Cost represents purchase price determined using first-in, first-out method. NRV is the current replacement cost.

At each reporting date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its NRV. The impairment loss is recognized immediately in profit or loss.

When inventories are sold, the carrying amount of those inventories is recognized to profit or loss in the year when the related revenue is recognized.

Investment Properties
Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

Investment properties, except land, are measured at cost less accumulated depreciation and any impairment in value. Land is stated at cost less any impairment in value. The carrying amount includes the cost of replacing part of existing investment properties at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of investment properties.

Depreciation and amortization are calculated on a straight-line basis over the estimated useful life of 30 years.

The estimated useful life and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of investment properties.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

Investment properties are derecognized when either these have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in profit or loss in the year of retirement or disposal.

Property and Equipment

Property and equipment, except land, are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When significant parts of an item of property and equipment have different useful lives, these are accounted for as separate items (major components) of property and equipment.

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives:

Asset type	Useful life (in years)
Building and building improvements	10-30
Medical equipment	5-7
Transportation equipment	5
Office furniture, fixtures and equipment	3-5

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

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

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation, amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Other Assets

Creditable withholding taxes (CWTs). CWTs represent the amount withheld by the Group's customers in relation to its income. CWTs can be carried forward to the succeeding year when in excess of income tax payable and utilized as payment for income taxes provided that these are properly supported with certificates of creditable tax withheld at source. CWTs are stated at face amount less any impairment in value.

Value-added Tax (VAT). Revenue, expenses and assets (except for receivables and payables), are generally recognized net of the amount of VAT. The net amount of VAT recoverable from taxation authority is presented as "Input VAT".

Advances to Officers and Employees. Advances to officers and employees pertain to advances for payments of regular business expenditure that are subject to liquidation. These will be charged to appropriate asset or expense account upon liquidation. These are measured at transaction amount, less any impairment in value.

Prepayments. Prepayments are expenses paid in advance and recorded as assets based on the amount paid before these are utilized. Prepayments are apportioned over the period covered by the payment and included in profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Deferred Input VAT. In accordance with Revenue Regulations No. 16-2005, input VAT on purchases or imports of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter. Deferred input VAT that is expected to be realized within 12 months after the financial reporting period is classified as current asset. Otherwise, it is classified as noncurrent asset.

Interests in Joint Operations

A joint arrangement is an arrangement whereby the parties are bound by a contractual arrangement and such contractual arrangement gives two or more of those parties joint control of the arrangement. A joint arrangement is either a joint operation or joint venture.

A joint operation involves the use of assets and other resources of the Group and other venturers rather than the establishment of a corporation, partnership or other entity. The Group accounts for the assets it controls, and the liabilities and expenses it incurs, and the share of the income that it earns from the sale of goods, properties or services by the joint operation. The assets contributed to the joint operation are measured at the lower of cost or NRV.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

<u>Impairment of Nonfinancial Assets</u>

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined (net of depreciation and amortization for investment properties and property and equipment) had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization is adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

<u>Employee Benefits</u>

Short-term Benefits. Short-term employee benefits are recognized as an expense in the period when the economic benefits are given. Unpaid benefits at the end of the accounting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term benefits given by the Group to its employees include salaries and wages, social security contributions, short-term compensated absences and non-monetary benefits.

Retirement Benefits. The retirement benefit costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of defined benefit liability is performed by a qualified actuary.

The Group recognizes current service costs, past service costs and interest expense on the retirement benefits liability in profit or loss. Interest expense is calculated by applying the discount rate to the retirement benefits liability at the beginning of the year, taking into account any changes in the defined liability during the period as a result of benefit payments.

Remeasurements of the retirement benefits liability, which pertains to actuarial gains and losses, are recognized immediately in other comprehensive income in the period in which they arise.

Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The retirement benefits liability recognized by the Group is the present value of the defined benefit obligation reduced by the fair value of plan asset. The present value of defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related retirement benefits liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Equity

Capital Stock and Additional Paid-in Capital (APIC). Capital stock is measured at par value for all shares subscribed and/or issued. The subscribed capital stock is reported in equity at par less the related subscription receivable not collectible currently. Incremental costs, net of tax, incurred that are directly attributable to the issuance of new shares are recognized in equity as a reduction from related APIC or retained earnings. Excess of proceeds or fair value of the consideration received over par value is recognized as APIC.

Retained Earnings. Retained earnings represent the cumulative balance of the Group's results of operations, net of dividends. Retained earnings may also include the effect of changes in accounting policy as may be required by the standard's transitional provision.

Dividend Distribution. Dividends are recognized as a liability and deducted from equity when declared by the BOD and the shareholders of the Group. Dividends for the year that are declared after the reporting date are dealt with as an event after the reporting date.

Other Comprehensive Income. This pertains to the accumulated remeasurement gain or loss on the Group's retirement benefits liability arising from experience adjustments and changes in financial assumptions. Remeasurements of retirement benefits liability, and the corresponding deferred tax component, are recognized immediately in other comprehensive income and are included in equity. These are not reclassified to profit or loss in subsequent periods.

Treasury Stock. Own equity instruments which are reacquired are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in APIC. Voting rights related to treasury stock are nullified for the Group and no dividends are allocated to them.

Revenue Recognition
The Group generates revenue primarily from real estate sales, sale of goods, and sale of premium quality healthcare services. Other revenue sources include rental income from investment properties.

Revenue from Contracts with Customers. Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must also be met before revenue is recognized.

- *Real Estate Sales*. The Group assesses whether it is probable that the economic benefits will flow to the Group when the contract price is collectible. Collectibility of the contract price is demonstrated by the buyer's commitment to pay, which is supported by the buyer's initial and continuous investments that motivate the buyer to honor its obligation. Collectibility is also assessed by considering factors such as collections and credit standing of the buyer.

  The collectibility of the sales price is considered reasonably assured when a substantial portion of the contract price is received and continuing payment is made by the buyer giving the buyer a substantial stake in the property sufficient to motivate the buyer to fulfill its purchase commitment.

  Revenue from sales of completed real estate projects is generally accounted for using the full accrual method.

  Pending recognition of sale, cash received from buyers are presented as "Contract liabilities" account in the consolidated statement of financial position. Collections for processing of deed of sale and other documents necessary in transferring titles to real estate buyers are presented as "Deposits for document processing" under "Accounts and other payables" in the consolidated statement of financial position.

- *Sale of Services*. Revenue is recognized when the performance of contractually agreed healthcare services has been rendered. Revenue from healthcare services is gross of physician's fee.

- *Sale of Goods*. Revenue is recognized, net of returns and discounts, when the significant risks and rewards of ownership of the goods have passed to the customers, which is normally upon delivery to and acceptance of the goods by the customers.

Revenue from Other Sources. Revenue from other sources is recognized as follows:

- *Rental Income.* Rental income is recognized on a straight-line basis over the lease term. Income collected in advance is deferred and is included as “Unearned rental income” in “Accounts and other payables” account in the consolidated statement of financial position.

- *Dividend Income.* Dividend income is recognized on the date when the Group’s right to receive payment is established.

- *Interest Income.* Interest income from financial assets at FVPL is included in the net fair value gains (losses) on these assets. Interest income on financial assets at amortized cost calculated using the effective interest method is recognized as interest income under revenue. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as such where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Other Income
The Group’s other sources of income, which are mainly from gains on disposal of assets, forfeiture of customer deposits, surcharges, and other fees, are recognized as income when earned.

Contract Balances

- *Receivables*. A receivable represents the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

- *Contract Assets*. A contract asset is the right to a consideration in exchange for goods or services transferred to a customer. If the Group performs by transferring goods or services to a customer before the customer pays a consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

  As at December 31, 2020 and 2019, the Group does not have outstanding contract assets.

- *Contract Liabilities*. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration is due) from the customer. If a customer pays a consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made by the customer or when the payment is due (whichever is earlier). Contract liabilities are recognized as revenue as the Group performs its obligation under the contract. Contract liabilities also include payments received by the Group from customers for which revenue recognition has not yet commenced and payments in excess of revenue recognized based on percentage of completion.

  As at December 31, 2020 and 2019, the balances of contract liabilities are disclosed in Note 14.

- *Cost to Obtain a Contract.* If the Group expects to recover the incremental costs of obtaining a contract with a customer, the costs are recognized as an asset. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Selling and administrative expenses" account in the consolidated statement of comprehensive income. Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

- *Contract Fulfillment Asset.* Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group first considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15. If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of these criteria requires the application of judgment, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

  As at December 31, 2020 and 2019, the Group does not have cost to obtain a contract and contract fulfillment asset.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Cost of Real Estate Sold. Cost of real estate sold is recognized in profit or loss upon sale and is determined with reference to the specific costs incurred on the property, allocated to saleable areas based on relative size and takes into account the percentage of completion used for revenue recognition purposes.

Cost of Services. Cost of services is recognized as expense when the related services are rendered.

Cost of Goods Sold. Cost of goods sold is recognized as expense when the related goods are sold.

Selling and Administrative Expenses. Selling and administrative expenses constitute costs incurred to sell and market the goods and costs of administering the business. These are recognized as expenses in the period when these are incurred.

Interest Expense. Interest expense is recognized as it accrues on a time proportion basis using the effective interest method.

Foreign Currency Transactions and Translation

Transactions in currencies other than Peso are initially recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses in the year such are realized.

Leases

The Group assesses whether the contracts are, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

i. the right to obtain substantially all of the economic benefits from the use of the identified asset; and

ii. the right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential separate lease component.

Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

The Group as a Lessee. At the commencement date, the Group recognizes right-of-use (ROU) assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of net operating loss carryover (NOLCO) and excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carryforward benefits of NOLCO and MCIT can be utilized within the period allowed by the tax regulations.

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced 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 within the period allowed by the tax regulations. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates and tax laws that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Offsetting. Current tax assets and current tax liabilities are offset, or deferred tax assets and deferred tax liabilities are offset if, and only if, an enforceable right exists to set off the amounts and it can be demonstrated without undue cost or effort that the Group plans either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Related Party Relationships and Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Related party transactions are considered material and/or significant if (i) these transactions amount to 10% or higher of the Group’s total assets or, (ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Group’s total assets. Details of transactions entered into by the Group with related parties are reviewed by independent directors in accordance with the Group's related party transactions policy.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase due to the passage of time is recognized as interest expense.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The estimates of outcome and financial effect are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting period.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events after the Reporting Date
Post year-end events that provide additional information about the Group's financial position as at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Earnings Per Share (EPS)
The Group presents basic and diluted EPS data for its common shares.

Basic EPS is calculated by dividing the net income attributable to common shareholders of the Parent Company by the weighted average number of common shares issued and outstanding during the year. There are no potential dilutive shares.

Operating Segments
For management purposes, the Group is divided into operating segments per products/services, (real estate, healthcare services, and investment holdings) according to the nature of the products and services provided. The Group's identified operating segments are consistent with the segments reported to the BOD which is the Group's chief operating decision maker. Financial information on operating segments is presented in Note 29.

3. Significant Judgments, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments and estimates used in the consolidated financial statements are based on management's evaluation of relevant facts and circumstances as at the reporting date.

While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the year in which the estimate is revised if the change affects only that year or in the year of the revision and future periods if the change affects both current and future years.

The Group believes that the following represent a summary of these significant judgments, estimates and assumptions and the related impact and associated risks in the consolidated financial statements:

Classifying Financial Instruments. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

Management has determined that the Group's investments in quoted shares are acquired principally for the purpose of selling in the near term; hence, the Group classified its investments in quoted shares as financial asset at FVPL.

Management has determined that the Group's investments in unquoted shares is to be held indefinitely and will be sold in response to liquidity requirements; hence, the Group classified its investments as financial asset at FVOCI.

Classifying a Property. The Group determines whether a property is classified as real estate inventories, investment properties, or property and equipment:

- Real estate inventories comprise properties that are held for sale in the ordinary course of business. Principally, these are condominium units and residential properties that the Group develops and intends to sell before or on completion of construction.

- Investment properties consist of properties which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

- Property and equipment are tangible items that are held for use in the delivering or supply of goods or services and are expected to be used for more than one period. These are properties which are owner-occupied and are substantially for use of the Group or in the operations.

Determining the Highest and Best Use of Investment Properties. The Group determines the highest and best use of its investment properties when measuring fair value. In making its judgment, the Group takes into account the use of the investment properties that are physically possible, legally permissible and financially feasible. The Group has determined that the highest and best use of the investment properties is their current use.

The fair value of the investment properties is disclosed in Note. 10.

Assessing Contingencies. The Group is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Group's management and legal counsel believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements. Accordingly, no liability for probable losses arising from contingencies was recognized in the consolidated financial statements as at December 31, 2020 and 2019.

Classifying Lease Commitments. Lessor accounting under PFRS 16 is substantially unchanged from accounting under PAS 17. The Group has entered into lease agreements for its office building and condominium units. The Group has determined, based on the evaluation of terms and conditions of agreement, that the lessor retains all the significant risks and benefits of ownership related to the leased properties. Accordingly, the agreements are accounted for as operating leases.

The amount of rental income earned is disclosed in Note 25.

Determining Control over Investee Companies. Control over an investee is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Management has determined that the Parent Company has control over the financial and operating policies of CCPC through representation on the BOD of CCPC.

Identifying Performance Obligation. The Group has various contracts to sell covering (a) houses and lots and (b) condominium units. The Group concluded that there is one performance obligation in each of these contracts because, for houses and lots, the Group integrates the lots it sells with the associated infrastructure to be able to transfer the lot promised in the contract. For the contract covering condominium units, the Group has the obligation to deliver the condominium unit duly constructed in a specific lot and fully integrated into the land in accordance with the approved plan. Included also in this performance obligation is the Group's service to transfer the title of the real estate unit to the customer.

Determining Revenue and Cost Recognition. Selecting an appropriate revenue recognition method for a particular real estate transaction requires certain judgments based on the buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment and completion of development. The Group concluded that revenue for real estate sales for completed real estate projects is to be recognized at a point in time, when control is transferred. The control is transferred when the customer has accepted the asset and the customer acceptance of an asset may indicate that it has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The amounts of real estate sales and cost of real estate sold are disclosed in Notes 18 and 19, respectively.

Determining Reportable Operating Segments. The Group has determined that it has reportable segments based on the following thresholds:

a. Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.

b. The absolute amount of its reported profit or loss is 10% or more, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.

c. Its assets are 10% or more of the combined assets of all operating segments.

Assessing ECL. While cash and cash equivalents, refundable deposits and construction bond are also subject to the impairment requirements of PFRS 9, the assessed impairment loss is not material.

Trade Receivables (Excluding Installment Contracts Receivable). The Group applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are initially based on the Group's historical default rates. These historical default rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their payables to the Group. The Group has identified macroeconomic factors (i.e. gross domestic product growth rates, foreign exchange rates, inflation rate, etc.) that are relevant, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The assessment of the correlation between historical default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

Installment Contracts Receivable and Other Financial Assets at Amortized Cost. The Group applies the general approach in measuring ECL which uses a 12-month or lifetime ECL for all installment contracts receivable and other financial assets at amortized cost. To measure the ECL, these have been grouped based on shared credit risk characteristics and the days past due.

The information about the ECL on the Group's financial assets at amortized cost is disclosed in Note 28. The amount of impairment loss on receivables is disclosed in Note 6. The carrying amounts of these financial assets are disclosed in Notes 4, 6 and 8.

Estimating the Fair Value of Financial Instruments. When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the net asset method. The inputs to this method are based on net asset value on the consolidated statement of financial position, but where these are not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

The information on fair value measurement of financial assets and liabilities is disclosed in Note 27.

Estimating the NRV of Inventories. The Group determines the NRV of inventories annually in accordance with the accounting policy stated in Note 2. In determining the NRV, the Group considers the current selling price of the inventories for sale and estimated costs to complete and sell. The Group writes down the carrying amount of the inventories when the NRV becomes lower than the carrying amount.

The amount of inventories carried at the lower of cost and NRV is disclosed in Note 7.

Estimating the Useful Lives of Investment Properties and Property and Equipment. The useful lives of the Group's investment properties and property and equipment are estimated based on the period over which the assets are expected to be available for use. The estimation of the useful lives of investment properties and property and equipment is also based on a collective assessment of industry practices, internal technical valuation and experience with similar assets. The estimated useful life is reviewed and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, or legal or other limitations on the use of the assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in these factors and circumstances.

In 2018, the Group changed the estimated useful lives of its investment properties and property and equipment to reflect the estimated number of years over which the Group can obtain economic benefits from these assets. The change resulted in an increase in depreciation and amortization amounting to ₱1.2 million in 2018. The carrying amounts of investment properties and property and equipment are disclosed in Notes 10 and 11, respectively.

Estimating the Fair Value of Investment Properties. Investment properties are measured at cost but fair values are disclosed. The Group works closely with external qualified appraisers who performed the valuation using appropriate valuation techniques. The appraiser used a valuation technique based on comparable market data adjusted as necessary to reflect the specific assets' location and condition and, estimated expected future cash flows, yields, occupancy rates, discount rates, replacement costs and remaining economic life. The valuation techniques and inputs used in the fair value measurement of investment properties are disclosed in Note 10 to the consolidated financial statements.

For the purpose of fair value disclosures, the Group has determined the nature, characteristics and risks of the investment properties and the level of the fair value hierarchy.

Details of investment properties are disclosed in Note 10 to the consolidated financial statements.

Assessing the Impairment of Nonfinancial Assets and Goodwill. The Group assesses impairment on its nonfinancial assets (excluding goodwill) whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Group considers in deciding whether to perform an asset impairment review include the following:

- significant underperformance of a business in relation to expectations;
- significant negative industry or economic trends; and
- significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Recoverable amount represents the greater of the fair value less cost to sell and the value in use.

Goodwill is tested for impairment annually and more frequently, when circumstances indicate that the carrying amount may be impaired.

No provision for impairment loss was recognized on nonfinancial assets (except investment properties) and goodwill. The carrying values of the Group's other assets (excluding refundable deposits and construction bond), property and equipment and goodwill are disclosed in Notes 8, 11, 12 and 13.

Provision for losses on and carrying amount of investment properties are disclosed in Note 10.

Determining the Retirement Benefits Liability. The determination of the obligation and costs of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. The assumptions are described in Note 16 to the consolidated financial statements and include, among others, discount rates and salary increase rates.

The amount of retirement benefits costs recognized and the carrying amount of retirement benefits liability are disclosed in Note 16.

Assessing the Recognition of Deferred Tax Assets. The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized within the period allowed by the tax regulations. The Group's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenue and expenses.

The amount of recognized and unrecognized deferred tax assets are disclosed in Note 26.

4. Cash and Cash Equivalents

This account consists of cash on hand, cash in banks and short-term placements.

Cash in banks earn interest at prevailing bank deposit rates.

Short-term placements are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at prevailing short-term placement rates.

Interest income earned is from the following:

	Note	**2020**	2019	2018
Cash in banks and short-term placements	22	**₱6,197,347**	₱18,351,092	₱13,839,227
Installment contracts receivable	6	**15,451,922**	19,526,978	20,767,583
Loans receivable	6	**4,545,976**	4,749,802	2,202,778
		₱26,195,245	₱42,627,872	₱36,809,588

5. Investments in Quoted Shares

This account pertains to marketable equity shares that are listed and traded in the PSE and Singapore Stock Exchange. The fair value of the marketable equity securities amounted to ₱183.1 million and ₱195.6 million as at December 31, 2020 and 2019, respectively. The fair values were determined based on the closing bid prices at the reporting date (Level 1 hierarchy) (see Note 27).

Unrealized loss on the changes in fair value on investments in quoted shares amounted to ₱5.1 million, ₱14.0 million and ₱9.3 million in 2020, 2019 and 2018 , respectively (see Note 22).

Sale of investments in quoted shares resulted in a realized gain of ₱6.7 million, ₱120,595 and ₱5.6 million in 2020, 2019 and 2018, respectively (see Note 22).

Dividend income was derived from the following (see Note 18):

	Note	**2020**	2019	2018
Quoted shares		**₱6,962,157**	₱9,176,819	₱3,206,819
Unquoted shares	9	**8,028,414**	–	–
		₱14,990,571	₱9,176,819	₱3,206,819

6. Receivables

This account consists of:

	Note	**2020**	2019
Loans receivables		**₱25,000,000**	₱50,000,000
Installment contracts receivable		**98,410,424**	101,134,381
Receivables from:			
Patient services		**13,659,618**	20,385,629
Contractors		**12,929,054**	12,929,054
Real estate buyers		**1,380,568**	1,243,383

(Forward)

	Note	2020	2019
Due from a Project Developer	25	**₱10,985,008**	₱13,454,054
Billed rentals	25	**2,023,251**	1,997,584
Others		**4,393,369**	4,777,355
Total receivables		**168,781,292**	205,921,440
Allowance for impairment losses		**(23,522,760)**	(23,150,876)
Net receivables		**145,258,532**	182,770,564
Less noncurrent portion of installment contracts receivable		**77,140,160**	77,734,875
		₱68,118,372	₱105,035,689

Loans Receivable

The Parent Company entered into an Omnibus Loan and Security Agreement (the "Agreement") granting loan facility to a third party (the "Borrower").

The loan is for a maximum term of six months and bears an interest rate of 10% per annum. It is secured by a surety of an individual and pledged shares (common shares listed in the PSE) approximating 200% of the loan amount. The Agreement stipulates that in the event that the market value of the Pledged Shares falls below 195% of the outstanding loan amount, the Borrower shall immediately pledge additional shares to reinstate the required collateral.

Movements in this account are as follows:

	2020	2019
Balance at beginning of year	**₱50,000,000**	₱100,000,000
Collections	**(25,000,000)**	(150,000,000)
Loans extended	**–**	100,000,000
Balance at end of year	**₱25,000,000**	₱50,000,000

Interest income earned from the loan amounted to ₱4.5 million, ₱4.8 million and ₱2.2 million in 2020, 2019 and 2018, respectively (see Note 4).

Installment Contracts Receivable

Installment contracts receivable pertain to real estate sales. These are collectible in various installment periods of between one to 10 years and earn interest at 14% per annum.

Interest income earned from installment contracts receivable amounted to ₱15.5 million, ₱19.5 million and ₱20.8 million in 2020, 2019 and 2018 respectively (see Note 4).

Other Receivables

Receivables from patient services are noninterest-bearing and are normally collectible within 30 to 60 days.

Receivables from contractors pertain to advance payments made to contractors. These are fully impaired and provided with allowance.

Receivables from real estate buyers include real property taxes paid by the Group. These are chargeable to the buyers.

Due from a Project Developer relates to collections of installment receivables by a developer. These are to be remitted to the Group.

Allowance for Impairment Losses

Details of allowance for impairment losses on receivables are as follows:

	Note	2020	2019
Balance at beginning of year		**₱23,150,876**	₱22,778,357
Provision	20	**371,884**	372,519
Balance at end of year		**₱23,522,760**	₱23,150,876

Provision for impairment losses are recognized from the following:

	Note	2020	2019
Receivables		**₱371,884**	₱372,519
Other current assets	8	**115,278**	–
		₱487,162	₱372,519

7. Inventories

Inventories stated at cost consist of:

	2020	2019
Houses and lots	**₱108,431,546**	₱124,684,157
Condominium units and parking slots	**22,379,294**	23,907,294
Medical supplies	**1,424,600**	1,555,980
	₱132,235,440	₱150,147,431

Houses and lots pertain to units in Palma Real Residential Estates with movements as follows:

	Note	2020	2019
Balance at beginning of year		**₱124,684,157**	₱127,810,315
Construction costs		**16,759,738**	35,189,132
Recovery from cancelled contracts		**1,260,621**	220,420
		142,704,516	163,219,867
Cost of houses and lots sold	19	**(34,272,970)**	(38,535,710)
Balance at end of year		**₱108,431,546**	₱124,684,157

Condominium units pertain to units in Cypress Towers with movements as follows:

	Note	2020	2019
Balance at beginning of year		**₱23,907,294**	₱19,547,294
Recovery from cancelled contracts		**–**	5,968,000
		23,907,294	25,515,294
Cost of condominium units and parking slots sold	19	**(1,528,000)**	(1,608,000)
Balance at end of year		**₱22,379,294**	₱23,907,294

Inventories charged to direct costs are as follows (see Note 19):

	2020	2019	2018
House and lots	**₱34,272,970**	₱38,535,710	₱50,053,659
Medical supplies	**4,008,691**	9,653,424	9,072,639
Condominium units and parking slots	**1,528,000**	1,608,000	880,000
	₱39,809,661	₱49,797,134	₱60,006,298

8. Other Current Assets

This account consists of:

	2020	2019
CWTs	**₱31,360,407**	₱23,589,406
Input VAT	**16,280,964**	21,910,611
Refundable deposits	**1,417,677**	1,417,678
Advances to officers and employees	**1,805,002**	1,876,089
Construction bond	**1,241,900**	1,241,900
Prepayments	**1,145,165**	1,170,094
Deferred input VAT	**684,584**	740,834
Others	**160,285**	145,810
	54,095,984	52,092,422
Allowance for impairment loss	**(273,172)**	(157,894)
	₱53,822,812	₱51,934,528

Advances to officers and employees are advances for various business-related expenses and are subject to liquidation within 30 days.

Prepayments mainly pertain to rent, tax and insurance.

Details of allowance for impairment loss on advances subject to liquidation are as follows:

	Note	**2020**	2019
Balance at beginning of year		**₱157,894**	₱157,894
Provision for impairment loss	6	**115,278**	–
Balance at end of year		**₱273,172**	₱157,894

9. Investment in Unquoted Shares

This account consists of the Parent Company's investment in the unquoted shares of stock of Asian Alliance Holdings & Development Corp. The fair value amounting to ₱47.3 million as at December 31, 2020 and 2019 has been determined using the net asset method as valuation technique. The Parent Company's investment represents only a minority interest in the investee company.

Dividend income from investment in unquoted shares amounted to ₱8.0 million in 2020 (see Note 5).

Management does not have any plans to sell or dispose of the shares 12 months after December 31, 2020.

Sensitivity Analysis. Significant increase (decrease) in the net asset would result in a significantly higher (lower) fair value measurement.

10. Investment Properties

The composition of and movements in this account are as follows:

	2020			
	Land	**Condominium Units**	**Leasable Space for Ambulatory Clinic**	**Total**
Cost				
Balance at beginning of year	**₱1,100,805,047**	**₱7,907,867**	**₱41,889,186**	**₱1,150,602,100**
Additions	**394,407**	**–**	**–**	**394,407**
Balance at end of year	**1,101,199,454**	**7,907,867**	**41,889,186**	**1,150,996,507**
Accumulated Depreciation				
Balance at beginning of year	**–**	**810,952**	**11,061,071**	**11,872,023**
Depreciation	**–**	**439,549**	**1,396,306**	**1,835,855**
Balance at end of year	**–**	**1,250,501**	**12,457,377**	**13,707,878**
Allowance for Losses				
Balance at beginning and end of year	**55,513,073**	**–**	**–**	**55,513,073**
Carrying Amount	**₱1,045,686,381**	**₱6,657,366**	**₱29,431,809**	**₱1,081,775,556**

	2019			
	Land	Condominium Units	Leasable Space for Ambulatory Clinic	Total
Cost				
Balance at beginning of year	₱1,011,621,527	₱7,408,736	₱41,889,186	₱1,060,919,449
Additions:				
Acquisitions	89,183,520	–	–	89,183,520
Subsequent disbursements	–	499,131	–	499,131
Balance at end of year	1,100,805,047	7,907,867	41,889,186	1,150,602,100
Accumulated Depreciation				
Balance at beginning of year	–	351,199	9,664,767	10,015,966
Depreciation	–	459,753	1,396,304	1,856,057
Balance at end of year	–	810,952	11,061,071	11,872,023
Allowance for Losses				
Balance at beginning and end of year	55,513,073	–	–	55,513,073
Carrying Amount	₱1,045,291,974	₱7,096,915	₱30,828,115	₱1,083,217,004

The Group's investment properties pertain to several parcels of land which are held for capital appreciation and are located in Taguig, Batangas and Bulacan. Investment properties also include a number of dwelling units, parking slot and a leasable space for ambulatory clinic in Cypress Towers which earn rental income.

Fair Values

The Group's investment properties have fair values aggregating ₱3,337.6 million as at December 31, 2020. The fair values of investment properties were based on appraisal reports dated December 23, 2020, as determined by an independent firm of appraisers.

The fair values were estimated using the following approaches and assumptions:

Investment Property	Approach	Inputs and Assumptions
Land and condominium units	Market Data Approach	Based on sales and listings of comparable properties within the vicinity.
Leasable space for ambulatory clinic	Depreciated Replacement Cost	By calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence

In 2019, management believes that the carrying amount of the recently acquired land approximates its fair value.

The fair values of the investment properties are categorized into Level 2 fair value hierarchy for land and condominium units and Level 3 fair value hierarchy for leasable space for ambulatory clinic.

Sensitivity Analysis. Generally, significant increases (decreases) in useful life of assets would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in factors that contributed in the physical deterioration and all relevant forms of obsolescence in isolation would result in a significantly lower (higher) fair value measurement.

Provision for Losses

In 2018, the Group recognized provision for losses of ₱25.5 million to cover losses on potential claims on certain parcels of land with transfers of land titles still pending as at December 31, 2020 (see Note 22).

Allowance for losses on investment properties amounted to ₱55.5 million as at December 31, 2020 and 2019.

Amounts Recognized in Profit or Loss

Rental income amounted to ₱13.3 million, ₱15.6 million and ₱13.2 million in 2020, 2019 and 2018, respectively (see Note 25). The related direct costs incurred pertain to depreciation expense and real property taxes aggregating ₱3.6 million, ₱4.4 million and ₱4.3 million in 2020, 2019 and 2018, respectively.

Depreciation and amortization are recognized from the following:

	Note	**2020**	2019	2018
Property and equipment	11	**₱11,168,881**	₱13,337,638	₱13,439,852
Investment properties		**1,835,855**	1,856,057	2,183,791
		₱13,004,736	₱15,193,695	₱15,623,643

Depreciation and amortization are charged to:

	Note	**2020**	2019	2018
Direct costs	19	**₱4,296,906**	₱4,296,941	₱4,298,284
Selling and administrative expenses	20	**8,707,830**	10,896,754	11,325,359
		₱13,004,736	₱15,193,695	₱15,623,643

11. Property and Equipment

The composition of and movements in this account are as follows:

		2020					
	Note	**Land**	**Building and Building Improvements**	**Medical Equipment**	**Transportation Equipment**	**Office Furniture, Fixtures and Equipment**	**Total**
Cost							
Balance at beginning of year		**₱120,132,721**	**₱184,373,300**	**₱63,182,569**	**₱35,050,906**	**₱35,648,755**	**₱438,388,251**
Additions		**–**	**5,095,910**	**47,125**	**–**	**383,181**	**5,526,215**
Balance at end of year		**120,132,721**	**189,469,210**	**63,229,694**	**35,050,906**	**36,031,936**	**443,914,466**
Accumulated Depreciation and Amortization							
Balance at beginning of year		**₱–**	**₱63,639,044**	**₱58,019,032**	**₱27,838,818**	**₱33,475,913**	**₱182,972,807**
Depreciation and amortization	10	**–**	**5,916,626**	**1,146,166**	**2,887,028**	**1,219,061**	**11,168,881**
Balance at end of year		**–**	**69,555,670**	**59,165,198**	**30,725,846**	**34,694,974**	**194,141,688**
Carrying Amount		**₱120,132,721**	**₱119,913,540**	**₱4,064,496**	**₱4,325,060**	**₱1,336,962**	**₱249,772,778**

		2019					
	Note	Land	Building and Building Improvements	Medical Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost							
Balance at beginning of year		₱120,132,721	₱184,076,135	₱62,677,976	₱34,866,784	₱34,989,339	₱436,742,955
Additions		–	297,165	504,593	184,122	659,416	1,645,296
Balance at end of year		120,132,721	184,373,300	63,182,569	35,050,906	35,648,755	438,388,251
Accumulated Depreciation and Amortization							
Balance at beginning of year		–	56,865,558	56,837,625	24,189,852	31,742,134	169,635,169
Depreciation and amortization	10	–	6,773,486	1,181,407	3,648,966	1,733,779	13,337,638
Balance at end of year		–	63,639,044	58,019,032	27,838,818	33,475,913	182,972,807
Carrying Amount		₱120,132,721	₱120,734,256	₱5,163,537	₱7,212,088	₱2,172,842	₱255,415,444

Cost of fully-depreciated assets still in use amounted to ₱95.4 million and ₱88.1 million as at December 31, 2020 and 2019, respectively.

Gain on disposal of property and equipment amounted to ₱22,321 in 2018 (see Note 22).

12. Goodwill

Goodwill resulted from the acquisition of 97% ownership of HSAPI by the Parent Company in 2014. As a result of the acquisition, the Parent Company acquired control over FMCMI, a wholly-owned subsidiary of HSAPI. The goodwill arising from the acquisition amounted to ₱21.7 million.

Based on the Group's annual impairment test using a discounted cash flow model covering a five-year period, the Group has assessed that goodwill is not impaired as at December 31, 2020 and 2019. The principal assumptions used in determining the recoverable amount (value in use) are discount rate of 5% and growth rate of 12% in 2020 and 2019.

Management determined the five-year projected cash flows based on past performance, existing contracts and expectations on market development such as average price, revenue growth range and expected costs to generate such revenue. Growth rates and operating margins used to estimate future performance are equally based on past performance and experience of growth rates and operating margins achievable in the relevant industry. The discount rate used imputes the risk of the cash-generating unit compared to the respective risk of the overall market and equity risk premium.

13. Other Noncurrent Assets

This account consists of:

	2020	2019
Deferred input VAT - net of current portion	**₱1,174,812**	₱1,444,347
Refundable deposits	**802,159**	797,588
Others	**728,581**	698,581
	₱2,705,552	₱2,940,516

14. Accounts and Other Payables

This account consists of:

	Note	**2020**	2019
Accounts payable		**₱68,507,822**	₱70,021,487
Contract liabilities		**40,936,294**	38,758,640
Accrued expenses		**14,511,102**	13,329,137
Payable to directors, officers and employees	23	**8,115,957**	7,547,892
Deposits for document processing		**5,146,598**	5,473,956
Statutory payable		**4,343,171**	4,580,219
Unearned rental income	25	**172,976**	287,423
Payable to non-controlling interests	23	**–**	14,540,400
Others		**7,968,334**	7,730,066
		₱149,702,254	₱162,269,220

Accounts payable are normally noninterest-bearing and settled on 30 to 60-day credit terms.

Contract liabilities represent advances from customers and nonrefundable reservation fees received from prospective buyers. The Group requires buyers to pay a minimum percentage of the total selling price before they enter into a sale transaction. Collections from buyers which have not reached the minimum required percentage are also treated as contract liabilities.

The amount of revenue recognized in 2020 from contract liabilities as at December 31, 2019 amounted to ₱21.0 million.

Accrued expenses consist mainly of utilities, communication, outsourced services and professional fees which are normally settled in the following month.

Deposits for document processing represent collections for processing deed of sale and other documents necessary in transferring titles to real estate buyers.

Statutory payable includes amounts payable to government agencies such as SSS, PhilHealth and Pag-IBIG which are normally settled in the following month.

Payable to non-controlling interests represents dividends declared by CCPC. These are normally settled within one year.

15. Loans Payable

On January 24, 2018 and December 26, 2018, the Group obtained a loan of ₱20.0 million and ₱35.0 million, respectively, at 7.0% annual interest for working capital purposes. The Group settled the first loan on March 26, 2018 and the second loan on January 4, 2019.

On September 02, 2019, the Group obtained a loan of ₱230.0 million at 7.0% annual interest. This was settled in the same month.

Interest expense amounted to ₱110,984 and ₱248,194 in 2019 and 2018, respectively. This is included as part of "Others" in "Other income (charges) - net" account in the consolidated statements of comprehensive income (see Note 22).

16. Retirement Benefits Liability

The Group values its defined benefit obligation using the projected unit credit method. This plan provides for a minimum benefit of one-half month of final salary per year of credited service. The benefit shall be payable to employees with at least five years of continuous service and attained age of:

- 60 years;
- 50 years with completion of at least 10 years of service; or
- More than 60, on a case-to-case and year-to-year extension basis, provided it shall not extend beyond 65 years.

The last actuarial valuation report obtained was on February 19, 2020.

Retirement benefit costs are presented as part of "Salaries, wages and other benefits" account under "Selling and administrative expenses" in the consolidated statements of comprehensive income (see Note 21).

Details of retirement benefit costs are as follows:

	2020	2019	2018
Current service cost	**₱4,175,549**	₱2,338,278	₱2,238,493
Interest expense	**1,126,926**	279,548	916,006
Return on asset	**(183,545)**	–	–
Past service cost	**–**	–	2,547,729
	₱5,118,930	₱2,617,826	₱5,702,228

Net retirement benefits liability presented in the consolidated statements of financial position is as follows:

	2020	2019
Retirement benefits liability	**₱27,566,408**	₱21,673,263
Fair value of plan assets	**(3,543,312)**	(3,530,702)
	₱24,023,096	₱18,142,561

Movements in the present value of retirement benefits liability are as follows:

	2020	2019
Balance at beginning of year	**₱21,673,263**	₱17,028,317
Current service cost	**4,175,549**	2,338,278
Interest expense	**1,126,926**	279,548
Actuarial loss	**590,670**	2,027,120
Balance at end of year	**₱27,566,408**	₱21,673,263

Movements in the fair value of plan assets are as follows:

	2020	2019
Balance at beginning of year	**₱3,530,702**	₱–
Asset return in net interest cost	**183,545**	–
Remeasurement gain (loss)	**(170,935)**	30,702
Contribution	**–**	3,500,000
Balance at end of year	**₱3,543,312**	₱3,530,702

The analysis of the fair value of plan assets as at December 31, 2020 and 2019 is as follows:

	2020	2019
Deposit in banks	**₱3,547,505**	₱3,518,962
Other assets	**1,009**	20,925
Other accountabilities	**(5,202)**	(9,185)
	₱3,543,312	₱3,530,702

The principal assumptions used for the actuarial valuations were as follows:

	2020	2019
Discount rate	**3.96%**	5.19%
Expected rate of salary increases	**7.00%**	7.00%

Maturity analysis of the undiscounted benefit payments:

	2020	2019
Less than 5 years	**₱5,272,732**	₱5,487,794
5 years but less than 10 years	**11,938,142**	15,464,363
More than 10 years	**483,242,905**	680,196,940

The average duration of the retirement benefits liability is 24 years and 23 years as at December 31, 2020 and 2019, respectively.

Sensitivity Analysis

The sensitivity analysis on net retirement benefits liability based on reasonably possible changes of the assumptions is as follows:

	Change in assumption	**2020**	2019
Discount rate	0.5%	**(₱1,761,892)**	₱1,034,094
	-0.5%	**1,975,362**	(852,669)
Expected salary growth rate	1.0%	**3,905,538**	1,451,405
	-1.0%	**(3,194,182)**	(1,088,553)

Remeasurement Gain

The cumulative remeasurement gains on net retirement benefits recognized in equity as at December 31 are as follows:

	Accumulated Remeasurement Gain (Loss)	Deferred Tax	Net of Tax
Balance as at December 31, 2017	₱6,878,603	₱2,063,581	₱4,815,022
Remeasurement gain	1,774,492	532,347	1,242,145
Balance as at December 31, 2018	8,653,095	2,595,928	6,057,167
Remeasurement loss	(1,946,204)	(583,861)	(1,362,343)
Balance as at December 31, 2019	6,706,891	2,012,067	4,694,824
Remeasurement loss	(686,114)	(205,834)	(480,280)
Balance as at December 31, 2020	₱6,020,777	₱1,806,233	₱4,214,544

Remeasurement loss (gain), net of tax, on retirement benefits recognized in the consolidated statements of comprehensive income is as follows:

	2020	2019	2018
Equity holders of the Parent Company	**₱480,280**	₱1,362,343	(₱1,242,145)
Non-controlling interests	**52,843**	35,150	(25,708)
	₱533,123	₱1,397,493	(₱1,267,853)

Deferred tax asset (liability) on retirement benefits recognized in the consolidated statements of comprehensive income is as follows:

	2020	2019	2018
Equity holders of the Parent Company	**₱205,834**	₱583,861	(₱532,347)
Non-controlling interests	**22,648**	15,064	(11,018)
	₱228,482	₱598,925	(₱543,365)

17. **Equity**

Capital Stock

Details of the Parent Company's capital stock with ₱0.10 par value as at December 31, 2020 and 2019 are as follows:

	2020		2019	
	Shares	**Amount**	Shares	Amount
Authorized				
Common shares	**24,000,000,000**	**₱2,400,000,000**	24,000,000,000	₱2,400,000,000
Issued and Outstanding				
Balance at beginning of year	**19,775,232,460**	**₱1,977,523,246**	18,333,091,580	₱1,833,309,158
Stock dividends	**–**	**–**	1,359,999,980	135,999,998
Issuances	**–**	**–**	82,140,900	8,214,090
Balance at end of year	**19,775,232,460**	**1,977,523,246**	19,775,232,460	1,977,523,246
Subscribed				
Balance at beginning of year	**–**	**–**	82,140,900	₱8,214,090
Issuances	**–**	**–**	(82,140,900)	(8,214,090)
Balance at end of year	**–**	**–**	–	–
Less:				
Subscriptions receivable				
Balance at beginning of year		**–**		8,214,090
Collections		**–**		(8,214,090)
Balance at end of year		**–**		–
Balance at end of year		**–**		–
	19,775,232,460	**₱1,977,523,246**	19,775,232,460	₱1,977,523,246
Treasury stock - at cost	**(4,815,232,510)**	**(₱481,523,251)**	(4,815,232,510)	(₱481,523,251)
	14,959,999,950	**₱1,495,999,995**	14,959,999,950	₱1,495,999,995

APIC amounted to ₱118.6 million as at December 31, 2020 and 2019.

The Parent Company has 365 shareholders as at December 31, 2020 and 2019.

Stock Dividends

On February 26, 2019, the BOD approved the declaration of stock dividends equivalent to 10% of outstanding capital stock and was subsequently approved by the stockholders on May 7, 2019.

Non-controlling Interests

The Group's non-controlling interests represent 3%, 3%, 52% and 25% ownership of non-controlling interests shareholders of HSAPI, FMCMI, CCPC and PLHI, respectively. Non-controlling interests amounted to ₱163.5 million and ₱155.6 million as at December 31, 2020 and 2019, respectively.

The net income allocated to non-controlling interests amounted to ₱8.0 million, ₱17.4 million and ₱15.5 million in 2020, 2019 and 2018 , respectively.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit standing and stable capital ratios in order to support its business and maximize shareholder value. The Group maintains its current capital structure and will make adjustments, if necessary, in order to generate a reasonable level of returns to stockholders over the long term. No changes were made in the objectives, policies or processes during the year.

The Group considers the equity presented in the consolidated statements of financial position as its core capital.

The Group monitors capital using debt to equity ratio, which is total debt divided by total equity. The debt-to-equity ratio as at December 31, 2020 and 2019, are as follows:

	2020	2019
Debt	**₱186,782,911**	₱193,150,009
Equity	**2,198,026,737**	2,162,707,502
Debt-to-Equity Ratio	**0.08:1**	0.09:1

Debt is composed of all liabilities while equity includes capital stock, additional paid-in capital, retained earnings, other comprehensive income and non-controlling interests, less treasury stock.

Pursuant to the PSE's rules on minimum public ownership, at least 10% of the issued and outstanding shares of a listed company must be owned and held by the public. The public ownership is about 38% and 56.7% as at December 31, 2020 and 2019, respectively.

The Group reviews its capital structure on an annual basis. As part of this review, the Group considers the cost of capital and the risks associated with it.

18. Revenue

This account consists of:

		2020			
	Note	**Real estate activities**	**Health care activities**	**Investing activities**	**Total**
Recognized at a point in time:					
Real estate sales:					
Sale of houses and lots		**₱82,849,269**	**₱–**	**₱–**	**₱82,849,269**
Sale of condominium units and parking slots	25	**6,004,911**	**–**	**–**	**6,004,911**
Sale of services			**39,436,127**	**–**	**39,436,127**
Dividend income	5	**–**	**–**	**14,990,571**	**14,990,571**
Recognized over time -					
Interest income	4	**15,451,922**	**–**	**–**	**15,451,922**
Rental income	25	**13,298,563**	**–**	**–**	**13,298,563**
		₱117,604,665	**₱39,436,127**	**₱14,990,571**	**₱172,031,363**

	Note	2019 Real estate activities	Health care activities	Investing activities	Total
Recognized at a point in time:					
Real estate sales:					
Sale of houses and lots		₱99,972,727	₱–	₱–	₱99,972,727
Sale of condominium units and parking slots	25	5,796,068	–	–	5,796,068
Sale of services			78,894,579	–	78,894,579
Dividend income	5	–	–	9,176,819	9,176,819
Sale of goods		–	7,339	–	7,339
Recognized over time -					
Interest income	4	19,526,978	–	–	19,526,978
Rental income	25	15,624,740	–	–	15,624,740
		₱140,920,513	₱78,901,918	₱9,176,819	₱228,999,250

	Note	2018 Real estate activities	Health care activities	Investing activities	Total
Recognized at a point in time:					
Real estate sales:					
Sale of houses and lots		₱112,324,408	₱–	₱–	₱112,324,408
Sale of condominium units and parking slots	25	2,575,893	–	–	2,575,893
Sale of services		–	79,050,657	–	79,050,657
Dividend income	5	–	–	3,206,819	3,206,819
Sale of goods		–	72,848	–	72,848
Recognized over time -					
Interest income	4	20,767,583	–	–	20,767,583
Rental income	25	13,180,218	–	–	13,180,218
		₱148,848,102	₱79,123,505	₱3,206,819	₱231,178,426

On April 5, 2018, the investment in and advances to a joint venture company, which were classified as “Assets held for sale”, were sold for ₱637.1 million resulting in a gain of ₱318.0 million, net of capital gains tax of ₱45.9 million.

The Group’s contract with customers does not provide for right of return assets and refund liabilities.

19. Direct Costs

This account consists of:

	2020	2019	2018
Cost of real estate sold	**₱35,800,970**	₱40,143,710	₱50,933,659
Cost of services	**26,725,103**	47,285,523	49,103,906
Cost of goods sold	**–**	3,861	34,098
	₱62,526,073	₱87,433,094	₱100,071,663

Cost of real estate sales consists of:

	Note	2020	2019	2018
Cost of:				
Houses and lots sold	7	**₱34,272,970**	₱38,535,710	₱50,053,659
Condominium units and parking slots sold	7	**1,528,000**	1,608,000	880,000
		₱35,800,970	₱40,143,710	₱50,933,659

Cost of services consists of:

	Note	2020	2019	2018
Contracted services		**₱9,468,330**	₱18,588,434	₱18,165,034
Salaries, wages and other benefits	21	**6,797,000**	10,700,308	10,139,987
Depreciation and amortization	10	**4,296,906**	4,296,941	4,298,284
Medical supplies	7	**4,008,691**	9,653,424	9,072,639
Others		**2,154,176**	4,046,416	7,427,962
		₱26,725,103	₱47,285,523	₱49,103,906

Others mainly consist of utilities and on-site medical cost and various expenses that are individually insignificant.

20. Selling and Administrative Expenses

This account consists of:

	Note	2020	2019	2018
Salaries, wages and other benefits	21	**₱27,376,645**	₱34,278,640	₱36,854,127
Depreciation and amortization	10	**8,707,830**	10,896,754	11,325,359
Outside services		**6,341,316**	7,444,526	7,128,768
Taxes and licenses		**6,255,341**	8,816,655	2,577,248
Commission	25	**4,648,045**	6,985,119	12,992,342
Directors and officers profit-sharing remuneration	23	**4,388,777**	4,421,248	39,785,622
Meetings and seminars		**3,898,960**	5,406,496	5,417,711
Transportation and travel		**2,430,390**	2,966,397	4,652,003
Professional fees		**2,403,903**	5,196,912	3,037,766
Utilities		**1,678,367**	2,515,592	2,323,793
Insurance		**1,311,464**	1,466,395	1,354,376
Supplies		**1,298,555**	1,290,075	1,084,071
Director's fees	23	**1,216,889**	1,326,889	1,321,889
Repairs and maintenance		**959,883**	2,440,214	1,722,520
Association dues		**823,448**	828,839	861,847
Postage and communication		**794,822**	937,592	419,958
Committee meetings		**590,000**	1,325,000	1,686,000
Provision for impairment losses	6	**487,162**	372,519	3,390,525

(Forward)

	2020	2019	2018
Advertising	**₱220,102**	₱301,696	₱338,134
Rent	**125,989**	196,436	35,989
Representation and entertainment	**13,060**	200,431	28,751
SEC filing fee	**–**	–	4,848,000
Others	**6,367,263**	9,978,160	16,028,679
	₱82,338,211	₱109,592,585	₱159,215,478

Other expenses pertain mainly to unrecoverable input VAT.

21. **Personnel Costs**

Personnel costs consist of:

	Note	2020	2019	2018
Salaries and wages		**₱28,363,318**	₱41,623,203	₱33,909,758
Retirement benefit costs	16	**5,118,930**	2,617,826	5,702,228
Other employee benefits		**691,397**	737,919	7,382,128
		₱34,173,645	₱44,978,948	₱46,994,114

Personnel costs are charged to:

	Note	2020	2019	2018
Cost of services	19	**₱6,797,000**	₱10,700,308	₱10,139,987
Selling and administrative expenses	20	**27,376,645**	34,278,640	36,854,127
		₱34,173,645	₱44,978,948	₱46,994,114

Other employee benefits include the profit share of the officers of the Group.

22. **Other Income (Charges)** - Net

This account consists of:

	Note	2020	2019	2018
Interest income from:	4			
Cash and cash equivalents		**₱6,197,347**	₱18,351,092	₱13,839,227
Loans receivables		**4,545,976**	4,749,802	2,202,778
Realized gain on sale of investments in quoted shares	5	**6,749,627**	120,595	5,611,906
Unrealized gain (loss) on changes in:				
Fair value of investments in quoted shares	5	**(5,058,940)**	(13,996,062)	(9,321,806)
Foreign exchange rates		**(637,326)**	(1,099,216)	820,203

(Forward)

	Note	2020	2019	2018
Gain (loss) on cancelled contracts and forfeited customer deposits		**(₱652,836)**	₱1,304,046	₱325,276
Provision for losses on investment properties	10	**–**	**–**	(25,460,606)
Gain on disposal of property and equipment	11	**–**	–	22,321
Others		**2,265,087**	4,849,079	2,861,433
		₱13,408,935	₱14,279,336	(₱9,099,268)

Other income pertains to surcharges, association dues and maintenance fees which are individually insignificant.

23. Related Party Transactions

The following table summarizes the Group's significant transactions and balances with related parties as at December 31, 2020 and 2019:

			Amount of Transaction		Outstanding Balance	
Related Parties	Note	Nature of Transaction	**2020**	2019	**2020**	2019
Accounts and other payables						
Non-controlling interests		Dividends	**₱–**	₱14,540,400		
	14	Dividend payments	**(14,540,400)**	(14,019,237)	**₱–**	₱14,540,400
Directors and officers	20	Directors and officers profit-sharing remuneration	**4,388,777**	4,421,248		
	20	Director's fees	**1,216,889**	1,326,889		
	14	Payments	**(5,037,601)**	(41,146,522)	**8,115,957**	7,547,892
					₱8,115,957	₱22,088,292

<u>Terms and Conditions of Transactions with Related Parties</u>
The outstanding balances are unsecured, non-interest bearing, payable upon demand and to be settled in cash.

The directors and officers are entitled to receive profit sharing based on the performance by the Group.

<u>Compensation of Key Management Personnel</u>
Compensation of key management personnel, consisting of short term salaries and government mandated benefits, amounted to ₱10.2 million in 2020 and 2019 and ₱10.4 million in 2018, respectively.

Financial Information of Subsidiaries

The summarized financial information of CCPC, PLHI, FMCMI and HSAPI is as follows:

	2020	2019	2018
Current assets	**₱244,123,387**	₱250,841,335	₱217,030,665
Noncurrent assets	**432,224,236**	434,325,506	430,757,007
Current liabilities	**134,713,078**	157,056,393	153,543,442
Noncurrent liabilities	**26,743,039**	23,624,555	17,788,225
Revenue	**85,864,233**	159,728,982	161,912,045
Net income	**10,904,269**	32,734,484	30,976,849
Total comprehensive income	**10,405,614**	31,029,888	31,481,936

24. **Earnings Per Share (EPS)**

The calculation of the basic and diluted EPS is based on the following data:

	2020	2019	2018
Net income attributable to Parent Company	**₱27,871,667**	₱15,940,808	₱269,669,964
Weighted average number of ordinary shares outstanding	**14,959,999,950**	13,939,999,958	13,599,999,970
	₱0.00186	₱0.00114	₱0.01983

The weighted average number of shares refers to shares in circulation during the period that is after the effect of treasury stock.

As at December 31, 2020, 2019 and 2018, the Parent Company has no dilutive or potential dilutive share.

25. **Significant Agreements**

Operating Lease Agreements

The Group leased out certain commercial spaces of its building to several parties under various cancellable and noncancellable operating lease agreements for periods between one to 10 years. All leases include an annual escalation clause based on rental rates.

Security deposits amounting to ₱3.2 million and ₱2.9 million as at December 31, 2020 and 2019 are noninterest-bearing and will be refunded at the end of the lease term.

Unearned rental income amounted to ₱172,976 and ₱287,423 as at December 31, 2020 and 2019, respectively (see Note 14).

Rental income recognized amounted to ₱13.3 million, ₱15.6 million and ₱13.2 million in 2020, 2019 and 2018, respectively (see Note 10). Billed rental amounted to ₱2.0 million as at December 31, 2020 and 2019 (see Note 6).

Future minimum lease receivables to be collected based on existing contracts are as follows:

	2020	2019
Not later than one year	**₱9,408,722**	₱6,009,605
Later than one year but not later than five years	**42,325,612**	27,197,256
Beyond five years	**50,152,220**	38,385,789
	₱101,886,554	₱71,592,650

Joint Operation Arrangement with Santa Lucia Realty and Development Inc. (SLRDI)
On October 23, 2003, CCPC entered into a Memorandum of Agreement (the "Agreement") with SLRDI (the "Project Developer") wherein CCPC contributed land and the improvements thereon, while the Developer completed the development of the Palma Real Residential Estates project in Biñan, Laguna (the "Project") and handles all the expenses necessary in preparing the lots into saleable units.

The Agreement has the following significant provisions, among others:

a. The Developer shall be solely liable for any and all expenses to be incurred in the construction and development to be introduced by SLRDI on the Project, government agency, sub-contractor, supplier or third party in connection with the development of the Project;

b. CCPC shall be paid 60% of the sales proceeds while SLRDI shall be paid 40% of the sales proceeds. CCPC and SLRDI shall shoulder the corresponding taxes of their respective share of the proceeds;

c. The proceeds from the sale of lots shall be deposited in the joint bank account of the CCPC and SLRDI; and

d. CCPC and SLRDI shall nominate a marketing manager that will handle the sale of lots in the Project. The marketing manager shall present a marketing plan to CCPC and SLRDI.

The development of the residential lots was completed and the Project started selling lots in 2004.

The revenue and the corresponding cost of real estate sold from the joint operation arrangement with SLRDI, which are included as part of "Sale of houses and lots" and "Cost of houses and lots sold", respectively, are as follows:

	2020	2019	2018
Sale of houses and lots	**₱37,216,469**	₱68,730,567	₱70,090,672
Cost of houses and lots sold	**10,117,702**	20,955,241	24,874,010

Installment contracts receivable related to the Agreement amounted to ₱55.1 million and ₱61.2 million as at December 31, 2020 and 2019, respectively. Due to SLRDI relating to the share of the Group amounting to ₱8.8 million and ₱3.5 million as at December 31, 2020 and 2019, respectively, is included as part of "Accounts and other payables" (see Note 14). Titles to the sold condominium units, houses and lots are transferred to the buyer only upon full payment of the contract price.

The "Due from a Project Developer" under the "Receivables" account in the consolidated statements of financial position pertains to the unremitted collections amounting to ₱9.0 million and ₱13.5 million as at December 31, 2020 and 2019, respectively (see Note 6). Collections are deposited to the joint bank account of the Developer and CCPC.

Joint Operation Arrangement with DMCI

In 2005, the Parent Company and Fort Bonifacio Medical Center, Inc. (FBMCI) entered into a Memorandum of Agreement (the "Agreement") with DMCI for the development and construction of three condominium buildings called the Cypress Towers.

The Agreement has the following significant provisions, among others:

(a) The Group and FBMCI shall contribute the land;

(b) DMCI shall be responsible for the development, construction and sale of condominium units; and

(c) The Group and FBMCI's share in the project is equivalent to 15.6% of the total condominium units and parking slots.

The development and construction of the condominium buildings were completed and started selling in 2008. The amounts of sales of condominium units and parking slots and cost of condominium units and parking slots sold are disclosed in Notes 18 and 19, respectively.

Installment contracts receivable related to the Agreement amounted to ₱6.45 million and ₱8.1 million as at December 31, 2020 and 2019, respectively.

As at December 31, 2020 and 2019, there were no outstanding contingent liabilities and commitments with respect to the joint operations arrangements.

Marketing Agreement

Marketing of the projects is handled by several brokers and agents at various commission rates based on the selling price.

The Group incurred commission expense amounting to ₱4.7 million and ₱7.0 million and ₱13.0 million in 2020, 2019 and 2018, respectively (see Note 20).

26. Income Taxes

Components of income tax expense (benefit) are as follows:

	2020	2019	2018
Current:			
Regular corporate income tax	**₱4,643,613**	₱12,159,828	₱8,665,496
MCIT	**1,257,905**	1,833,332	1,092,212
Deferred	**(1,177,862)**	(1,027,752)	(14,139,400)
	₱4,723,656	₱12,965,408	(₱4,381,692)

Provision for (benefit from) income tax is presented in the consolidated statements of comprehensive income as follows:

	2020	2019	2018
Profit or loss:			
Current	**₱5,901,518**	₱13,993,160	₱9,757,708
Deferred	**(1,177,862)**	(1,027,752)	(14,139,400)
Other comprehensive income -			
Deferred	**(228,482)**	(583,861)	532,347
	₱4,495,174	₱12,381,547	(₱3,849,345)

Deferred Taxes

The components of the Group's deferred taxes are as follows:

	2020	2019
Deferred tax assets:		
Allowance for losses on investment properties	**₱7,638,182**	₱7,638,182
Allowance for impairment losses on:		
Receivables	**7,056,827**	6,945,263
Other current assets	**81,952**	47,368
Retirement benefits liability	**7,206,928**	5,442,768
Payable to directors and officers	**1,316,633**	–
NOLCO	**1,064,829**	–
MCIT	**649,287**	363,329
Unrealized foreign exchange loss	**191,197**	329,765
Others	**16,291**	16,291
	₱25,222,126	₱20,782,966

Deferred tax liabilities:		
Excess gross profit over collections	**₱9,845,616**	₱6,834,181
Fair value changes on financial asset at FVPL	**22,365**	–
	₱9,867,981	₱6,834,181

Details of unrecognized net deferred tax assets are as follows:

	2020	2019
NOLCO	**₱18,259,434**	₱26,430,349
Allowance on loss on investment properties	**9,015,740**	9,015,740
MCIT	**3,242,838**	3,409,192
Unearned rental income	**51,893**	86,227
	₱30,569,905	₱38,941,508

The details of the Group's NOLCO and MCIT, which can be claimed as deduction from future taxable income and as tax credit against future income tax due, are as follows:

NOLCO

Inception Year	Amount	Applied	Expired/ Derecognized	Balance	Expiry Year
2020	₱4,300,030	₱–	₱–	₱4,300,030	2025
2019	4,286,519	–	–	4,286,519	2022
2018	55,827,658	–	–	55,827,658	2021
2017	27,986,987	(9,259,090)	(18,727,897)	–	2020
	₱92,401,194	(₱9,259,090)	(₱18,727,897)	₱64,414,207	

MCIT

Inception Year	Amount	Expired/ Derecognized	Balance	Expiry Year
2020	₱1,257,905	₱–	₱1,257,905	2023
2019	1,542,008	–	1,542,008	2022
2018	1,092,212	–	1,092,212	2021
2017	1,137,317	(1,137,317)	–	2020
	₱5,029,442	(₱1,137,317)	₱3,892,125	

As mandated by Section 4 of Republic Act No. 11494 or the "Bayanihan to Recover as One Act" and as implemented under Revenue Regulations No. 25-2020, the net operating loss of a business enterprise incurred for the taxable years 2020 and 2021 can be carried over as a deduction from taxable income for the next five (5) consecutive taxable years following the year of such loss.

The reconciliation of provision for (benefit from) income tax computed at the statutory income tax rate and at effective income tax rate is as follows:

	2020	2019	2018
Income tax expense computed at statutory tax rate	**₱12,172,804**	₱13,875,872	₱84,228,600
Tax effects of:			
Income already subjected to a final tax and exempt from income tax	**(6,871,323)**	(4,095,734)	(82,039,447)
Expired NOLCO	**5,618,369**	220,559	257,721
Nondeductible expenses	**1,038,092**	733,522	1,096,838
Changes in unrecognized deferred tax asset	**(8,371,603)**	1,447,172	(9,201,806)
Expired MCIT	**1,137,317**	784,017	186,048
Excess MCIT over RCIT	**–**	–	1,090,354
	₱4,723,656	₱12,965,408	(₱4,381,692)

On November 26, 2020, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Bill was approved by the Senate of the Philippines (the "Senate"). Under the CREATE Bill, domestic corporations will be subject to 25% or 20% RCIT depending on the amount of total assets or total amount of taxable income. In addition, MCIT shall be computed at 1% of gross income for a period of three years, effective from July 1, 2020 to June 30, 2023. On February 3, 2021, the Senate and the House of Representatives ratified the bill through a bicameral conference. As at March 18, 2021, the CREATE Bill is pending approval of the President of the Philippines.

27. Fair Value of Financial Assets and Liabilities

The table below presents the carrying amounts and fair value of the Group's financial assets and financial liabilities.

	2020		2019	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash and cash equivalents	**₱441,804,614**	**₱441,804,614**	₱343,966,400	₱343,966,400
Receivables	**145,258,532**	**145,258,532**	182,770,564	182,770,564
Refundable deposits and construction bond*	**3,461,736**	**3,461,736**	3,457,166	3,457,166
At FVPL -				
Investment in quoted shares	**183,126,975**	**183,126,975**	195,597,395	195,597,395
At FVOCI -				
Investment in unquoted shares	**47,344,659**	**47,344,659**	47,344,659	47,344,659
	₱820,996,516	**₱820,996,516**	₱773,136,184	₱773,136,184

	2020		2019	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liabilities				
At amortized cost:				
Accounts and other payables**	**₱99,103,215**	**₱99,103,215**	₱113,168,982	₱113,168,982
Security deposits	**3,189,580**	**3,189,580**	2,892,221	2,892,221
	₱102,292,795	**₱102,292,795**	₱116,061,203	₱116,061,203

** Included in "Other current assets" and "Other noncurrent assets" accounts*
*** Excluding contract liabilities, deposits for document processing, statutory payable and unearned rental income*

The Group has determined that carrying amounts of cash and cash equivalents, receivables, accounts and other payables (excluding contract liabilities, deposits for document processing, statutory payable and unearned rental income) approximate their fair values because these are mostly short term in nature.

The fair value of installment contracts receivable approximates its carrying amount as its interest rate approximates the market rate for a similar instrument.

The fair value of refundable deposits, construction bond and security deposit approximates its carrying amount. The management believes that the effect of discounting the future receipts/payments from these financial instruments using the prevailing market rates is not significant.

The fair values of investments in quoted shares is based on quoted price in active market (Level 1 hierarchy).

The fair value of investments in unquoted shares are determined using the net asset method (Level 3).

The fair value hierarchy groups the financial instruments into Levels 1 to 3 based on the degree to which the fair value is observable. There were no transfers to other levels in 2020 and 2019.

28. Financial Instruments Risk Management Policies and Objectives

The Group's financial assets comprise of cash and cash equivalents, receivables, refundable deposits, construction bond and investments in quoted and unquoted shares. The Group's financial liabilities comprise of accounts and other payables (excluding contract liabilities, deposits for document processing, statutory payable and unearned rental income) and security deposits. The main purpose of these financial instruments is to finance the Group's operations.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The Group's BOD and management review and approve the policies for managing each of the risks summarized below.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include cash and cash equivalents, loans payable and equity investments.

The sensitivity analyses in the following sections relate to the financial position as at December 31, 2020 and 2019.

The sensitivity of the relevant items in the statement of comprehensive income is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at December 31, 2020 and 2019.

Foreign Currency Risk. Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group has transactional currency exposures arising from purchase and construction contract transactions denominated in currencies other than the functional currency. The Group does not enter into forward contracts to hedge currency exposures. To mitigate the Group's exposure to foreign currency risk, foreign currency cash flows and fluctuations in the foreign exchange rates are monitored.

The carrying amounts of the Group's foreign currency denominated monetary assets are as follows:

	2020	2019
Cash in banks	**₱10,218,641**	₱12,505,848
Investments in quoted shares	**68,738,855**	56,423,233

Foreign Currency Sensitivity Analysis. The sensitivity analysis includes all of the Group's foreign currency denominated monetary assets and liabilities. A positive number indicates an increase in income before tax when the U.S. Dollar (USD) and the Singapore Dollar (SGD) strengthen by 6% and 9%, respectively, against the relevant currency. For a 6% and 9% weakening of the USD and the SGD, respectively, against the Peso, there would be an equal and opposite impact on the income before tax.

The following table demonstrates the sensitivity to a 6% and 9% change in USD and SGD exchange rates, respectively, with all other variables held constant:

	Effect on Income Before Tax	
	2020	2019
Cash in banks	**₱613,118**	₱750,351
Investments in quoted shares	**6,186,497**	5,078,091
	₱6,799,615	₱5,828,442

Equity Price Risk. Equity price risk exposure relates to fluctuation in fair values as a result of changes in market prices of investments in quoted shares arising from factors affecting all shares of stocks traded in the market. The Group's market risk policy requires it to manage such risk by setting and monitoring objectives and constraints on investments.

The following table demonstrates the sensitivity to a reasonably possible change in the stock price of shares, with all other variables held constant, of the Group's unrealized gain and loss on investments in quoted shares:

	Listed domestic shares		Listed foreign shares	
	Change in Stock Price	Effect on Income Before Tax	Change in Stock Price	Effect on Income Before Tax
December 31, 2020	**5%**	**₱4,432,465**	**5%**	**₱3,699,663**
	-5%	**(4,432,465)**	**-5%**	**(3,699,663)**
December 31, 2019	5%	3,951,358	5%	1,718,441
	-5%	(3,951,358)	-5%	(1,718,441)

Credit Risk

Credit risk is the risk where a counterparty fails to fulfill its obligations to the Group. Counterparties such as banks and customers who pay on or before due date have minimum risk exposure because default in settling its obligations is remote. The Group deals only with reputable banks and customers to limit this risk.

The table below shows the gross maximum exposure of the Group to credit risk before taking into consideration collateral and other credit enhancements:

	2020	2019
Cash and cash equivalents	**₱441,804,614**	₱343,966,400
Receivables	**145,258,532**	182,770,564
Refundable deposits	**2,219,836**	2,215,266
Construction bond	**1,241,900**	1,241,900
	₱590,524,882	₱530,194,130

Maximum Exposure to Credit Risk after Credit Enhancements
Maximum exposure to credit risk of financial assets is equivalent to their carrying values except for sales contracts and rent receivable. The table below shows the maximum exposures to credit risk of the Group, after considering the effects of credit enhancements:

December 31, 2020 Credit risk exposure relating to balance sheet assets	**Carrying Amount**	**Fair Value of Collateral or Credit Enhancement**	**Maximum Exposure to Credit Risk**	**Financial Effect of Collateral or Credit Enhancement**
Installment contracts receivable	**₱98,006,200**	**₱114,037,914**	**₱–**	**₱114,037,914**
Loans receivables	**25,000,000**	**97,280,000**	**–**	**97,280,000**
	₱123,006,200	**₱211,317,914**	**₱–**	**₱211,317,914**

December 31, 2019 Credit risk exposure relating to balance sheet assets	Carrying Amount	Fair Value of Collateral or Credit Enhancement	Maximum Exposure to Credit Risk	Financial Effect of Collateral or Credit Enhancement
Installment contracts receivable	₱100,730,157	₱149,141,452	₱–	₱149,141,452
Loans receivables	50,000,000	130,720,000	–	130,720,000
	₱150,730,157	₱279,861,452	₱–	₱279,861,452

Credit Enhancements. For installment contracts receivable, title to condominium units, houses and lots is not transferred to the buyer until full payment has been made.

The loans receivable are secured by a pledge over a number of common shares listed in the PSE worth approximately 200% of the loan amount, and by a surety of an individual (see Note 6).

Risk Management. Credit risk is managed on a group basis. The Group deals only with reputable banks and customers to limit this risk. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The compliance with credit limits by customers is regularly monitored by management.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

As at December 31, 2020 and 2019, the amount of cash and cash equivalents, refundable deposits, and construction bond are neither past due nor impaired and were classified as *"High Grade*"; installment contracts receivable and trade and other receivables (excluding impairment) were classified as "*Standard Grade";* and impaired installment contracts receivables and trade and other receivables were classified as *"Substandard Grade"*. The credit quality of such financial assets at amortized cost is managed by the Group using the internal credit quality ratings as follows:

- *High Grade.* Pertains to counterparty who is not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions and companies. Credit quality was determined based on the credit standing of the counterparty.

- *Standard Grade.* Pertains to counterparty with performance rating ranging from satisfactory to acceptable and repayment capacity has to be monitored. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

- *Substandard Grade.* Substandard grade financial assets are those which are considered worthless. These are accounts which have the probability of impairment based on historical trends.

Impairment of Trade Receivables (excluding Installment Contracts Receivable). An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rates are based on days past due for groupings of customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Impairment of Installment Contracts Receivable and Other Financial Assets at Amortized Cost. The Group limits its exposure to credit risk by investing its cash and cash equivalents only with banks that have good credit standing and reputation in the local and international banking industry.

For installment contracts receivable, loans receivable, dividend receivable, due from a Project Developer, refundable deposits, construction bond and other receivables, credit risk is low since the Group only transacted with reputable companies with respect to these financial assets or the financial assets have credit enhancements.

It is the Group's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Using the ECL allowance, the credit risk exposure on the Group's impairment of receivables amounted to ₱487,162 and ₱372,519 in 2020 and 2019, respectively (see Note 6).

Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments. It may result from either the inability to sell assets quickly at fair values or failure to collect from counterparty.

The Group's objective is to maintain a balance between continuity of funding and flexibility through related party advances and aims to manage liquidity as follows:

a. To ensure that adequate funding is available at all times;
b. To meet commitments as they arise without recurring unnecessary costs; and
c. To be able to assess funding when needed at the least possible cost.

The tables below summarize the maturity profile of the Group's financial liabilities based on undiscounted cash flows:

	2020					
	Payable on Demand	**30 Days**	**60 Days**	**90 Days**	**120 Days and More**	**Total**
Accounts payable and other liabilities*	**₱8,115,957**	**₱22,479,436**	**₱68,507,822**	**₱–**	**₱–**	**₱99,103,215**
Security deposits	**–**	**–**	**–**	**–**	**3,189,580**	**3,189,580**
	₱8,115,957	**₱22,479,436**	**₱68,507,822**	**₱–**	**₱3,189,580**	**₱102,292,795**

**Excluding contract liabilities, deposits for document processing, statutory payable and unearned rental income.*

	2019					
	Payable on Demand	30 Days	60 Days	90 Days	120 Days and More	Total
Accounts payable and other liabilities*	₱7,547,892	₱21,059,203	₱70,021,487	₱–	₱14,540,400	₱113,168,982
Security deposits	–	–	–	–	2,892,221	2,892,221
	₱7,547,892	₱21,059,203	₱70,021,487	₱–	₱17,432,621	₱116,061,203

**Excluding contract liabilities, deposits for document processing, statutory payable and unearned rental income.*

29. Operating Segment Information

Business Segments

For management purposes, the Group is organized into three major business segments, namely real estate, healthcare services and investment holdings. These are also the bases of the Group in reporting its primary segment information.

(a) The real estate segment involves acquisition of land, planning and developing residential communities such as development and sale of condominium units and parking slots, residential lots and housing units.

(b) Healthcare services involve delivering outpatient health care services through ambulatory care centers. These include the sale of goods and services.

(c) The investment holding creates project investments and later disposes these investments after creating value. This also includes acquisition and sale of equity securities. Included in this segment are the Group's transactions or investments in associates and trading of financial assets at fair value through profit or loss.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of cash and cash equivalents, receivables, inventories, property and equipment, and investment properties. Segment liabilities include all operating liabilities and consist principally of accounts payable and accrued expenses and payable to non-controlling interests.

Financial information about reportable segments follows (in thousands):

	December 31, 2020				
	Real Estate	**Healthcare Services**	**Investment Holdings**	**Eliminating Entries**	**Total**
Segment revenue	**₱117,605**	**₱39,436**	**₱14,991**	**₱–**	**₱172,032**
Inter-segment revenue	**9,364**	**–**	**–**	**(9,364)**	**–**
Net revenue	**₱126,969**	**₱39,436**	**₱14,991**	**(₱9,364)**	**₱172,032**
Segment results					
Income before income tax	**₱32,209**	**(₱6,740)**	**₱15,107**	**₱–**	**₱40,576**
Provision for income tax	**6,714**	**(1,990)**	**–**	**–**	**4,724**
Net income (loss)	**₱25,495**	**(₱4,750)**	**₱15,107**	**–**	**₱35,852**
Total assets	**₱2,404,298**	**₱135,853**	**₱253,386**	**(₱408,727)**	**₱2,384,810**
Total liabilities	**₱177,371**	**₱93,469**	**₱1,997**	**(₱86,054)**	**₱186,783**
Additions to:					
Investment properties	**₱394**	**₱–**	**₱–**	**₱–**	**₱394**
Property and equipment	**5,368**	**163**	**–**	**–**	**5,531**
	₱5,762	**₱163**	**₱–**	**₱–**	**₱5,925**
Other information -					
Depreciation and amortization	**₱10,016**	**₱1,744**	**₱1,315**	**₱–**	**₱13,075**

	December 31, 2019				
	Real Estate	Healthcare Services	Investment Holdings	Eliminating Entries	Total
Segment revenue	₱143,754	₱80,400	₱29,836	₱–	₱253,990
Inter-segment revenue	4,332	–	20,660	(24,992)	–
Net revenue	₱148,086	₱80,400	₱50,496	(₱24,992)	₱253,990
Segment results					
Income before income tax	₱59,516	₱1,957	(₱1,761)	(₱13,460)	₱46,252
Provision for (benefit from) income tax	12,416	428	–	–	12,844
Net income (loss)	₱47,100	₱1,529	(₱1,761)	(₱13,460)	₱33,408
Total assets	₱2,589,909	₱141,450	₱72,345	(₱447,846)	₱2,355,858
Total liabilities	₱121,782	₱88,761	₱1,882	(₱19,396)	₱193,150
Additions to:					
Investment properties	₱89,699	₱316	₱–	₱–	₱90,015
Property and equipment	278	486	–	–	764
	₱89,977	₱802	₱–	₱–	₱90,779
Other information -					
Depreciation and amortization	₱11,227	₱3,967	₱–	₱–	₱15,194

	December 31, 2018				
	Real Estate	Healthcare Services	Investment Holdings	Eliminating Entries	Total
Segment revenue	₱153,416	₱79,124	₱841	₱–	₱233,381
Inter-segment revenue	23,453	–	267	(23,720)	–
Net revenue	₱176,869	₱79,124	₱1,108	(₱23,720)	₱233,381
Segment results					
Income before income tax	₱293,593	₱234	(₱84)	(₱12,981)	₱280,762
Provision for (benefit from) income tax	(1,658)	(2,726)	(2)	–	(4,382)
Net income (loss)	₱295,251	(₱2,960)	(₱86)	(₱12,981)	₱285,144
Total assets	₱2,663,209	₱46,556	₱117,633	(₱416,890)	₱2,410,508
Total liabilities	₱274,861	₱18,887	₱75,819	(₱96,202)	₱273,365
Additions to:					
Investment properties	₱323,074	₱–	₱–	₱–	₱323,074
Property and equipment	6,128	2,763	–	–	8,891
	₱329,202	₱2,763	₱–	₱–	₱331,965
Other information:					
Depreciation and amortization	₱11,556	₱2,851	₱1,216	₱–	₱15,623
Impairment loss on investment properties	25,460	–	–	–	25,460
	₱37,016	₱2,851	₱1,216	₱–	₱41,083

Major Customer

The Group does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenue of the Group.

30. **Reconciliation of Liabilities Arising from Financing Activities**

The table below details changes in the Group's liabilities arising from financing activities:

	Loans Payable	Dividends Payable to Non-controlling Interests
Balance as at December 31, 2018	₱34,993,527	₱14,019,237
Cash changes:		
Payments	(264,993,527)	(14,019,237)
Proceeds	230,000,000	–
Noncash changes - declaration	–	14,540,400
Balance as at December 31, 2019	–	14,540,400
Cash payments	–	(14,540,400)
Balance as at December 31, 2020	₱–	₱–

31. **Other Matter**

In 2020, the country experienced the novel coronavirus (COVID-19) pandemic crisis resulting in a slowdown in the Philippine economy because of mandated lockdowns all over the country. Management has assessed that the effect of the global pandemic did not have a significant impact on the Group's operations and financial performance as at and for the year ended December 31, 2020. It is not practicable to estimate the potential impact of the prevailing COVID-19 pandemic after the reporting date. The Philippine economic recovery is dependent on measures adopted by the government, such as implementing community quarantines, travel restrictions and any economic stimulus that may be provided. Management believes that the Group can continue as a going concern given its strong financial condition.

BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors
CROWN EQUITIES, INC. AND SUBSIDIARIES
5th Floor Crown Center
158 Jupiter cor. N. Garcia Sts.
Bel-Air Makati City

We have audited the accompanying consolidated financial statements of CROWN EQUITIES, INC. (the "Parent Company") AND SUBSIDIARIES as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, on which we have rendered our report dated March 18, 2021.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Parent Company has three hundred fifty-four (354) stockholders owning one hundred (100) or more shares each as at December 31, 2020 and 2019.

REYES TACANDONG & CO.

WILSON P. TEO
Partner
CPA Certificate No. 92765
Tax Identification No. 191-520-944-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 92765-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-014-2020
Valid until January 1, 2023
PTR No. 8534283
Issued January 5, 2021, Makati City

March 18, 2021
Makati City, Metro Manila

INDEPENDENT AUDITORS REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
CROWN EQUITIES, INC. AND SUBSIDIARIES
5th Floor Crown Center
158 Jupiter cor. N. Garcia Sts.
Bel-Air Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of CROWN EQUITIES, INC. AND SUBSIDIARIES (the "Group") as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, and have issued our report thereon dated March 18, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated 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 Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for 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 consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 and no material exceptions were noted.

REYES TACANDONG & CO.

WILSON P. TEO
Partner
CPA Certificate No. 92765
Tax Identification No. 191-520-944-000
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Valid until January 1, 2023
PTR No. 8534283
Issued January 5, 2021, Makati City

March 18, 2021
Makati City, Metro Manila

CROWN EQUITIES, INC. AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

Below is a schedule showing financial soundness indicators of the Group.

Ratio	Formula	**2020**	2019	2018
Current ratio				
	Current assets	**₱879,108,213**	₱846,681,443	₱990,544,058
	Divide by: Current liabilities	**149,702,254**	165,281,046	245,801,405
	Current Ratio	**5.87**	5.12	4.03
Acid test ratio				
	Current assets	**₱879,108,213**	₱846,681,443	₱990,544,058
	Less: Inventories	**132,235,440**	150,147,431	148,546,595
	Other current assets	**53,822,812**	51,934,528	52,209,024
	Quick assets	**693,049,961**	644,599,484	789,788,439
	Divide by: Current liabilities	**149,702,254**	165,281,046	245,801,405
	Acid Test Ratio	**4.63**	3.90	3.21
Solvency ratio				
	Income before tax	**₱40,576,014**	₱46,252,907	₱280,762,000
	Add: Depreciation and amortization	**13,004,736**	15,193,695	15,623,643
	Net income before depreciation and amortization	**53,580,750**	61,446,602	296,385,643
	Divide by: Total liabilities	**186,782,911**	193,150,009	273,364,834
	Solvency Ratio	**0.29**	0.32	1.08
Debt-to-equity ratio				
	Total liabilities	**₱186,782,911**	₱193,150,009	₱273,364,835
	Divide by: Total equity	**2,198,026,737**	2,162,707,502	2,137,143,806
	Debt-to-Equity Ratio	**0.09**	0.09	0.13
Asset-to-equity ratio				
	Total assets	**₱2,384,809,648**	₱2,355,857,511	₱2,410,508,640
	Divide by: Total equity	**2,198,026,737**	2,162,707,502	2,137,143,806
	Asset-to-Equity Ratio	**1.09**	1.09	1.13
Interest rate coverage ratio				
	Income before tax	**₱40,576,014**	₱46,252,907	₱280,762,000
	Add: interest expense	**–**	110,984	248,194
	Pretax income before interest	**40,576,014**	46,363,891	281,010,194
	Divide by: Interest expense	**–**	110,984	248,194
	Interest Rate Coverage Ratio	**n/a**	417.75	1,132.22

Ratio	Formula	**2020**	2019	2018
Return on equity				
	Net income attributable to equity holders of the Parent Company	**₱27,871,667**	₱15,940,808	₱269,669,964
	Equity:			
	Beginning of year	**2,162,707,502**	2,137,143,805	1,861,001,498
	End of year	**2,198,026,737**	2,162,707,502	2,137,143,806
		4,360,734,239	4,299,851,307	3,998,145,304
	Divide by	**2**	2	2
	Average equity	**2,180,367,120**	2,149,925,654	1,999,072,652
	Return on Equity	**1.28%**	0.74%	13.49%
Return on assets				
	Net income	**₱35,852,358**	₱33,287,499	₱285,143,692
	Total assets:			
	Beginning of year	**2,355,857,511**	2,410,508,640	2,112,762,244
	End of year	**2,384,809,648**	2,355,857,511	2,410,508,640
		4,740,667,159	4,766,366,151	4,523,270,884
	Divide by	**2**	2	2
	Average assets	**2,370,333,580**	2,383,183,076	2,261,635,442
	Return on Assets	**1.51%**	1.40%	12.61%
Net profit margin				
	Net income	**₱35,852,358**	₱33,287,499	₱285,143,692
	Revenue	**172,031,363**	228,999,250	231,178,426
	Net Profit Margin	**0.2008**	0.1454	1.2334

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August 29, 2019, valid until August 28, 2022

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
CROWN EQUITIES, INC. AND SUBSIDIARIES
5th Floor Crown Center
158 Jupiter cor. N. Garcia Sts.
Bel-Air Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of CROWN EQUITIES, INC. AND SUBSIDIARIES (the "Group") as at and for the year ended December 31, 2020 and have issued our report thereon dated March 18, 2021.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying Supplementary Schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2020
- Supplementary Schedules as Required by Part II of the Revised Securities Regulation Code Rule 68 as at December 31, 2020
- Conglomerate Map as at December 31, 2020

These schedules are presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. The information in these supplementary schedules have been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

WILSON P. TEO
Partner
CPA Certificate No. 92765
Tax Identification No. 191-520-944-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 92765-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-014-2020
Valid until January 1, 2023
PTR No. 8534283
Issued January 5, 2021, Makati City

March 18, 2021
Makati City, Metro Manila

CROWN EQUITIES, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION OF THE PARENT COMPANY

DECEMBER 31, 2020

Retained earnings, as adjusted to available for dividend declaration, at beginning of year	₱366,863,542
Net income during the year closed to retained earnings	25,004,077
Add (less):	
Unrealized loss on changes in fair value of investments in quoted shares	5,133,490
Movement in deferred tax assets	(1,904,071)
Movement in deferred tax liability	1,100,512
Total retained earnings available for dividend declaration at end of year	**396,197,550**
Less cumulative unrealized loss on changes in fair value of investments in quoted shares	(19,129,552)
Total retained earnings available for dividend declaration at end of year, after cumulative unrealized loss on changes in fair value	**₱377,067,998**

Reconciliation:	
Retained earnings at end of year as shown in the separate financial statements	₱389,354,317
Unrealized loss on changes in fair value of investments in quoted shares in prior year	13,996,062
Retained earnings, as adjusted to available for dividend declaration	403,350,379
Add (less):	
Deferred tax assets as at end of year	(13,475,312)
Unrealized loss on changes in fair value of investments in quoted shares	5,133,490
Deferred tax liability as at end of year	1,188,993
Total retained earnings available for dividend declaration at end of year	**396,197,550**
Less cumulative unrealized loss on changes in fair value of investments in quoted shares	(19,129,552)
Total retained earnings available for dividend declaration at end of year, after cumulative unrealized loss on changes in fair value	**₱377,067,998**

CROWN EQUITIES, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES AS REQUIRED BY PART II OF THE REVISED SRC RULE 68
DECEMBER 31, 2020

CROWN EQUITIES, INC. AND SUBSIDIARIES

Financial Assets
DECEMBER 31, 2020

Name of issuing entity & association of each issue	Number of shares or principal amount of bonds and notes	Amount shown on the balance sheet	Values based on market quotation at end of reporting period	Income received and accrued
Loans Receivables				
BLUE STOCKS DEVELOPMENT CORP.	25,0000,000	₽25,000,000	₽25,000,000	₽4,545,976
Fair Value Through Profit or Loss				
ABACORE CAPITAL	400,000	256,000	256,000	–
ABOITIZ POWER	25,000	663,750	663,750	29,500
ALL HOME	1,600	14,640	14,640	–
AMAZON.COM INC.	30	4,693,497	4,693,497	–
AREIT, INC.	40,000	1,174,000	1,174,000	37,200
ASIA UNITED BANK	9,000	404,100	404,100	18,000
BASIC ENERGY CORP	3,333	1,567	1,567	–
BELLE CORPORATION	75	128	128	–
BLOOMBERRY	7,000	56,770	56,770	1,750
BOULEVARD HLDGS	11,000,000	429,000	429,000	–
BYD COMPANY LIMITED(1211)	8,640	10,878,828	10,878,828	–
CACHE LOGISTICS TRUST	150,000	3,269,114	3,269,114	67,912
CAPITALAND MALL TRUST	45,600	3,577,718	3,577,718	–
CEMEX HOLDINGS PHILIPPINES, INC.	350,000	507,500	507,500	–
CENTURY PROPERTIES GROUP INC.	300,000	135,000	135,000	–
CHINA BANKING CORPORATION	17,972	448,401	448,401	17,972
COAL ASIA HOLDINGS, INC.	300,000	87,000	87,000	–
COSCO CAPITAL	27,000	152,550	152,550	3,240
CYBER BAY CORPORATION	1,200,000	396,000	396,000	–
D&L INDUSTRIES, INC.	11,000	84,700	84,700	–
DA VINCI	10,000	52,800	52,800	–
DMCI HOLDINGS, INC	350,000	1,981,000	1,981,000	168,000
DOUBLE DRAGON PROP. CORP. (PREFERRED)	23,200	2,380,320	2,380,320	112,714
EAGLE CEMENT	30,000	434,400	434,400	–
EASTWEST BANK	68,617	741,064	741,064	–
EASYCALL COMM.	20,000	137,200	137,200	–
EMPERADOR INC.	50,000	505,000	505,000	8,000
EMPIRE EAST LAND INC	400,000	126,000	126,000	–
EXPORT AND INDUSTRY BANL, INC	3,310,000	–	–	–

(Forward)

Name of issuing entity & association of each issue	Number of shares or principal amount of bonds and notes	Amount shown on the balance sheet	Values based on market quotation at end of reporting period	Income received and accrued
FRASERS COMMERCIAL TRUST	209,610	10,735,411	10,735,411	355,599
GLOBAL ESTATE	1,300,000	1,196,000	1,196,000	–
GLOBE TELECOM	10,800	21,924,000	21,924,000	1,333,692
GMA NET, INC.	367,000	2,202,000	2,202,000	–
HOLCIM PHILIPPINES, INC	147,500	1,069,375	1,069,375	–
HSBC HOLDINGS PLC	4,800	1,212,030	1,212,030	–
INTEGRATED MICRO	41,560	378,196	378,196	–
INVITAE CORPORATION	2,000	4,016,770	4,016,770	–
IP E–GAMES VENTURES, INC.	10,000,000	–	–	–
MACAY HOLDING INC.	4,000	35,440	35,440	–
MANILA ELECTRIC COMPANY	1,000	292,000	292,000	19,092
MANILA JOCKEY	15,720	36,313	36,313	–
MANILA MINING	11,808,988	118,090	118,090	–
MANILA WATER COMPANY, INC	890,000	14,222,200	14,222,200	–
MAPLETREE LOGISTICS TRUST	200,000	14,602,043	14,602,043	679,335
MAPLETREE NORTH ASIA COMM REIT UNT	100,000	3,523,379	3,523,379	–
METRO RETAIL GROUP INC	35,000	52,500	52,500	2,100
MUSCLE PHARM CORP	3,003	29,427	29,427	–
NATIONAL REINSURANCE CORP	1,310,000	877,700	877,700	–
NEXTGENESIS CORP	15,000	–	–	–
ORIENTAL PETROLEUM AND MINERAL "A"	117,021,003	1,521,273	1,521,273	58,511
ORIENTAL PETROLEUM AND MINERAL "B"	30,000,000	360,000	360,000	15,000
PACIFICA INC.	24,500	78,155	78,155	–
PETRON CORP.	200,000	798,000	798,000	19,000
PHIL. BUSINESS BANK	216,000	2,764,800	2,764,800	–
PHINMA ENERGY CORPORATION	100,000	900,000	900,000	–
PHINMA PETROLEUM & GEOTHERMAL, INC.	2,172	24,978	24,978	–
PILIPINAS SHELL PETROLEUM CORP.	500,000	10,325,000	10,325,000	–
PLATFORM SPECIALTY PRODUCTS	4,000	3,406,713	3,406,713	–
PLDT	15,510	20,783,400	20,783,400	1,272,770
PREMIUM LEISURE CORP	300,000	133,500	133,500	15,072
SAN MIGUEL CORP	1,000	128,100	128,100	1,050
SAN MIGUEL CORP PREFERRED 2G	13,100	992,980	992,980	48,481
SEMIRARA MINING	1,403,500	19,340,230	19,340,230	1,754,384
SFA SEMICON PHILIPPINES CORP	90,000	137,700	137,700	–

(Forward)

Name of issuing entity & association of each issue	Number of shares or principal amount of bonds and notes	Amount shown on the balance sheet	Values based on market quotation at end of reporting period	Income received and accrued
SHANG PROPERTIES INC	417,277	1,130,822	1,130,822	65,304
SINGAPORE TELECOMMUNICATIONS LTD.	45,000	3,775,827	3,775,827	–
SPC POWER CORP	10,000	98,200	98,200	4,000
SSI GROUP, INC.	140,000	208,600	208,600	–
SWIFT FOODS	300,000	38,400	38,400	–
TRANSPACIFIC BROADBAND GROUP INC.	700,000	234,500	234,500	–
UNION BANK OF THE PHILS	3,305	237,630	237,630	11,568
VULCAN INDUSTRIAL CORP	150,000	157,500	157,500	–
WESTPAC BANKING CORP	7,000	5,018,096	5,018,096	–
XURPAS, INC.	315,000	173,250	173,250	–
ZEUS HOLDINGS	1,350,000	248,400	248,400	–
		₱183,126,975	₱183,126,975	₱6,119,246

Fair Value Through Other Comprehensive Income				
Asian Alliance Holdings & Development Corp.	90,004,634	₱47,344,659	₱47,344,659	₱8,028,414

CROWN EQUITIES, INC. AND SUBSIDIARIES

Amounts Receivable from Related Parties which are Eliminated During the Consolidation of the Financial Statements DECEMBER 31, 2020

Name of and Designation of Debtor	Balance at Beginning of Year	Additions	Amounts collected	Amounts Written–off	Current	Noncurrent	Balance at End of Year
Healthcare Systems Asia Phils. Inc.	₱78,443,638	₱–	₱1,000,000	₱–	₱77,443,638	₱–	₱77,443,638
Allowance for Impairment	(25,079,084)	–	–	–	(25,079,084)	–	(25,079,084)
	₱53,364,554	₱–	₱–	₱–	₱52,364,554	₱–	₱52,364,554

SCHEDULE G

CROWN EQUITIES, INC. AND SUBSIDIARIES

Capital Stock
DECEMBER 31, 2020

				Deductions		
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related statement of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees*	Others
Common Stock	24,000,000,000	14,959,999,950	–	–	1,522,543,524	13,437,456,426

**includes indirectly held but beneficially owned shares*

CROWN EQUITIES, INC. AND SUBSIDIARIES

CONGLOMERATE MAP
DECEMBER 31, 2020