

C O V E R S H E E T

CONCEPCION INDUSTRIAL CORPORATION
(formerly Concepcion Airconditioning Corporation)
Company's Full Name

308 Sen. Gil J. Puyat Avenue
Makati City, Philippines
Company's Address: No./Street/City/Town/Province

(02) 8772 1819
Company's Telephone Number

31 December
Fiscal Year Ending
(Month & Day)

PRELIMINARY INFORMATION STATEMENT
SEC Form 20-IS
FORM TYPE

_____	_____
Cashier	LCU

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	<u>A1997-13456</u>
	SEC Reg. No.

	File No.
_____	_____
Central Receiving Unit	Document ID

NONE
EACH ACTIVE SECONDARY LICENSE TYPE AND FILE NUMBER
(State "NONE" if that is the case)

CONCEPCION INDUSTRIAL CORPORATION
(formerly Concepcion Airconditioning Corporation)

NOTICE OF THE ANNUAL STOCKHOLDERS' MEETING

TO: ALL STOCKHOLDERS

Notice is hereby given that **CONCEPCION INDUSTRIAL CORPORATION** (formerly Concepcion Airconditioning Corporation) (the "Corporation") will conduct its Annual Stockholders' Meeting virtually via Zoom on 15 July 2020 at 10:30 a.m., at which meeting the following matters shall be taken up:

1. Call to Order;
2. Certification of Existence of Quorum;
3. Approval of the Minutes of the Annual Meeting of the Stockholders held on 10 July 2019;
4. Report of the Chairman;
5. Approval of the Audited Financial Statements as of 31 December 2019;
6. Election of the members of the Board of Directors;
7. Appointment of External Auditor;
8. Ratification of Actions Taken by the Board of Directors and Officers;
9. Other Matters; and
10. Adjournment.

The record date for the determination of stockholders entitled to notice of, and to vote at, the said meeting is fixed at the close of business hours on 15 June 2020.

To ensure the health and wellbeing of our stockholders during this COVID-19 pandemic, stockholders may only attend the meeting by remote communication and/or vote *in absentia* or through the Chairman of the meeting as proxy. Stockholders who wish to participate by remote communication or vote *in absentia* or by proxy should notify the Corporate Secretary by email to **cic.secretary@romulo.com** on or before 3 July 2020.

All stockholders who wish to vote through a proxy or *in absentia* shall submit the duly signed proxies or ballots, as the case may be, to the Office of the Corporate Secretary at the 21st Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City and/or by email to **cic.secretary@romulo.com** not later than 3 July 2020. The proxies and ballots submitted shall be validated on 10 July 2020 at 2:00 p.m. We are not soliciting proxies.

The procedures for attending the meeting via remote communication and for casting votes *in absentia* are explained further in Annex "D" of the Information Statement. Further, the meeting shall be recorded in audio and video format and copies thereof shall be retained by the Corporation.

JAYSON L. FERNANDEZ
Corporate Secretary

AGENDA DETAILS AND RATIONALE

1. Call to Order

The Chairman of the board of directors (the "Board"), Raul Joseph A. Concepcion, will formally open the meeting at approximately 10:30 a.m.

2. Certification of Existence of Quorum

The Corporate Secretary, Atty. Jayson L. Fernandez, will certify that stockholders of record as of 15 June 2020 were notified of the meeting by way of publication in two newspapers of general circulation for two consecutive days, and the Information Statement and Management Report, and the 2019 Annual Report were posted on the Corporation's website, in accordance with the Securities and Exchange Commission ("SEC") Notice on Alternative Mode of Distributing and Providing Copies of the Notice of Meeting, Information Statement, and Other Documents in Connection with the Holding of Annual Stockholders' Meeting for 2020, dated 20 April 2020. The Corporate Secretary will also certify, based on the number of stockholders attending through remote communication and/or who voted *in absentia* or are represented by proxy at the meeting, whether a quorum exists for the valid transaction of business.

Further to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, the Corporation has set up an online and web meeting room which may be accessed by the stockholders to attend the meeting. A stockholder who participates by way of remote communication and votes *in absentia* or through a proxy, as provided herein, shall be deemed present for purposes of quorum.

The following are the rules and procedures for the conduct of the meeting:

- a. Stockholders may attend the meeting remotely *via* Zoom Meeting (<https://zoom.us/join>). The information necessary to attend the meeting, including the Zoom meeting ID and password, shall be sent via email to all shareholders who are able to register as required herein.
- b. Stockholders must notify the Corporate Secretary by email to **cic.secretary@romulo.com** of their intention to attend the meeting by remote communication to be included in determining quorum, together with the stockholders who intend to vote *in absentia* and by proxy.
- c. Registration to attend the meeting by remote communication and/or to vote *in absentia* and by proxy shall be open from 29 June 2020 to 3 July 2020. For purposes of validation, upon registration, stockholders must provide the following information and upload the documents listed below (the file size should be no larger than 5MB):
 - i. For Individual Stockholders:
 - a. Email Address
 - b. First and Last Name
 - c. Address
 - d. A valid and active Mobile / Phone Number
 - e. A scanned copy of the stockholder's valid government-issued ID with picture and signature
 - f. Additional requirement for Stockholders with joint accounts: A scanned copy of an authorization letter signed by all joint stockholders, identifying who among them is authorized to cast the vote for the account
 - ii. For Corporate Stockholders:
 - a. Email Address of the representative of the corporate stockholder
 - b. First and Last Name of the representative of the corporate stockholder
 - c. Address of the corporate stockholder
 - d. A valid and active Mobile / Phone Number of the representative of the corporate stockholder
 - e. A scanned copy of a valid government-issued ID of the representative of the corporate stockholder authorized to cast the vote for and on behalf of the corporate stockholder ("Authorized Vote") with photograph
 - f. A scanned copy of the certification duly signed by the corporate secretary of the corporate stockholder attesting to the authority of the representative to vote for and on behalf of the corporate stockholder
 - iii. For stockholders under Broker Accounts (PCD Nominee)

Individual beneficial owner

 - a. Email Address
 - b. First and Last Name
 - c. Address
 - d. A valid and active Mobile / Phone Number
 - e. A scanned copy of a valid government-issued ID of the individual beneficial owner with photograph

- f. A scanned copy of the broker's certification on the individual beneficial owner's name, account number and shareholdings as of record date (15 June 2020)

Corporate beneficial owner

- a. A scanned copy of the broker's certification on the corporate beneficial owner's name, account number and shareholdings as of record date (15 June 2020)
 - b. A scanned copy of the certification duly signed by the corporate secretary of the corporate beneficial owner attesting to the authority of the representative to vote for and on behalf of the corporate beneficial owner
 - c. A scanned copy of a valid government-issued ID of the representative of the corporate beneficial owner with photograph
- d. Stockholders may cast their votes on any item in the agenda for approval through the following modes on or before 3 July 2020:
- i. By sending their duly signed proxies appointing the Chairman of the meeting to the Corporate Secretary, together with the information and documents mentioned under item (c); or
 - ii. By voting *in absentia* through sending their duly signed ballots to the Corporate Secretary, subject to the validation procedure mentioned in item (c).
- e. Other Matters that are proposed to be included in the agenda by qualified minority shareholders as provided in SEC Memorandum Circular No. 14, Series of 2020, must be submitted to the Corporate Secretary by email to **cic.secretary@romulo.com** not later than 3 July 2020. All stockholders who have validly registered to participate in the meeting by remote communication or vote *in absentia* or through a proxy will receive an email from the Corporate Secretary informing them of the Other Matter(s) for approval by the qualified minority shareholder(s), should such matter(s) require the vote of the shareholders. Stockholders must send their votes (Yes, No, or Abstain) to the Corporate Secretary by email at to **cic.secretary@romulo.com** no later than 8 July 2020.
- f. Stockholders may send their questions or comments on the items in the Agenda prior to or during the meeting by e-mail at **investorrelations@cic.ph**. The Corporation will endeavor to answer the questions submitted either during the course of the meeting or separately through the Corporation's Investor Relations Office within a reasonable period after the meeting.
- g. Each Agenda item will be shown on the screen during the live streaming as the same is taken up at the meeting.
- h. All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting.
- i. Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.
- j. The Corporate Secretary and a committee organized by the Board will tabulate all votes received and an independent third party will validate the results.
- k. The meeting proceedings shall be recorded in audio and video format and copies thereof shall be retained by the Corporation.

3. Approval of the Minutes of the Annual Meeting of the Stockholders held on 10 July 2019

The minutes of the meeting held on 10 July 2019 are available at the Corporation's website, <https://www.cic.ph/>. Copies of the minutes will also be made available to the stockholders along with the Information Statement.

4. Report of the Chairman

The Report summarizes significant business transactions undertaken by management and achievements for the fiscal year 2019.

5. Approval of the Audited Financial Statements

The Corporation's Audited Financial Statements, highlights of which are explained in the Chairman's Report and in the Information Statement, will be presented to the stockholders for approval. Copies of the 2019 Audited Financial Statements, previously approved by the Board, were also submitted to the Securities and Exchange Commission and the Bureau of Internal Revenue.

6. Election of the members of the Board of Directors

Copies of the *curriculum vitae* and profiles of the candidates to the Board, including the nominees for Independent Directors, received and screened by the Corporate Governance and Nominations Committee of the Board are provided

in the Information Statement for the examination of the stockholders. For this year, the candidates to the Board are the following:

- i. Raul Joseph A. Concepcion
- ii. Renna C. Hechanova-Angeles
- iii. Raul Anthony A. Concepcion
- iv. Jose Ma. A. Concepcion III
- v. Ma. Victoria Heminia C. Young
- vi. Raissa C. Hechanova-Posadas
- vii. Cesar A. Buenaventura (Independent Director)
- viii. Alfredo E. Pascual (Independent Director)

7. Appointment of External Auditor

The Audit and Risk Oversight Committee of the Board will endorse to the stockholders the election of Isla Lipana & Co. as the Corporation's auditor for year 2020-2021 as well as its proposed remuneration. The external auditor conducts an independent verification of the Corporation's financial statements and provides an objective assurance on the accuracy of its financial statements.

The profile of Isla Lipana & Co. is provided in the Information Statement.

8. Ratification of Actions Taken by the Board of Directors and Officers

The acts and resolutions of the Board are reflected in the minutes of meetings, and the material aspects of which are disclosed to the SEC and the Philippine Stock Exchange ("PSE") and posted on the company website, <https://www.cic.ph/>. These acts are crucial to the successful and effective performance of the Corporation.

The stockholders will be requested to ratify all acts of the Board and Management since the last annual stockholders' meeting on 10 July 2019.

9. Other Matters

The Chairman will open the floor for comments and questions by the stockholders. Stockholders may raise other matters or issues that may be properly taken up at the meeting.

10. Adjournment

After all business has been considered and resolved, the Chairman will declare the meeting adjourned.

PROXY

The undersigned stockholder of **CONCEPCION INDUSTRIAL CORPORATION** (the "Corporation") hereby appoints the Chairman of the meeting as *attorney-in-fact* to represent and vote all shares registered in its/his/her name at the annual stockholders' meeting of the Corporation on 15 July 2020 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of the Minutes of the Annual Meeting of the Stockholders held on 10 July 2019

For Against Abstain

2. Approval of the Report of the Chairman

For Against Abstain

3. Approval of the Audited Financial Statements as of 31 December 2019

For Against Abstain

4. Election of the members of the Board of Directors

	Yes	No	Abstain
Raul Joseph A. Concepcion			
Renna C. Hechanova-Angeles			
Raul Anthony A. Concepcion			
Jose Ma. A. Concepcion III			
Ma. Victoria Heminia C. Young			
Raissa C. Hechanova-Posadas			
Cesar A. Buenaventura (Independent Director)			
Alfredo E. Pascual (Independent Director)			

5. Appointment of External Auditor

For Against Abstain

6. Ratification of Actions taken by the Board of Directors and Officers

For Against Abstain

7. The proxy named above is authorized to vote upon such other matters as may properly come before the meeting

For Against Abstain

Printed Name of Stockholder and Signature: _____ **Date:** _____

THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE 3 JULY 2020 AT 5:00 P.M. FOR CORPORATE STOCKHOLDERS, PLEASE ATTACH TO THIS PROXY FORM THE SECRETARY'S CERTIFICATE ON THE AUTHORITY OF THE SIGNATORY TO APPOINT THE PROXY AND SIGN THIS FORM.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED.

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

Preliminary Information Statement

Definitive Information Statement

2. Name of Registrant as specified in its charter: **CONCEPCION INDUSTRIAL CORPORATION**
(formerly Concepcion Airconditioning Corporation, the "Corporation")

3. **METRO MANILA, PHILIPPINES**
Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: **A1997-13456**

5. BIR Tax Identification Code: **005-029-401-000**

6. **308 Sen. Gil J. Puyat Avenue, Makati City, Philippines** **1209**
Address of principal office Postal Code

7. Registrant's telephone number, including area code: **(02) 772 1819**

8. Date, time and place of the meeting of security holders:

Date: 15 July 2020

Time: 10:30am

Place: Virtually via Zoom

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **24 June 2020**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of share and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Shares	407,263,891

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

Yes No

Is yes, disclose the name of such Stock Exchange and the class of securities listed therein;

The common shares of the Corporation are listed on The Philippine Stock Exchange, Inc.

**THE MANAGEMENT IS NOT SOLICITING PROXIES FOR
THIS STOCKHOLDERS' MEETING.
PLEASE DO NOT SEND THE MANAGEMENT YOUR PROXY.**

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

The Annual Stockholders' Meeting of Concepcion Industrial Corporation (formerly Concepcion Airconditioning Corporation) (the "Corporation" or the "Company") will be held virtually via Zoom on 15 July 2020 at 10:30 a.m.

The complete mailing address of the Company is 308 Sen. Gil J. Puyat Avenue, Makati City, Philippines.

The approximate date on which copies of the information statement are first to be sent or given to security holders is 24 June 2020.

Item 2. Dissenters' Right of Appraisal

Shareholders of the Company shall have an appraisal right, or the right to dissent and demand payment of the fair value of their shares, in the manner provided for under Section 80 of the Revised Corporation Code of the Philippines, under any of the following circumstances:

- In case of any amendment to the Articles of Incorporation, which has the effect of changing or restricting the rights of shareholders or any class of shares, or the authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of the Company's corporate existence;
- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the Company's assets as provided under the Revised Corporation Code;
- In case of merger or consolidation of the Company with another corporation; and
- In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares: Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or affected, the Company shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one (1) of whom shall be named by the stockholder, another by the Company, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made; provided, that no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment; and provided, further, that upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

There are no matters or proposed corporate actions included in the agenda for the Annual Stockholders' Meeting, which may give rise to a possible exercise by shareholders of their appraisal rights.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No current director or officer of the Corporation or nominee for election or director of the Corporation, nor any associate of such persons, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office.

No director has informed the Company in writing that he/she intends to oppose any action to be taken by the Company at the Annual Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) Pursuant to a resolution of the Board of Directors at a regular meeting held on 13 May 2020 all stockholders at the close of business hours on 15 June 2020 shall be entitled to notice and to vote at the Annual Stockholders' Meeting scheduled on 15 July 2020. The stockholders will vote on matters scheduled to be taken up at the Annual Stockholders' Meeting with each share being entitled to cast one (1) vote.
- (b) For the election of directors, stockholders entitled to vote may vote such number of shares for as many persons as there are directors to be elected, or may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of their shares shall equal or may distribute them on the same principle among as many candidates as they shall see fit.
- (c) Pursuant to Article II, Section 7 of the Corporation's By-Laws, a stockholder may vote in person or by proxy.
- (d) Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

Owners of record of more than 5% of the Company's voting securities as of 30 April 2020 were as follows:

Title of Class	Name and Address of Record / Beneficial Owner and	Relationship with Issuer	Citizenship	Number of Shares Held	% to Total
Common	Foresight Realty & Development Corporation (Formerly Concepcion Holdings, Inc.) Sen. Gil Puyat Ave. Extension, Makati City	Stockholder	Filipino	92,580,290 ¹	22.95%
Common	Horizons Realty, Inc. Pioneer cor. Sheridan St., Mandaluyong City	Stockholder	Filipino	85,545,036 ²	21.22%
Common	Hy-Land Realty and Development Corporation 308 Sen. Gil J. Puyat Ave., Makati City	Stockholder	Filipino	89,387,797 ³	22.17%

The following are the representatives and authorized to cast votes for the three major shareholders to the Annual Stockholders' Meeting: Raul Joseph A. Concepcion (Foresight Realty & Development Corporation), Jose Ma. A. Concepcion (Horizons Realty Inc.), and Renna C. Hechanova-Angeles (Hy-Land Realty and Development Corporation).

Security Ownership of Directors and Management

The following are the number of shares of the Company's capital stock (all of which are voting shares) owned by the directors and executive officers of the Company as of 30 April 2020:

Title of Class	Name of Beneficial Owner	Position	Citizenship	Number of Shares	Nature of Ownership	% of Class
Common	Raul Joseph A. Concepcion	Chairman/CEO	Filipino	738,470	Direct & Indirect	0.2%
Common	Renna C. Hechanova-Angeles	Vice Chairman/Treasurer	Filipino	3,107,816	Direct	0.8%
Common	Raul Anthony A. Concepcion	Director	Filipino	2,185,952	Direct & Indirect	0.5%
Common	Ma. Victoria Herminia C. Young	Director	Filipino	1,149,073	Direct & Indirect	0.3%
Common	Jose Ma. A. Concepcion	Director	Filipino	114,056	Direct & Indirect	0%
Common	Raissa C. Hechanova-Posadas	Director	Filipino	2,641,630	Direct	0.7%

¹ Including two (2) common shares held by its nominees.

² Including two (2) common shares held by its nominees.

³ Including two (2) common shares held by its nominees.

Common	Alfredo E. Pascual	Director	Filipino	100	Direct	0%
Common	Cesar A. Buenaventura	Director	Filipino	3	Direct	0%
Common	Rafael C. Hechanova, Jr.	EVP for Business Development	Filipino	3,832,014	Direct & Indirect	0.9%
Common	Ma. Victoria A. Betita	Chief Finance Officer	Filipino	33,000	Direct	0%
Common	Rajan Komarasu	Director, Business Solutions Group, CCAC	Filipino	46,800	Direct	0%
Common	Harold T. Pernikar	Director, Consumer Solutions Group, CCAC	Filipino	1,560	Direct	0%
Common	Alexander Villanueva	Director, Manufacturing and Supply Chain Management, CCAC	Filipino	12,000	Direct	0%

(e) Voting Trust Holders of 5% or more

There are no voting trusts or similar agreements covering the shares of stocks of the Corporation.

(f) Changes in Control of the Registrant since beginning of last Fiscal Year

The Corporation is not aware of any transactions, which may have resulted in a change of control in the Corporation since the beginning of the last fiscal year.

Item 5. **Directors and Executive Officers**

The members of the Board of Directors and executive officers of the Corporation are:

Name and Position	Age	Citizenship	Term of Office as a Director / Officer[1]	Period Served As A Director / Officer	Directorship Held In Other Philippine Companies
Raul Joseph A. Concepcion Chairman and President	58	Filipino	1 year	Director and Officer since 1997	Foresight Realty and Development Corporation, Concepcion Durables, Inc., Concepcion Midea, Inc., Concepcion Otis Philippines, Inc. Cortex Technologies, Inc., Alstra, Inc.
Renna C. Hechanova-Angeles Vice-chairman and Treasurer	65	Filipino	1 year	Director and Officer since 1997	Hy-land Realty and Development Corporation, Concepcion Durables, Inc.
Raul Anthony A. Concepcion Director	50	Filipino	1 year	Since 5 July 2013	Foresight Realty and Development Corporation, Concepcion Durables, Inc.
Jose Ma. A. Concepcion III Director	62	Filipino	1 year	Since 5 July 2013	Horizons Realty, Inc. RFM Corporation

Ma. Victoria Herminia C. Young	61	Filipino	1 year	Since 5 July 2013	Horizons Realty, Inc., RFM Corporation Concepcion Durables, Inc.
Director					
Raissa C. Hechanova-Posadas	60	Filipino	1 year	Since 5 July 2013	Hy-land Realty and Development Corporation
Director					
Cesar A. Buenaventura	91	Filipino	1 year	Since 27 November 2013	DMCI Holdings, ICTSI, SEMIRARA AG&P Company of Manila and Montecito Properties
Independent Director					
Alfredo E. Pascual	71	Filipino	1 year	Since 27 November 2013	Frontier Oil, Inc.
Independent Director					
Rafael C. Hechanova, Jr.	61	Filipino	1 year	Since 30 December 1997	Hy-land Realty and Development Corporation Concepcion Durables, Inc., Concepcion Midea, Inc. Cortex Technologies Corp.
Executive Vice President, Business Development					
Maria Victoria A. Betita	53	Filipino	1 year	Since 14 November 2011	Concepcion Durables, Inc., Concepcion Midea, Inc., Cortex Technologies Corp.
Chief Finance Officer					
Rajan Komarasu	54	Singaporean	1 year	Since 11 March 2013	Alstra, Inc. Concepcion Otis Philippines, Inc.
Director, Business & Industrial Solutions Group					
Harold T. Pernikar	43	American	1 year	Since 18 February 2013	Concepcion Durables, Inc.
Director, Consumer Sales Group					
Phillip F. Trapaga	55	Filipino	1 year	Since 15 July 2013	None
General Manager, Concepcion Midea					
Alexander T. Villanueva	47	Filipino	1 year	Since 15 May 2006	None
Director and General Manager, Manufacturing and Supply Chain Management					
Shaun Byrne	46	Australian	1 year	Since 2 January 2015	Cortex Technologies Corp.
President, Cortex Technologies Corp.					
Mary Grace Z. Velasco	41	Filipino	1 year	Since 22 September 2013	Pepper Broers Inc.,AOM.
Vice President, Investor Relations and Corporate Planning					

Michael Eric I. Sarmiento	50	Filipino	1 year	8 March 2020	Concepcion Business Services, Inc.
President and COO, Concepcion Business Services, Inc.					
Richard L. Parcia	44	Filipino	1 year	15 October 2018	None
Chief Information Officer					
Omar C. Taccad	51	Filipino	1 year	9 July 2018	None
Chief Compliance Officer and Vice President for Legal, Governance and Compliance					
Jayson L. Fernandez	50	Filipino	1 year	Since 18 July 2013	Cortex Technologies Corp.
Corporate Secretary					
Maria Tara A. Mercado	34	Filipino	1 year	Since 7 June 2017	None
Assistant Corporate Secretary					

The information on the business experience of the members of the Board of Directors and the Executive Officers of the Corporation is found in Annex "A" hereof.

The following are the members of the committees of the Board of Directors:

Executive Committee

Raul Joseph A. Concepcion (Chairman)
Renna C. Hechanova-Angeles
Raul Anthony A. Concepcion

Audit and Risk Oversight Committee

Alfredo E. Pascual. (Chairman)
Cesar A. Buenaventura
Raissa C. Hechanova-Posadas
Ma. Victoria Herminia C. Young

Compensation and Remuneration Committee

Cesar A. Buenaventura (Chairman)
Jose Ma. A. Concepcion III
Alfredo E. Pascual

Corporate Governance and Nominations Committee

Cesar A. Buenaventura (Chairman)
Alfredo E. Pascual
Raul Joseph A. Concepcion
Renna C. Hechanova-Angeles

(a) Directors, Independent Directors, and Executive Officers

Directors

The incumbent directors have been nominated to be elected as members of the Board of Directors of the Company for the ensuing year, and all have accepted such nominations. The Corporate Governance and Nominations Committee processed and evaluated the nominations of the incumbent directors in accordance with guidelines as required by law, regulations, and the Company's Manual of Corporate Governance and By-Laws. The Committee unanimously resolved that all of the incumbent directors are qualified for re-election.

To the knowledge and information of the Corporation, none of the above members of the Board of Directors and executive officers of the Corporation currently work with any agency of the Government whether as an appointee or employee thereof.

The members of the Board of Directors do not have any material pending proceedings to the Corporation or any of its subsidiaries.

Independent Directors

The independent directors of the Company are as follows:

- 1) Cesar A. Buenaventura
- 2) Alfredo E. Pascual

The Company's Corporate Governance and Nominations Committee evaluated and reviewed each nominee-director's qualifications based on the guidelines for Independent Directors spelled out in Section 38 of the Securities Regulation Code ("SRC"), all rules and regulations issued by the Securities and Exchange Commission ("SEC" or "Commission") to implement the SRC, and the Company's Manual on Corporate Governance, and unanimously resolved that said nominees are qualified and meet the requirements for election.

Mr. Buenaventura has been elected as independent director since 2013 while Mr. Pascual has been elected as independent director since 2019. The election of both are in compliance with SEC Memorandum Circular No. 9, series of 2011, as amended by SEC Memorandum Circular No. 4-2017, on term limits of independent directors.

The name of the person who recommended the nomination of the foregoing candidates for independent directors is Foresight Realty & Development represented by its President, Mrs. Carmencita A. Concepcion ("Mrs. Concepcion"). None of the candidates for independent directors of the Corporation are related to Foresight Realty & Development Corporation and Mrs. Concepcion whether by affinity or consanguinity up to the fourth civil degree.

(b) Significant Employees

The Company values its human resources and considers the entire manpower force as significant employees.

(c) Family Relationships

Raul Joseph A. Concepcion and Raul Anthony A. Concepcion are brothers. Renna C. Hechanova-Angeles, Rafael C. Hechanova, Jr., and Raissa C. Hechanova-Posadas are siblings. Jose Ma. A. Concepcion III and Ma. Victoria Herminia C. Young are likewise siblings. The foregoing groups of siblings are also first cousins. The president of Foresight Realty & Development is the mother of Raul Joseph A. Concepcion and Raul Anthony A. Concepcion.

(d) Involvement in Certain Legal Proceedings

The above named directors and executive officers have not been involved in any material legal proceedings involving bankruptcy petitions, criminal convictions, court orders and judgments, including violations of securities regulations during the past five (5) years and until the date of this report.

(e) Certain Relationships and Related Transactions

In the normal course of business, the Company transacts with related parties. The following are the balances and significant transactions with these entities as at and for the years ended December 31:

	2019		2018		2017	
	Transactions	Outstanding receivable (payable)	Transactions	Outstanding receivable (payable)	Transactions	Outstanding receivable (payable)
Shareholders						
Rent and utilities	52,292	(3)	56,265	(1,110)	48,830	-
Lease of warehouse	53,364	-	45,082	-	43,116	-
Dividend declaration	486,606	-	487,056	-	338,233	-
Advances from shareholders	-	(1,157)	-	(1,748)	-	(2,510)
Associate						
Administrative services	19,115	1,593	17,878	4,470	9,031	1,631
Transfer of employees	706	(8,578)	1,962	(7,740)	1,553	(6,783)
Transfer of employees	1	1,781	2,071	2,071	-	-
Purchase of goods, net of return	223	(20)	787	(20)	13,846	(3,410)
Sale of goods	232	2,558	17,592	20,674	3,083	3,083
Product loan	-	-	-	(40)	-	(42)
Advances to associate	83,039	44,647	12,294	10,068	2,062	220
Advances from associate	2,653	(210)	265	(1,061)	880	(569)
Entities under common control						
Rent and utilities	34,372	1	32,494	(2,707)	36,280	-

	2019		2018		2017	
	Transactions	Outstanding receivable (payable)	Transactions	Outstanding receivable (payable)	Transactions	Outstanding receivable (payable)
Entities with common shareholders						
Sale of goods	24	-	-	-	7,880	4,389
Commission income	32,895	27,419	25,728	10,567	8,058	4,900
Reimbursements	-	-	795	4	-	-
Dividend declaration	895,560	-	431,700	-	314,450	-
Purchases, net purchase returns	2,511,901	(318,022)	1,531,012	(376,333)	2,047,663	(442,216)
Collections (Payments) in behalf of a related party	54,260	(2,105)	54,260	(4,330)	74	(4,385)
Royalty/Technical fee	56,160	(8,049)	51,448	(4,835)	58,499	(10,544)
Key management personnel						
Short-term						
Directors fees	3,943	3,943	18,558	(18,558)	19,515	(19,515)
Salaries and wages	459,369	(105,307)	523,563	(100,499)	397,684	(160,040)
Long-term						
Retirement benefit	13,462	(61,662)	9,863	(101,998)	10,253	(92,068)
Retirement plan						
Contributions to the retirement fund						
	329	-	-	-	4,335	-
Claims from the retirement fund	29,508	-	21,774	-	3,996	-

(f) Resignation of Directors

No director has resigned nor declined to stand for reelection because of a disagreement with the Corporation.

No director has informed the Corporation in writing that he/she intends to oppose any action to be taken by the Corporation at the Annual Stockholder's Meeting.

Item 6. **Compensation of Directors/Executive Officers**

The following are the Company's CEO and four most highly compensated executive officers for the year ended 31 December 2019:

<u>Name</u>	<u>Position</u>
Raul Joseph A. Concepcion	Chief Executive Officer
Raul Anthony A. Concepcion	President, CDI
Renna C. Hechanova-Angeles	Vice Chairman of CIC
Rajan Komarasu	President, Alstra Group, CIC (CCAC and COPI)
Ma. Victoria A. Betita	Chief Finance Officer, CIC and CCAC

The following table identifies and summarizes the aggregate compensation of the Company's CEO and the four most highly compensated executive officers of the Company in 2017, 2018, 2019 and 2020 (forecast):

	<u>Year</u>	<u>Total⁽¹⁾</u>
		(Amounts are in millions)
CEO and the most highly compensated officers named above		
.....	2017	148.3
	2018	162.6
	2019	149.1
	2020 (est.)	128.1
Aggregate compensation paid to all officers and Directors as a group unnamed		
.....	2017	228.0
	2018	268.3
	2019	254.4

Note:

⁽¹⁾ includes salary, bonuses and other income.

Standard Arrangements

Other than payment of reasonable per diem as may be determined by the Board of Directors for every meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, or were compensated, directly or indirectly, for any services provided as a director and for their committee participation or special assignments for 2010 up to the present.

Other Arrangements

There are no other standard arrangements pursuant to which any director of the Company was compensated, or to be compensated, directly or indirectly, during 2018 for any service provided as a director.

Employment Contracts

As of the date of this Report, the Company has no special employment contracts with the named executive officers.

Warrants and Options Outstanding

The Company has no outstanding stock warrants or stock options.

Item 7. Independent Public Accountants

Isla Lipana & Co. was the Company's external auditor for calendar year 2019. Representatives thereof are expected to be present at the Annual Stockholders' Meeting, and they will have the opportunity to make a statement if they so desire and respond to appropriate questions. The engagement of the Company's external auditor is in compliance with paragraph (3)(b)(iv) of the Securities Regulation Code - Rule 68, as amended, which requires independent auditors or in case of an audit firm, the signing partner, to be rotated after every five years of engagement, with a two year cooling-off period to be observed in the re-engagement of the signing partner or independent auditor.

The approval of the appointment of Isla Lipana & Co. as the Company's external auditor for the current year will be among the matters to be acted upon during the Annual Stockholders' Meeting.

Changes and Disagreements with Accountant on Accounting and Financial Disclosures

There were no changes nor disagreements with accountants on accounting and financial disclosures.

External Audit Fees and Services

The aggregate fees billed in 2019 for each of the professional services rendered by the Group's external auditors are summarized as follows:

NATURE OF AUDIT	FIRM	CIC	CCAC	CDI	COP I	CMI P	CBS I	CT C	TEK O	ALSTR A	TENE X	TOTA L
December 31, 2019 External Audit	PWC	730	900	760	720	470	470	200	50	10	20	4,330
Impairment of Goodwill	P&A	400	-	-	-	-	-	-	-	-	-	400
Purchase Price Allocation Valuation	P&A	400	-	-	-	-	-	-	-	-	-	400
Tax Consultancy	SGV	360	1,000	-	1,526	-	-	-	-	-	-	2,886
	ROMULO	-	-	508	-	-	-	-	-	-	-	508
	VACO	-	-	115	-	-	-	-	-	-	-	115
	IGD	-	-	-	-	556	852	-	-	-	-	1,408
Actuarial Valuation Report	EMZ	13	47	25	25	17	23	17	-	-	-	167
		1,90		1,40	2,27	1,04	1,34					
TOTAL		3	1,947	8	1	3	5	217	50	10	20	10,214

Audit Committee's Approval Policies and Procedures for the Above Services

The Company's Audit and Risk Oversight Committee ("Audit Committee") chaired by Independent Director Alfredo Pascual reviews the eligibility of the incumbent external auditor for retention, considering certain criteria, during the third quarter of each year. Failing so, the Audit Committee then follows the selection process.

Before the start of each year's audit, the external auditor presents to the Audit Committee for approval its proposed audit plan, describing the areas of focus for the audit, as well as any new accounting standards, laws and new regulatory rules that need to be taken into account in the course of the audit. The audit schedule is also presented. The audit fees are agreed with the external auditor by management. When the audit is completed and before the Board of Directors' meeting in March of the following year, the external auditor presents the audited financial statements and accompanying notes to the Board of Directors for notation in its March meeting, in time for tax filing in April.

Item 8. Compensation Plans

There are no actions to be taken up in the meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

There is no stockholders' action to be taken with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the Company.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up in the meeting with respect to the modification or exchange of securities.

Item 11. Financial and Other Information

The audited financial statements as of 31 December 2019 and other data related to the Company's financial information are attached hereto as Annex "C".

For the Management's Discussion and Analysis and Changes in and Disagreements with Accountants on Accounting and Financial Disclosure, please refer to the Management Report attached as Annex "B" hereof.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There is no stockholders' action to be taken with regard to the following: (a) the merger or consolidation of the Corporation into or with any other person or of any other person into or with the Corporation; (b) the acquisition by the Corporation or any of its security holders of securities of another person; (c) the acquisition by the Corporation of any other going business or of the assets thereof; (d) the sale or other transfer of all or any substantial part of the assets of the Corporation; and (d) the liquidation or dissolution of the Corporation.

Item 13. Acquisition or Disposition of Property

There are no matters or actions to be taken up in the meeting relating to acquisition or disposition of property.

Item 14. Restatement of Accounts

There are no matters or actions to be taken up in the meeting relating to restatement of accounts.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

(a) Financial Statements and Management Report

The management shall report on the significant business transactions undertaken by management and achievements for the fiscal year 2019. Attached is the Management Report and the Audited Financial Statements for the period ending 31 December 2019, which is Annex "C" hereof.

The Board of Directors recommends that shareholders note and approve the Management Report together with the financial statements for the period ending 31 December 2019.

(b) Ratification of All Acts, Contracts, Investments and Resolutions of the Board of Directors and Management since the last annual stockholders' meeting up to the Date of the Annual Stockholders' Meeting

As a matter of corporate policy, the management of the Corporation seeks the approval and ratification by the stockholders of all acts, contracts, investments and resolutions of the Board of Directors and management since 10 July 2019, as follows: (1) election of the officers of the Corporation, (2) appointment of the members of the Corporation's committees, (3) allocation of investment fund for opportunities in innovation; (4) 2019 Share Buy-Back Program; (5) creation of Corporate Governance & Nominations Committee and Audit and Risk Oversight Committee to replace the Nominations Committee and the Corporate Governance and Audit Committee; (6) Board of Directors to hold meetings at least six (6) times a year;; (7) appointment of Lead Independent Director, Chief Compliance Officer, Chief Audit Executive and Chief Risk Officer; (8) approval of Revised Policy on Related Party Transactions; (9) establishment of emergency cash fund for urgent requirements during the quarantine period; (10) establishment of up to P300M share buy back fund; (11) deferral of cash dividends during the enhanced quarantine period; (12) donation of funds to Project Ugnayan to assist urban poor households who are vulnerable due to Covid-19 community quarantine measures; (13) ratification of Audit and Risk Oversight Committee's approval of the Corporation's audited financial statements as of 31 December 2019; (14) setting of Annual Stockholder's Meeting on 15 July 2020; (15) authorizing the holding of the 2020 Annual Stockholders Meeting virtually and the attendance and voting shall be exercised in person or through a proxy by way of remote communication or in absentia; and (16) declaration of cash dividends.

These are reflected in the minutes of the meetings of the Board of Directors, in the regular reports and disclosures to the SEC and to the PSE, and in Annexes "B" and "C" hereof.

Item 16. Matters Not required to be Submitted

All matters or actions that will require the vote of the security holders will be submitted at the meeting.

Item 17. Amendment of Charter, By-laws or Other Documents

There are no matters or actions to be taken up in the meeting with respect to the amendment of the Corporation's Articles of Incorporation, By-laws, and other documents.

Item 18. Other Proposed Actions

(a) Approval of the Minutes of the Annual Meeting of the Stockholders held on 10 July 2019

The Minutes of the Stockholders' Meeting of the Corporation held on 10 July 2019 (the "Minutes") will be presented for approval of the Stockholders in the Annual Stockholders' Meeting. Such action on the part of the Stockholders will not constitute approval or disapproval of the matters referred to in said Minutes since Stockholder approval and action on those items had already been obtained in such meeting.

The Minutes and related records are available for inspection by any Stockholder at any reasonable hour during business days. In addition, copies of the Minutes will be available for review by the Stockholders present in the Annual Stockholders' Meeting.

(b) Election of Directors

The regular and independent members of the Board of Directors are elected at the Annual Stockholders' Meeting to hold office until the next Annual Stockholders' Meeting and until their respective successors have been elected and qualified.

(c) Appointment of the Company's External Auditor

The approval of the appointment of Isla Lipana & Co. as the Company's external auditor for the current year will be one of the matters to be undertaken during the Annual Stockholders' Meeting.

(d) Approval of the 2019 Audited Financial Statements and the Management Report

The approval of the 2019 audited financial statements of the Company as well as the accompanying Management Report will be one of the matters to be undertaken during the Annual Stockholders' Meeting.

Item 19. Voting Procedures

(a) Vote Requirement

The following matters require the following votes:

Subject Matter	Votes Required
Appointment of the Company's external auditor	Majority of the votes cast
Ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management	Majority of the votes cast

Approval of the Minutes of the Annual Meeting of the Stockholders held on 10 July 2019	Majority of the votes cast
Approval of the 2019 Financial Statements and Management Report	Majority of the votes cast
Election of Directors	The top eight (8) nominees with the most number of votes cast are elected

(b) Method of Voting

In all items for approval, each voting share of stock entitles its registered owner as of the Record Date to one vote. In light of the COVID-19 pandemic (as discussed in Item 20), stockholders will only be allowed to vote by appointing the Chairman of the meeting as their proxy or electronically *in absentia*.

In the case of the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate the aforesaid shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many nominees as he shall see fit; provided that, the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.

Proxies shall be in writing, signed and filed, by the stockholders, in the form provided in this Information Statement, and shall be received by the Corporate Secretary on or before 3 July 2020.

A stockholder may vote electronically *in absentia* by sending his or her duly signed ballot to the Corporate Secretary, subject to validation procedures. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

All votes will be counted and tabulated by the Corporate Secretary and a committee organized by the Board, and the results will be validated by an independent third party.

Item 20. Participation of Stockholders by Remote Communication

In support of the efforts to contain the outbreak of COVID-19 and to ensure the safety and welfare of its stockholders, directors, officers, and employees, the Corporation will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication. The livestream of the meeting shall be viewable *via* Zoom.

In order for the Corporation to properly conduct validation procedures, stockholders who have not sent their proxies or registered on the voting *in absentia* website who wish to participate via remote communication must notify the Corporation by email to **cic.secretary@romulo.com** on or before 3 July 2020.

Please refer to Annex "D" for the detailed guidelines for participation via remote communication and the procedures for registration and casting votes *in absentia*.

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on this ___ day of June 2019.

CONCEPCION INDUSTRIAL CORPORATION

By:

A handwritten signature in black ink, appearing to read "Jayson L. Fernandez". The signature is written in a cursive, flowing style.

JAYSON L. FERNANDEZ
Corporate Secretary

ANNEX A

THE CURRENT BOARD OF DIRECTORS AND NOMINEES FOR REELECTION AND ELECTION TO THE 2019-2020 TERM

Name	Position	Date Elected To The Board	Citizenship	Age
Raul Joseph A. Concepcion	Chairman		Filipino	58
Renna C. Hechanova-Angeles	Vice-Chairman & Treasurer		Filipino	65
Raul Anthony A. Concepcion	Director		Filipino	50
Jose Ma. A. Concepcion III	Director		Filipino	62
Ma. Victoria Herminia C. Young	Director		Filipino	61
Raissa C. Hechanova-Posadas	Director		Filipino	60
Cesar A. Buenaventura	Independent Director		Filipino	91
Alfredo E. Pascual	Independent Director		Filipino	71

Raul Joseph A. Concepcion, 58 is the Chairman and Chief Executive Officer of the Company since 2008. He is also the president of CCAC and of Concepcion Industries, Inc. as well as the chairman emeritus of the Philippine Appliance Industry Association (“PAIA”). He holds a business administration degree from Simon Fraser University.

Renna C. Hechanova-Angeles, 65 was elected Vice Chairman of the Board and the Treasurer of the Company on 18 July 2013. She is concurrently the vice-chairman and corporate secretary of CDI, director of CCAC, corporate secretary of Contel Communications, director of the joint venture company between Ayala Land, Inc. and Concepcion Industries, Inc., corporate secretary of Republic Commodities Corporation (“RCC”), and executive vice president and corporate secretary of Concepcion Industries, Inc. (“CII”). She is also the corporate secretary of Hy-land. Ms. Angeles holds a B.S. Commerce, Major in Management degree from the Assumption College.

Raul Anthony A. Concepcion, 50 was deemed elected to the Board of the Company on 5 July 2013. He is also the president and chief operations officer of Contel Communications, vice president of the joint venture company between Ayala Land, Inc. and Concepcion Industries, Inc., and president and chief operations officer of CDI. Mr. Concepcion is also the founder and chief event officer of Condura Run, one of the premier running events in the Philippines. He is finalist in the Ernst and Young Entrepreneur of the Year Awards in 2011 and received the Business Excellence Award for showing exceptional, consistent and systematic application of total quality management principles. He holds a B.A. Political Science degree from the University of the Philippines-Diliman and an Executive Master of Business Administration degree from the Asian Institute of Management.

Jose Ma. A. Concepcion III, 62 was deemed elected to the Board of the Company on 5 July 2013. He concurrently serves as the president and CEO of RFM Corporation and chairman of the board of directors of RFM Unilever Ice Cream, Inc. Mr. Concepcion is also the co-chairman of the agri-business and food committee of PCCI. He is likewise a member of various industry associations such as PCCI, Philippine Association of Feed Millers (“PAFMI”), Philippine Association of Flour Millers (“PAFMIL”), Philippine Chamber of Food Manufacturers, Inc. (“PCFM”), Makati Business Club, and Management Association of the Philippines (“MAP”). Mr. Concepcion is active in various socio-civic associations such as the Philippine Center for Entrepreneurship Foundation which he founded, The Search for the Ten Outstanding Students of the Philippines (“TOSP”) and Rotary Club of Makati Central. From 2005 to 2010, he was the presidential consultant for entrepreneurship. Presently, Mr. Concepcion holds the following positions in socio-civic associations: vice chairman and trustee of RFM Foundation, Inc., director of the Laura Vicuna Foundation for Street Children, and vice chairman of the Micro Small and Medium Enterprise Development Council (“MSMED”). He holds a B.S. Business Management degree from the De La Salle University.

Ma. Victoria Herminia C. Young, 61, was deemed elected to the Board of the Company on 5 July 2013. She is a director as well as the vice-president and general manager of the White King Division of RFM Corporation since 2006. She is also a director and general manager of Interbake Commissary Corporation and president of RFM Foundation, Inc. Ms. Young is likewise a trustee of several charitable organizations such as Soul Mission Organization and Ronald McDonald House of Charities. From 2000-2003, she served as a director of the Assumption Alumnae Association. Ms. Young holds a B.S. Management and Marketing degree from the Assumption College.

Raissa C. Hechanova-Posadas, 60, was deemed elected to the Board of the Company on 5 July 2013. She is concurrently a director of RFM Corporation, advisor to the board of directors of BDO Private Bank, and member of the board of trustees of Knowledge Channel Foundation, Inc. and Pinoy ME (MicroEntrepreneurship) Foundation. Prior to joining the Company, Ms. Hechanova-Posadas had 25 years of experience in corporate and investment banking at Citigroup where she held the positions of managing director, head of corporate finance unit, and designated business senior credit officer. In addition, she was a member of the Citi Philippines senior management team for ten years, and of the board of directors of several Citigroup legal vehicles in the country. Ms. Hechanova-Posadas holds a B.A. Applied Economics degree from De La Salle University and a Master of Business Administration degree from IMD International Institute for Management Development (formerly IMEDE).

Independent Directors

Cesar A. Buenaventura, 91, was deemed elected to the Board of the Company on 27 November 2013. He is also the vice chairman of the board of directors of DMCI Holdings, Inc, AG&P Company of Manila and Montecito Properties, Inc. Mr. Buenaventura likewise holds a directorship position in the boards of International Container Terminal Services, Inc (ICTSI) Semirara Coal Company, iPeople, Inc., Petronenergy Resources Corp., and Pilipinas Shell Petroleum Corporation. The notable positions he previously held include first Filipino CEO and chairman of the Shell Group of Companies, member of the Monetary Board of the Central Bank of the Philippines, member of the board of regents of the University of the Philippines from 1987 to 1994, member of the board of trustees of the Asian Institute of Management from 1994 to 2007, and president of the Benigno Aquino S. Foundation from 1985 to 2000. Mr. Buenaventura holds a B.S. Civil Engineering from the University of the Philippines and a Master's degree in Civil Engineering, major in Structures from Lehigh University.

Alfredo E. Pascual, 71, is a nominee for Independent Director of the Company. Mr. Pascual just finished his six-year term as President of the University of the Philippines (UP). Prior to his involvement in the academe, he worked at the Asian Development Bank (ADB) for nineteen years in such positions as Director for Private Sector Operations, Director for Infrastructure Finance, and Advisor for Public-Private Partnership. Previous to that, Mr. Pascual held senior executive positions in investment banking companies, such a First Metro Investment Corporation. He likewise took on an educator role as finance professor at the Asian Institute of Management (AIM) for nine years in the 1980's. Mr. Pascual enrolled in the University of the Philippines Diliman and took up B.S. Chemistry, and graduated *cum laude* in 1969. He received his Master of Business Administration degree from the same university in 1972.

THE KEY OFFICERS AS OF 31 MAY 2019

Position	Name	Citizenship	Age
Chairman, Chief Executive Officer of CIC and President of CCAC	Raul Joseph A. Concepcion	Filipino	58
Vice Chairman and Treasurer	Renna C. Hechanova-Angeles	Filipino	65
President of CDI; Vice Chairman of CDI	Raul Anthony A. Concepcion	Filipino	50
Executive Vice President, Business Development and Corporate Marketing, CIC and CCAC	Rafael C. Hechanova, Jr.	Filipino	61
Chief Finance Officer, CIC and CCAC; CEO of CBSI	Ma. Victoria A. Betita	Filipino	53
Vice President, Investor Relations and Corporate Planning	Mary Grace Z. Velasco	Filipino	41
President, Alstra Group, CCAC and COPI; CEO and President, COPI; CEO and President, Alstra	Rajan Komarasu	Singaporean	53
President, Consumer Lifestyle Solutions, CCAC, CDI and CMIP; CEO of CDI	Harold Thomas Pernikar, Jr.	American	43
Chief Information Officer	Richard L. Parcia	Filipino	44
President, Product Solutions Division, CCAC and CDI	Alexander T. Villanueva	Filipino	48
CEO of Technology Division (CTC)	Shaun Byrne	Australian	45
President and COO, Concepcion Business Services, Inc.	Michael Eric I. Sarmiento	Filipino	50
Chief Compliance Officer, Vice President for Legal Governance and Compliance	Omar C. Taccad	Filipino	51
Corporate Secretary	Jayson L. Fernandez	Filipino	50
Assistant Corporate Secretary	Maria Tara A. Mercado	Filipino	33

Raul Joseph A. Concepcion *Please refer to the table of Directors above.*

Renna C. Hechanova-Angeles *Please refer to the table of Directors above.*

Raul Anthony A. Concepcion *Please refer to the table of Directors above.*

Rafael Concepcion Hechanova, Jr., 61 was appointed as Executive Vice President for Business Development and Corporate Marketing of the Company and CCAC on 30 December 1997. He plays a key role in ensuring that the Company continues to do good business across all its markets. He oversees both the Consumer and Business Solutions Groups, including new business units for corporate marketing and business development. Prior to his tenure in CCAC, Mr. Hechanova served as a Director of the Pacific Basin Development Company in Vancouver, Canada. Upon returning to the Philippines and joining Concepcion Industries in 1994, he became responsible for managing the sales and aftermarket service of chillers and AHUs to institutional and commercial customers. In 1998, Mr. Hechanova joined the CCAC

leadership as an operating partner managing retail sales and marketing for RLC air conditioning products ensuring that both product and brand development initiatives were based on unique and demanding Filipino insights. This enabled CCAC to launch highly relevant branded communication messages for Carrier, Condura and Kelvinator as well as product innovations including the patented energy saving plug. Mr. Hechanova is also currently a director of Concepcion-Carrier Realty Holdings, Inc. and of Hy-land. He was a director of CAC from 1998 to 2013 and of CCAC from 2006 to 2009. He took up Mechanical Engineering at the De La Salle University and graduated at the British Columbia Institute of Technology.

Ma. Victoria A. Betita, 53 was appointed as Chief Finance Officer, CIC and CCAC; CEO of CBSI on 14 November 2011. Ms. Betita was the finance director and country controller for Asea Brown Boveri Group from 1996 to 2001. From 2001 to 2005, she was the chief financial officer of CCAC as well as the treasurer and CFO of several Carrier subsidiaries. Prior to re-joining CIC and CCAC in 2011, Ms. Betita held several positions at Deutsche Knowledge Services, Pte. Ltd. She holds a B.S. Management Engineering degree from the Ateneo de Manila University and a Masters in Business Management from the Asian Institute of Management.

Rajan Komarasu, 54, was appointed as the President, Alstra Group, CCAC and COPI; CEO and President, COPI; CEO and President, Alstra last 11 March 2013. He was the Chief Financial Officer of CCAC from 2007 to 2011. Mr. Komarasu held several positions with UTC primarily in the HVACR segment. Prior to joining the Company, his last role at UTC was Asia director for financial planning and analysis at the climate control and security department in Shanghai. Mr. Komarasu holds a B.S. Business degree from Curtin University. He is also a certified public accountant of Singapore.

Harold Perkinar, 43, was appointed as the President, Consumer Lifestyle Solutions, CCAC, CDI and CMIP; CEO of CDI last 18 February 2013. Prior to joining CCAC, he worked at the various offices of AkzoNobel Car Refinishes and AkzoNobel Automotive & Aerospace Coatings in Asia from 2002 to 2012. He served as a product manager, marketing & logistics manager, global product manager and business development manager at AzkoNobel Car Refinishes, and as a commercial manager at AzkoNobel Automotive & Aerospace Coatings. He holds a B.S. International Business and Finance degree from Northeastern University.

Richard L. Parcia, 44, Chief Information Officer of CIC since November 2018. Prior to CIC, Richard was CIO of the Asian Institute of Management (AIM). He was based in France as LafargeHolcim's Head of Global IT Operations Center and, prior to that, as Head of IT Operations and Infrastructure for LafargeHolcim's East Asia Business Region. Furthermore, Richard had global roles with Intel Corporation and UnitedHealth Group. Dr. Parcia holds a B.S. degree in Computers Science, and an MBA from Letran College-Calamba; and a PhD in Development Studies specializing in Technology Development from the University of Santo Tomas.

Alexander T. Villanueva, 48, was elected as the President, Product Solutions Division, CCAC and CDI since 15 May 2006. From 2006 to 2009, he served as the quality director of CCAC. Previously, he performed roles ranging from quality engineer to head of quality at Ford Motor Company, both in the Philippines and in the U.S., and at Nissan Motor Philippines. Mr. Villanueva holds a B.S. Mechanical Engineering degree from the Mapua Institute of Technology.

Shaun Byrne 47, is the CEO of Technology Division (CTC). He was formerly the Chief Information Officer of the Company and the IT director of Concepcion Carrier Air Conditioning Company(CCAC) from 2014-2015). The Director for Consumer Service and Support (CCAC) from 2009-2013. Prior to joining CCAC, Mr. Byrne owned and managed his own IT consultancy in Sydney and Melbourne from 1999 to 2006. He completed his studies in Glenroy Technical School in Melbourne, Australia.

Mary Grace Z. Velasco, 41, is the Vice President, Investor Relations and Corporate Planning of the Company since 22 September 2013. She was formerly the Investor Relations officer and Senior Investment Analyst for Strategic Investments for Security Bank from 2007-2013. Previously, she was the Senior Financial Planning Analyst for Globe Telecom from 2003-2007. Ms. Velasco was a Senior Associate for Corporate Finance with Arthur Anderson from 2001-2003. She holds a BS in Business Administration (Major in Finance) and a BA in Economics from Fordham University.

Michael Eric I. Sarmiento, 50, was appointed as President & COO of Concepcion Business Services, Inc. (CBSI) on 9 March 2020. CBSI is the Shared Services Co. of CCAC that provides IT, HR, Finance & Accounting, Business Process Re-engineering, & Administrative Services to the Group. Mr. Sarmiento specializes in Finance & IT with almost 20 years of experience in Business & Systems Analysis, Business Intelligence, Data Analytics, IT Project Management & Consulting, and Management Accounting. Prior to joining CIC, hSVP & General Manager of its ROHQ, Primer Resources Corp and Deputy CFO of the Intellectual Property Venture Group (IPVG). He graduated from University of Sto. Tomas with a degree in Industrial Engineering and then got his MBA from University of the Philippines, Diliman, Q.C.

Omar C. Taccad, 51, was appointed Chief Compliance Officer last October 2019 and is the Vice President for Legal, Governance and Compliance of the Corporation since 9 July 2018. Prior to joining the Corporation, he was Assistant Corporate Secretary of PLDT Communications and Energy Ventures, Inc. (formerly Pilipino Telephone Corporation) and served as Corporate Secretary or Assistant Corporate Secretary of several subsidiaries of PLDT, Inc., where he was also Head of Subsidiaries Services Division – Corporate Affairs and Legal Services Group until 2017. He obtained his Juris Doctor degree from the Ateneo de Manila University and was admitted to the Philippine Bar in 1998.

Jayson L. Fernandez, 50, was elected as Corporate Secretary of the Company on 18 July 2013. He is a Partner in Romulo Mabanta Buenaventura Sayoc & de los Angeles and currently co-chairs its tax department. He obtained his A.B. Management Economics and Juris Doctor degrees from the Ateneo de Manila University and was admitted to the Philippine Bar in 1996.

Maria Tara A. Mercado, 33, was elected as the Assistant Corporate Secretary of the Corporation on 07 June 2017. She joined Romulo Mabanta Buenaventura Sayoc & de los Angeles in 2011 and is a Senior Associate. She graduated from the Ateneo de Manila University School of Law with a Juris Doctor degree in 2010 and was admitted to the Philippine Bar in 2011. She received her Masters of Laws degree from Columbia University in 2015, and passed the July 2016 New York bar exams.

The Executive Officers are appointed/elected by the Board of Directors at the organizational meeting following the stockholders' meeting, each to hold for a period of one (1) year.

ANNEX B

Description of Business

Concepcion Industrial Corporation (the “Company” or “CIC”), formerly Concepcion Airconditioning Corporation (“CAC”), is one of the Philippines’ most established and leading suppliers of air conditioners, air conditioning solutions, and refrigerators, and has expanded into other consumer appliance products and building solutions, i.e., elevators and escalators. The Company is primarily a holding company which operates principally through its seven subsidiaries, Concepcion-Carrier Air Conditioning Company (“CCAC”), Concepcion Durables, Inc. (“CDI”), Concepcion-Otis Philippines, Inc. (“COPI”), Concepcion Business Services, Inc. (“CBSI”), Cortex Technologies Corporation (“CTC”), Alstra Incorporated (“Alstra”), Teko Solutions Asia Inc. (“Teko”) and its two associates, Concepcion Midea Inc. (“CMIP”) and Tenex Services, Inc. (“Tenex”).

The Company’s air conditioning and refrigeration products and brands have received numerous awards in recognition of their quality and value to customers. *Carrier* and *Condura* brand air conditioners have received “Most Trusted Brand” awards from *Reader’s Digest Philippines* for each year for the past 15 and 13 years, respectively. *Condura* brand refrigerators received the same award starting 2012.

For the year ended 31 December 2019, the Company’s pro-forma consolidated net sales and services amounted to P15.1 billion and its pro-forma consolidated net income was P1.4 billion and a profit after tax and minority interest of P947 million.

Principal Products or Services and their Markets

The Company has expanded its business beyond being a trusted expert in the air conditioning and refrigeration industries, toward becoming a complete consumer and building and industrial solutions company with a range of solutions and after-market service across multiple international and Philippine brands including Carrier, Toshiba, Condura, Kelvinator, and now Midea and Otis. These solutions are designed to serve a wide array of customers and structure types, from individuals and single families living in small residences to thousands of residents, visitors and workers spread across large residential towers and office buildings, entertainment facilities and commercial and industrial warehouses and factories. These solutions are also designed to meet a variety of different needs, such as durability, noise reduction features, aesthetical appeal, varying price points and customized features to match individual requirements. Moreover, many of the Company’s air conditioning and refrigeration solutions are designed to meet the growing demand for energy efficient technologies, and the Company offers and will continue to develop these technologies as the demand for such solutions grows and the benefit payback in terms of reduced energy consumption becomes more widely known and accepted. In addition, the Company offers an array of after-market services such as periodic maintenance, parts supply, repairs and other services intended to support its products through their entire life cycle. The Company believes that these after-market services, combined with its wide range of air conditioning and refrigeration products catering to various customer needs, offer customers enhanced value that distinguishes the Company’s air conditioning and refrigeration solutions from those of its competitors.

Subsidiaries and Joint Venture

As of year-end 2019, CIC has six major subsidiaries and an affiliate. The Company owns 60% of CCAC, 100% of CDI, CBSI, and CTC, 51% of COPI, and 40% of CMIP.

Concepcion-Carrier Air Conditioning Company

CCAC engages in the manufacture, sale, distribution, installation, and service of heating, ventilating, air conditioning, and refrigeration products and services for residential, commercial, and industrial use. CCAC is a joint venture of the Company with Carrier Corporation, which allows it to offer Carrier and Toshiba brand air conditioners and Totaline parts. CCAC also offers other brands such as Condura and Kelvinator. CCAC manufactures a select range of its air conditioning equipment at its factory in Light Industry and Science Park in Cabuyao, Laguna, Philippines, the Philippines’ largest air conditioning facility with a capacity of approximately 500,000 units per year and a production area of 19,620 sq. m. CCAC’s products are distributed and sold primarily in the Philippines. The Company believes CCAC has the largest share of the total air conditioning market in the Philippines as measured by revenues, including leading market positions in the residential, light commercial and commercial and industrial segments.

Concepcion Durables, Inc.

CDI engages primarily in the manufacture, assembly, wholesale, retail, purchase, and trade of refrigeration equipment, including Condura and Kelvinator brand refrigerators and freezers. CDI’s refrigeration equipment is manufactured at its factory at Light Industry and Science Park in Cabuyao, Laguna, adjacent to CCAC’s air conditioning and commercial refrigeration factory. The CDI factory has a capacity of 300,000 units per year and a production area of 16,420 sq. m. The Company believes CDI had the largest share of the residential and light commercial (“RLC”) refrigeration market in the Philippines in 2016 as measured by revenues.

Concepcion Midea, Inc. (CMIP)

The Company and CCAC recently formed of a joint venture which aims to introduce Midea brand products in the Philippine market as a supplier of a whole range of appliances such as air conditioners, refrigerators, and laundry and kitchen appliances. This will not only expand the Company's multi-brand offering to the Philippine market but will also allow it to expand into the wider white goods market. Established in 1968, Midea is a leading white goods and air conditioning systems manufacturer, with operations around the world, recording approximately U.S.\$16.6 billion in revenues in 2012. Midea is a brand leader in China and has 16 domestic production bases in China as well as overseas production bases in Vietnam, Belarus, Egypt, Brazil, Argentina, and India. It is also a joint venture and/or business partner of Carrier Corporation in selected countries worldwide.

Concepcion Midea Inc. (CMI), is an entity registered and doing business in the Philippines. CIC has a 40% effective share in CMI.

Concepcion Otis Philippines Inc (COPI)

COPI's primary business is to import, buy and sell, at wholesale, distribute, maintain and repair, elevators, escalators, moving walkways, and shuttle systems and all supplies, material, tools, machinery and part/components. In March 2014, CCAC acquired 85% of the outstanding shares of the Company from UTC-Asia Pte Ltd., who retained 15% ownership. Following the acquisition, CIC became the Company's ultimate parent owning 51% of the shares of COPI.

Concepcion Business Services, Inc. (CBSI)

CBSI's primary purpose is to render corporate back-office support services, directly or through licensed service providers and/or professionals, exclusively for the Company and its subsidiaries, affiliates, and/or related companies. Such services include, but are not limited to, bookkeeping, accounting, business consultancy, governance, risk management and assurance, financial planning, reporting and analytics, human resources and information, technology services. CBSI is a wholly-owned subsidiary of CIC.

Cortex Technologies Corporation (CTC)

CTC engages in the research, development and commercialization of new and emerging technologies. CTC also develops strategic partnerships and identifies potential acquisitions, both locally and abroad, to develop solutions that are aligned with CIC's broader vision of building better lives and businesses. CTC is a 100% owned subsidiary of CIC, and works across the enterprise to help facilitate innovation, and maintain CIC's position as a market leader.

Alstra, Inc.

Alstra is a 100% owned subsidiary of CIC and was organized to engage in the business of consultancy, construction, design and engineering and supply of equipment for mechanical, electrical, plumbing and fire protection services, and to engage in the business of facilities management, civil construction, technology services, electronics, devices and equipment in relation to building services and other building solutions- related services.

Teko Solutions Asia, Inc.

On October 31, 2018, CTC entered into a stock purchase and shareholders agreement (SPSA) for the purchase of 30% of the issued and outstanding shares of Teko equivalent to 6,000 shares for P19.9 million. The purchase of 30% interest was made on November 27, 2018. The actual issuance of additional 8,572 shares of Teko equivalent to 21% interest happened in January 17, 2019. As at December 31, 2018, Teko was considered as a subsidiary of the Company as a result of the latter's significant representation in Teko's Board of Directors, representing control over Teko's operations. Teko was incorporated and registered with the Philippine SEC on September 5, 2017. Teko's primary business is providing information technology solutions, I.T. enabled services, e-commerce, web design, and applications, to enterprise, consumers, businesses, institutions and other end-users without engaging in mass media, advertising nor in telecommunication activities.

Percentage of Sales or Revenues and Net Income Contributed by Foreign Sales

This is not relevant to the operations of the Company.

Distribution Network

The Company's principal office is located along 308 Sen. Gil Puyat Avenue, Makati City Philippines 1209. It also has two manufacturing plants in Cabuyao, Laguna.

Status of Publicly-Announced New Product or Service

All publicly-announced new products or services of the Company are in commercial distribution.

Competition

The markets for the Company's products are highly competitive and there is considerable pressure to reduce prices, especially when faced with an economic downturn and possible reductions in consumer demand. Price competition has been fierce with shortening product cycles and an emphasis on price and technology leadership. The Company's primary competitors are *Panasonic, LG, Mitsubishi* and *Trane* in the air conditioning market and *Panasonic, Samsung, Sharp* and *LG* in the domestic refrigeration market. In addition, the Company is a new entrant in the distribution of VRF systems, having only entered the market in 2012. Significant new competitors or increased competition from existing competitors may adversely affect the Company's business, financial condition and results of its operations by driving prices down. It faces strong competitors, who may later prove to have larger market presence and/or greater resources in a given business area, as well as the likely emergence of new competitors. Some industries in which the Company operates may undergo consolidation, which may result in stronger competition and a change in its relative market position. In response to an increasingly competitive environment, the Company and other manufacturers may be forced to increase efficiency or expand its sourcing activities in order to reduce costs. There can be no assurances that the Company will be able to adapt to these changes and increase or maintain its market share. Product improvements or effective advertising campaigns by competitors may also weaken consumer demand for the Company's products, and some competitors may be willing to reduce prices and accept lower profit margins to compete with the Company. As a result of this competition, the Company could lose market share and sales, or be forced to reduce its prices to meet competition, which could adversely impact its margins. If the Company's products are unable to compete successfully, its sales, result of operations and financial condition could be materially and adversely affected.

Sources and Availability of Raw Materials and Names of Principal Suppliers

The Company's chief raw materials are aluminum, copper and steel, all of which are imported. Major sources include Taiwan and China for aluminum; Malaysia and China for copper; and Taiwan, China, Korea, and Italy for steel. The Company also imports compressors, motors and finished goods. During the year ended December 31, 2012, approximately 70% of the raw materials and components used in the production of the Company's air conditioning and refrigeration products were imported. The Company's business is affected by the price, quality, availability and timely delivery of the various raw materials and components that it uses in the manufacture of its products. Its business could, therefore, be adversely impacted by factors affecting its suppliers. While supply problems can affect the performance of its business as a whole, the Company is particularly sensitive to supply problems related to the above raw materials. Supply forecasts are set every three to six months, depending on the supplier, with pricing terms set annually.

Customer Concentration

The Company has a diversified customer base with its loan portfolio and deposit mix skewed towards a robust client list of our Corporate and Commercial segments. That said, the Company is not dependent upon single customer, the loss of any or more of which would have a material adverse effect on the Company and its subsidiaries taken as a whole.

Transactions with and/or Dependence on Related Parties

In the normal course of business, the Company transacts with companies, which are considered related parties under applicable Philippine laws and regulations. All such transactions were carried out on an arms' length basis.

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements Held

The Company owns the *Condura* trademark, is a party to licensing agreements for the *Carrier* and *Kelvinator* brands, and has patents for its innovations such as the energy saving plug. While the Company attempts to protect its intellectual property rights through patents, trademarks, copyrights and trade secret laws on a continuous basis, any failure to obtain or adequately protect its intellectual property rights, product innovations or manufacturing processes may substantially diminish the Company's competitiveness and adversely affect its business.

Furthermore, any measures taken by the Company to protect its intellectual property rights may prove inadequate to prevent third parties from infringing or misappropriating its intellectual property. For instance, there have been instances when *Carrier, Kelvinator, or Toshiba* products have been brought to the Philippines and sold by sellers, retailers, and distributors illegally and without any license agreements, effectively infringing the Company's rights. As a result, the Company may need to resort to litigation to enforce or defend its intellectual property rights. If a competitor or collaborator files a patent application claiming technology also claimed by the Company, or a trademark application claiming a trademark, service mark or trade dress also used by the Company, in order to protect its rights, the Company may have to participate in expensive and time consuming proceedings. Similarly, the Company's intellectual property rights may be challenged by third parties or invalidated through administrative process or litigation. Furthermore, the Company's competitors may "design around" its intellectual property or independently develop technologies that are substantially equivalent or superior to the Company's technology. Obtaining, protecting and defending intellectual property rights can be time consuming and expensive, and may require the Company to incur substantial costs, including the diversion of the time and resources of management and technical personnel.

To the extent that consultants, key employees or other third parties apply technological information independently developed by them or by others to the Company's proposed products, disputes may arise as to the proprietary rights to such information, which may not be resolved in the Company's favor. The risk that other parties may breach confidentiality agreements or that the Company's trade secrets may become known or independently discovered by competitors could harm the Company by enabling its competitors, who may have greater experience and financial resources, to copy or use the Company's trade secrets and other proprietary information in the advancement of their products, methods or technologies. The disclosure of the Company's trade secrets would impair its competitive position, thereby weakening demand for its products or services and harming its ability to maintain or increase its customer base.

Need for Government Approval of Principal Products or Services

The Company's principal products and services are offered to customers only upon receipt of the necessary regulatory approval or clearances.

Effect of Existing or Probable Governmental Regulations on the Business

The Company has strictly complied with all Securities and Exchange Commission and Philippine Stock Exchange, Inc.'s (the "Exchange") requirements.

Amount Spent on Research and Development Activities

The Company has a strong local R&D organization with over 30 in-house engineers who are focused on designing and developing quality products. In addition, the local R&D organization obtains continuous support from various *Carrier*-affiliated companies. The Company also owns the only R&D facility in the Philippines equipped with six and two testing laboratories in its air conditioning and refrigeration factories, respectively. This allows for a shorter lead time for new product introductions, enables flexibility for the customized requirements of key customers in both the residential and commercial segments, and facilitates the establishment and implementation of a framework for continuous technology development.

Costs and Effects of Compliance with Environmental Laws

The Company is compliant with all Environmental Laws pertaining to their industry standards. There are no added costs and effect implications of the compliance on the operations of the Company.

Complement

In support of the Company's strategic growth initiatives, complement increased from 998 regular and probationary employees to 1,395 for 2018.

Risk Management

The Company's risk management organization and culture is a fundamental component of its corporate governance.

Policy Statement

The Corporation believes that the key to long-term sustainability and success largely depends on having a good name and solid reputation in the market place. Thus, the business and operations of the Company will be conducted in accordance with the principles and best practices of good corporate governance.

The Revised Corporation Code lays down the basic legal framework for corporate governance of every Philippine corporation. It is supplemented by the Securities Regulation Code (Republic Act No. 8799), the rules issued by the Securities and Exchange Commission ("SEC" or "Commission") to implement Republic Act 8799 and the Code of Corporate Governance (SEC Memorandum Circular No. 6, Series of 2009), this Manual, and the charters of the Board Committees. All terms defined herein shall have the definitions given in the rules implementing Republic Act 8799.

Risk Management Organization

The Company is currently in the process of formalizing an enterprise-wide Risk Management Organization and assessment processes.

General Principles

Risk Exposure	Risk Management Policy	Objective
Strategic	The Company believes that risk management is critical to long-term value creation. Companies shall proactively handle its risks	Enterprise Risk Management will provide the solid platform that will enable each of the Companies in

	and use the management of these risks as a tool to further enhance shareholder value through greater competitiveness and an improved capacity to take risks.	the Concepcion Group to achieve the following objectives: <ul style="list-style-type: none"> To establish sustainable competitive advantage To pursue strategic growth opportunities with greater speed, skill and confidence
Operational	By embedding the risk management process into the day-to-day line of operations, each Company fosters a culture of risk management and enables sound decision-making at every level of the organization.	<ul style="list-style-type: none"> To balance risk and reward Eliminate and/or minimize operational loss To optimize risk management cost
Governance and Internal Controls	Risk management is a fundamental element of effective corporate governance and an integral part of sound management practice in each operating entity.	To implement sound and effective corporate governance model and internal control mechanisms to achieve the goals and objectives of the Company and manage the consequences of a crisis situation.
Financial	Management believes that the key to managing financial risk is transparency and accuracy.	To implement a timely and effective financial reporting process that accurately reflects the financial state of each of the Companies.

Additional Requirements as to Certain Issues or Issuers

Debt Issues

The Company has not issued any debt instruments.

Equity Issues

On November 27, 2014, the Company listed a total of 261,244,002 common shares in the Exchange (the "Exchange"). In 2014, the Corporation declared a 30% stock dividend amounting to Php78,373,201, divided into 78,373,201 common shares with a par value of Php1.00 per share, from the unrestricted retained earnings of the Corporation as of December 31, 2013, which was issued from the unissued portion of the authorized capital stock of the Company. 23 additional shares were issued from the stock dividend to account for the rounding up of fractional shares to one share. The record date and payment date for the stock dividends were August 22, 2014 and September 8, 2014, respectively. All of the shares issued by virtue of the stock dividend have also been listed on the Exchange.

In 2017, the Corporation declared a 20% stock dividend amounting to Php67,646,665, divided into 67,646,665 common shares with a par value of Php1.00 per share, from the unrestricted retained earnings of the Corporation as of December 31, 2016, which was issued from the unissued portion of the authorized capital stock of the Company. The record date and payment date for the stock dividends were July 10, 2017 and August 3, 2017, respectively. All of the shares issued by virtue of the stock dividend have also been listed on the Exchange.

Properties

As of the date of this Report, the Company does not own any material real properties, and all of its manufacturing facilities and laboratories are located on land owned by CII.

The Company leases all real property and facilities for its air conditioning manufacturing facilities and laboratories from CII under a lease agreement.

The Company's refrigeration manufacturing facilities and laboratories are situated on land owned by CII. Currently, the Company does not maintain a lease agreement with CII for these facilities, instead paying all property related expenses and real estate tax associated with such land.

Office space and warehouses for the Company's air conditioning products as well as other white goods distributed through CMIP are covered by a lease agreement with Foresight Realty Development Inc.

Legal Proceedings

In the ordinary course of business, the Company is a party to various legal actions that it believes are routine and incidental to the operation of its business. In the opinion of the Company's management, the outcome and potential liability of these

aforementioned legal actions are not likely to have a materially adverse effect on the Company's business, financial condition and results of operations

Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the period reckoned from the last annual stockholders' meeting.

Market Information

The Company's Common Shares were officially listed and first traded at the Exchange on November 27, 2013. In view of the stock dividend declared and paid in 2014 and 2017, CIC has listed a total of 407,263,891 shares on the Exchange.

The price performance of the shares for each quarter has been follows:

(Philippine Peso)	High	Low
Quarter ended December 2017	68.00	62.00
Quarter ended March 2018	65.40	59.10
Quarter ended June 2018	62.35	55.00
Quarter ended September 2018	61.60	38.00
Quarter ended December 2018	39.75	33.45
Quarter ended March 2019	43.50	37.00
Quarter ended June 2019	46.10	42.00
Quarter ended September 2019	42.00	32.05
Quarter ended December 2019	32.80	26.00
Quarter ended March 2020	26.00	24.00

Holdings

The Company had approximately 833 shareholders of record as 30 April 2020. Common shares outstanding as of said date stood at 403,218,091 which 23.63% are held by foreign shareholders.

The top 20 shareholders as of April 30, 2020 based on PDTC report are as follows:

	Name of Shareholder	No. of Shares Held	%
1	PCD Nominee Corporation – Filipino	224,250,500	55.62
2	PCD Nominee Corporation – Non Filipino	95,282,413	23.63
3	Horizons Realty Inc.	85,545,036	21.22
4	Sole Luna Inc	998,963	0.25
5	MACRIC Incorporated	786,669	0.20
6	Gemiliano S. Manalili and/or Alma B. Manalili	2400	0
7	John T. Lao	1560	0
8	Mary Joan Ilao-Ante	780	0
9	Ernesto L. Ponce and/or Sarah Villanueva	600	0
10	Joselito Corpus Herrera	324	0
11	Hanson Chua Go	324	0
12	Angelo Decretales Mabuhay	156	0
13	Nadezhda Iskra Ferranco Herrera	100	0
14	Jaybee C. Baraquel	100	0
15	Gabrielle Claudia F. Herrera	100	0
16	Cesar A. Buenaventura	3	0
17	Melito S. Salazar	3	0

18	Raul Joseph A. Concepcion	3	0
19	Renna C. Hechanova-Angeles	3	0
20	Jose Ma. A. Concepcion III	3	0

DIVIDENDS

The Company is authorized under Philippine laws to declare dividends, subject to certain requirements. These requirements include, for example, that the Board of Directors (the "Board") is authorized to declare dividends only from its distributable retained earnings, calculated based on existing regulations. Dividends may be payable in cash, shares or property, or a combination of the three, as the Board shall determine and subject to the approval of the Philippine SEC, as may be required by law. A cash dividend declaration does not require any further approval from shareholders. The declaration of stock dividends is subject to the approval of shareholders holding at least two-thirds of the Company's outstanding capital stock. The Board may not declare dividends which will impair its capital.

Cash dividends declared for the three years ended December 31 are as follows:

Date declared	Dates paid	Per share	2019	2018	2017
April 3, 2019	May 16, 2019	1.20	486,606	-	-
April 6, 2018	May 18, 2018	1.20	-	487,056	-
April 4, 2017	May 16, 2017	1.00	-	-	338,233

On April 4, 2017, the Company's Board declared cash dividends in the amount of P1.00 per share totaling P338.23 million for shareholders of record as at April 20, 2017, which was paid on May 16, 2017.

On June 7, 2017, the Company declared stock dividends amounting to P67.65 million divided into 67,646,665 common shares with a par value of P1.00 per share from unrestricted retained earnings as of December 31, 2016. Any fractional shares resulting from the stock dividend was rounded up to one share, and the record and share issuance dates are July 10, 2017 and August 3, 2017, respectively.

On April 6, 2018, the Company's Board declared cash dividends in the amount of P1.20 per share totaling P487.06 million for shareholders of record as at April 23, 2018, which was paid on May 18, 2018.

On April 3, 2019, the Company's Board declared cash dividends in the amount of P1.20 per share totaling P487.06 million for shareholders of record as at April 22, 2019, which was paid on May 16, 2019.

On May 13, 2020, the Company's Board declared cash dividends in the amount of P0.70 per share totaling P284.02 million for shareholders of record as at May 27, 2020 which is payable on or before June 17, 2020.

Recent Sales of Unregistered Securities

There were no sales of unregistered securities within the past year.

Events that will trigger direct or contingent financial obligation that is material to the company including any default or acceleration of an obligation. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There is no such event within the reporting period.

Management Discussion and Analysis or Plan of Operation

The following tables present information from the Company's Consolidated Financial Statements as of December 31, 2019, 2018 and 2017, and for the three years ended December 31, 2019, 2018 and 2017 as audited by Isla Lipana & Co., the independent auditors.

Factors Affecting the Company's Results of Operations

Factors affecting the Company's financial and operational results in the full year of 2019.

Macroeconomic Fundamentals: The Philippine economy continues to be healthy but growth is slower than expected. Inflation and FX show some easing up compared with Q4 2018. Consumer confidence has become positive starting Q3

to Q4 2019. While outlook for buying conditions for big-ticket items improved on a quarter-on-quarter basis, this was weaker year-on-year affecting the growth in the consumer lifestyle segment.

Weather and Seasonality: The Company experienced seasonal and weather-related fluctuations in its operations, particularly on consumer air conditioning segments. Q3 2019 saw weak to moderate El Niño conditions.

Construction Sector Developments: The Company's commercial AC segment revenue as well as its elevator and escalator brands are dependent upon its ability to secure and retain the business of large property developers as well as industrial institutes and material accounts. Given the delay in the approval of the national budget, short-term expectations on construction starts did not materialize. This is further aggravated with the deferred expansion activities of key national accounts reflecting weaker pipeline and orders for the commercial segment, ultimately bringing down the performance for H1. However, the segment picked up on the second half of the year as the construction sector improved driven by strong growth in civil infrastructure, office, industrial, and retail and hospitality. This rise in momentum allowed the Company to achieve strong order growth in commercial AC of 26% at the end of 2019.

Commodity Prices and Foreign Exchange Fluctuation: The Company depends on raw materials sourced from third parties to produce majority of its products. Raw materials expense represents about 75% of the Company's manufactured cost of sales. Starting Q3 2019, commodity prices decreased compared to 2018 despite short-term volatility, while FX has become relatively more stable. This favorability in commodity prices and FX coupled with further cost reduction and efficiency efforts allowed the Company to leverage on substantial cost savings.

Description of Selected Income Statement Items

Net Sales:

The Company generates revenues primarily from sales of its air conditioning units and refrigeration units through its subsidiaries CCAC and CDI.

Segment Breakdown:

The following table presents a breakdown of the Company's revenues, cost of sales and gross profit by respective business for the period indicated (amounts are in millions):

	For the years ended December 31		
	2019	2018	2017
Net Sales and Services			
Consumer Lifestyle Solutions	11,160	10,233	10,075
Building & Industrial Solutions	3,886	3,952	3,771
Others	20	16	13
Total	15,066	14,201	13,859
Cost of Sales and Services			
Consumer Lifestyle Solutions	7,181	6,570	6,492
Building & Industrial Solutions	2,484	2,541	2,557
Others	15	8	13
Total	9,680	9,119	9,062
Gross Profit	5,386	5,082	4,797

Costs and Expenses:

- **Cost of sales and services**
The Company's cost of sales and services comprise the cost of finished goods, raw materials used for the Company's manufactured products, installation costs, labor, and manufacturing and service overhead.
- **Expenses**
The Company's operating expenses include employee costs, outside services, freight out, rent and utilities, warranty cost, marketing and advertising costs, transportation, travel and entertainment, provisions for commission, impairment of receivables, and obsolescence legal disputes and assessments, repairs and

maintenance, royalties, non-income taxes and licenses, depreciation and amortization, commission expense, supplies, insurance, and professional fees.

Other net operating income comprises interest income on bank deposits and short-term placements, interest expense on loans, commission income, foreign exchange gains or losses and service income.

Provision for Income Tax:

The Company's provision for income tax comprises the income taxes accrued and/or paid by the Company and its respective subsidiaries.

Net Income Attributable to Parent:

Net income attributable to Parent represents the Company's share at 60% of the net income of CCAC, 100% of the net income of CDI, 100% of the net income of CBSI, 100% of the net loss of CTC, 100% of the net loss of Alstra, effectively 52% of net loss of Teko, and effectively 51% of the net income of COPI.

Key Performance Indicators

The Company monitors its financial and operating performance in terms of the following indicators:

	For year ended December 31, 2019	For year ended December 31, 2018	For year ended December 31, 2017
Gross Profit Margin (%)	35.7%	35.8%	34.6%
Profit Before Tax (%)	13.8%	15.1%	16.2%
Net Income Attributable to Shareholders (Php Millions)	946.8	913.2	987.2
Net Income Attributable to Shareholders (% to Sales)	6.3%	6.4%	7.1%
Return on Average Equity (%)	18.7%	19.5%	23.8%
Return on Average Assets (%)	12.4%	13.7%	15.9%
Earnings per Share*	2.3	2.3	2.4

	As at December 31, 2019	As at December 31, 2018	As at December 31, 2017
Debt to Equity Ratio	0.7	0.6	0.7
Asset-to-Equity Ratio	1.7	1.6	1.7
Book Value Per Share*	12.9	12.0	11.0

Key Performance Indicator	Definition
Gross Profit Margin	Gross Profit/Net Sales
Profit Before Tax	Profit before Tax/Net Sales
Return on Average Equity	Net Income after Minority Interest/ Average Shareholder's Equity net of Minority Interest
Return on Average Assets	Net Income / Average Assets
Debt to Equity Ratio	Total Liabilities/Total Equity
Asset-to-Equity Ratio	Total Assets/Total Equity
Earnings Per Share	Net Income after Minority Interest/Average Shares Outstanding
Book Value Per Share	Shareholder's Equity net of Minority Interest/Total Shares Outstanding

*Total Number of Shares used is 405,243,218 in 2019, 405,795,291 in 2018 and 405,879,791 in 2017.

RESULTS OF OPERATIONS

Year ended December 31, 2019 compared with year ended December 31, 2018

CIC achieved for the year ended December 31, 2019 P1.43 billion in consolidated income, a 1.9% decline from 2018, with profit after tax after minority interest (PATAMI) at P947 million, a 3.7% increase from 2018. Profit before tax was at P2.08 billion vis-à-vis 2018's P2.14 billion.

The results of operations of CIC for the year ended December 31, 2019 closed on a positive note with net sales experiencing a growth of 6%, which improves to 13% when sales attributable to Midea is considered. Topline growth was supported by a strong economy, continued strength in the consumer markets, recovery in the commercial market segment, and market share gains driven by product introductions and strong execution of programs.

While the first half of 2019 was heavily affected by the tailwinds experienced by the construction sector along with challenges on supply chain and aftermarket, the second half of 2019 showed upward performance trajectory with consolidated six months profit after tax of P647 million and PATAMI of P460 million, translating to a 32.9% increase in PATAMI from the same period in 2018. Top-line results showed a 12.1% increase compared to second half of 2018 ending at P7.30 billion. Performance for the second half of the year was attributed to consumer sell-in gains and notable are market share expansions seen particularly in window AC and refrigeration as new product introductions helped in achieving these results. Government spending also increased in the second half of the year driving construction activity resulting to a momentum recovery for the commercial segment.

Net sales and services

For the year ended December 31, 2019, the total consolidated net sales and services was at P15.07 billion, an increase of 6.1% from last year.

The Consumer Lifestyle Solutions (CLS) Division posted a comparative year increase in sales of 9.1% to P11.16 billion, driven by growth in Consumer AC particularly window AC and refrigeration segments. The growth in the refrigeration segment was driven by price repositioning, continued organizational strengthening and new product introductions particularly on no-frost and chest freezer lines. While unconsolidated, there was continuous growth momentum in the consumer appliance business in 2019 (CMIP) due to aggressive growth in distribution, strong execution of e-commerce strategies, strong traction in small to medium sized projects and the introduction of Toshiba consumer appliances.

The Alstra Division consisting of commercial AC, elevators and escalators posted a comparative year decrease in sales of 1.7% to P3.89 billion. The decline is highly attributable to the delay in the approval of the national budget resulting to deferred expansion activities of nationwide Key Accounts during the first half of 2019. However, there was substantial improvement during the second half of 2019 due to improved momentum for the construction sector evidenced by the 26% growth in AC orders for 2019.

Gross Profit and Margins

CIC registered consolidated gross profit of P5.39 billion for the year ended December 31, 2019, a 6% growth from last year. Gross margins remained stable due to strengthened cost reduction and efficiency efforts supported by a more stable FX and commodity prices during the year.

Operating Expenses

CIC's total operating expenses were at P3.37 billion for the year ended 2019, a 14.7% higher over last year. The increase in operating expenses came mainly from investments on organizational capacity and capabilities, sales support activities, and logistics infrastructure and facilities.

Other Operating Income and Finance Costs

The increase in other operating income to P71 million was mainly related to FX revaluation gains due to better FX fluctuations in 2019 compared to prior year.

FINANCIAL CONDITION

As at December 31, 2019 compared with as at December 31, 2018

Consolidated total assets as at December 31, 2019 was at P12.14 billion, up by P1.17 billion from end of 2018 balance of P10.97 billion. Marked increases in assets were from the adoption of PFRS 16 (right-of-use of assets), cash and cash equivalents, trade and other receivables, contract assets, and property and equipment, net of marked decrease in inventories.

As at December 31, 2019, consolidated net cash position was up by P281 million to P1.61 billion. Trade and other receivables were up by P135 million to P4.10 billion from end of 2018.

Higher cash and cash equivalents and trade and other receivables as at end of 2019 were a result of the commercial sales pick-up in the second half of 2019 which also resulted to the decrease in inventory of P506 million from last year.

Higher net property and equipment were investments in various machineries and equipment for the factory, and office building expansion.

Total liabilities as at December 31, 2019 amounted to P4.87 billion, a net increase of P645 million from end of 2018 mainly coming from increase due to the adoption of PFRS 16 (lease liabilities), trade payables and other liabilities, and increase in retirement benefit obligation due to significant decline in discount rate in 2019, net of decrease in short-term borrowings due to repayments in 2019.

RESULTS OF OPERATIONS

Year ended December 31, 2018 compared with year ended December 31, 2017

The consolidated net income of CIC for the year end 2018 was P1.46 billion, a 4.6% decrease from 2017. Correspondingly, PATAMI declined by 7.5% to P913 million. Profit before tax was at P2.14 billion vis-à-vis 2017's P2.25 billion.

The results of operations of CIC for the year ended December 31, 2018 was significantly affected by the various tailwinds it experienced in 2018 which included extremely rainy weather, depreciation of the peso, unprecedented rise in inflation rate and overall drop in both consumer and business confidence levels affecting short-term demand for durables.

Net Sales and Services

The total consolidated net sales and services of CIC increased by 2.5% to P14.2 billion for the year ended 2018. Sales performance in 2018 was affected by the unfavorable weather conditions, with the Philippines experiencing weak La Niña at the beginning of the year and then excessive volume and frequency of rains towards the third quarter. This resulted to market slowdown in both the airconditioning and refrigeration segments.

The CLS Division posted a 1.6% year on year increase to P10.2 billion. Amidst unfavorable weather conditions and overall market slowdown in Aircon, residential aircon business of CIC managed 3% growth while consumer appliances under Midea continue to build momentum forward with sales growth of 31% coming from strong laundry and kitchen sales whilst unconsolidated. Residential refrigeration on the other hand was challenged with aggressive competitor pricing and product availability resulting to share loss. CLS business in line with market, raised prices in order to mitigate the impact of commodity and FX.

The Building and Industrial Solutions (BIS) Segment consisting of commercial AC, elevators and escalators net sales and services combined was P4.0 billion, growing by close to 5% from year-ago figures. This segment continues to hold healthy backlog entering into 2019.

Gross Profit and Margins

The Company registered a consolidated gross profit of P5.1 billion for the year ended 2018, a 6.0% expansion versus the P4.8 billion gross profit registered last year. Gross margin % improved by 1.2 points to 35.8% from 2017's 34.6% as price increases taken by all product lines in 2018 have helped recover cost increases driven by commodity prices and continued fluctuations in FX.

Operating Expenses

Total operating expenses of CIC was at P2.9 billion, 16.5% higher over 2017. The increase in operating expenses came mainly from continued investments in organizational capability including ERP, seasonal increase in point of sales support, warehouse and facilities, depreciation and amortization costs. These were partially offset with lower spending related to royalty and insurance, recovery from excess and obsolete inventory and lower risk provisions for impairment of receivables for the period in line with its corporate policy on risk provisioning.

Investments in new ERP starting 2017 continues through 2018 as the company strives to improve its service to customers and provide employees high quality standard of work environment. The Company was in the ERP stabilization and optimization phase and improvements in progress, investments continued throughout 2018 to the affected entities CCAC, CMIP and CBSi.

Other Operating Income and Finance Costs

Other operating income of P24.6 million was mainly related to commission income from related parties offset by FX revaluation losses.

FINANCIAL CONDITION

As at December 31, 2018 compared with as at December 31, 2017

Consolidated total assets as at December 31, 2018 was at P11 billion, up by P518 million or 6.2% from end of 2017. Marked increase coming larger from inventory led to decrease in cash. The build-up of inventory is a result of lower than expected sales in Q3 coupled by inventory hedges to protect against cost increases. Contract assets represent adoption of new IFRS standard in revenue recognition.

Total liabilities amounted to P4.2 billion or P121.8 million increase from year ended 2017 coming mainly from short-term borrowings net of lower trade payables. Lower trade payables reflect the reduced Q4 purchases as a response to higher inventory.

Consolidated net cash position is down to P1.3 billion from P2.2 billion by end of 2017 with P425 million short-term borrowings by end of year 2018.

The net decrease in cash related to operating activities amounting P1.24 billion was mainly due to payment for inventory purchases offset by cash generated from income during 2018. The Company also invested net cash of P309 million in property and equipment for various machineries and equipment for the factory and the new ERP. Total of P919 million cash was also used for distribution of profits to shareholders.

RESULTS OF OPERATIONS

Year ended December 31, 2017 compared with year ended December 31, 2016

CIC sustained a positive performance for the full year 2017, posting a consolidated net income of P1.5 billion after reflecting provisions for income tax of P723 million. The net income stood at 9.1% higher compared to the end of 2016.

Net income attributable to Parent Company of P987 million also showed strong growth at 8.3% increase over the same period in 2016.

Income from operations grew 9.8% to P2.3 billion coming mainly from revenue growth. Volume growth was able to cover increases in operating expenses as well as impact of increase in commodity prices and fluctuations in FX causing CIC to end the year 2017 with higher earnings compared to same period in 2016.

Net Sales and Services

Total consolidated net sales and services for the year ended 2017 was at P13.9 billion, a 12.3% growth from 2016 driven by growth of both the consumer and commercial segments of CIC.

The CLS Division posted a year on year increase of 13.8% to P10.0 billion driven by growth in residential AC in the second half of 2017 and domestic refrigeration as consumer market segments continue to expand amidst strong economic fundamentals driven by consumer spending. Introduction of new products in 2017 also contributed to the sales growth particularly the inverter series of both residential AC and refrigeration.

The BIS Segment consisting of commercial AC, elevators and escalators grew at 8.3% to P3.8 billion coming from the delivery of backlog from existing projects. We saw steady progress of construction projects, both commercial and mega-residential during first three quarters of 2017. However, towards the latter part of 2017, there were some delays in project deliveries for commercial projects due to resource constraints on the developers' end. We see this led to continue in the near term resulting to possibly slower revenue recognition in this part of the business going into 2018.

Gross Profit and Margins

The Company registered a consolidated gross profit of P4.8 billion for the year ended 2017, a 9.3% increase versus the P4.4 billion gross profit registered in 2016.

Gross margin was at 34.6% of sales compared to 35.6% in same period in 2016. The decrease in margins of 1.0 pt was driven by increases in commodity prices and FX rate fluctuations partially offset by carry-over savings from 2016.

Operating Expenses

CIC's total operating expenses was at P2.5 billion, 7.8% higher over the comparable period in 2016. The increase in operating expenses came mainly from continued investments in organizational capability, point of sales support as well as infrastructure and facilities.

Investments in new ERP were also started in 2017 as the Company strives to improve its service to customers, provide baseline for continued technology enablement of its operations, and provide employees high quality standard of work environment.

Volume-related expenses particularly outbound freight and warranty were kept lower as percent to sales versus prior year as a result of various operational improvements and initiatives done throughout the year 2017.

Other movements in operating expenses include re-class of inventory obsolescence provision to cost of sales and personnel costs to outside services pertaining to charges of CBSi to other subsidiaries.

Other Operating Income and Finance Costs

Other operating income of P25.7 million was mainly related to commission income from related parties offset by FX revaluation losses.

Finance costs for the year 2017 were kept minimal with short-term borrowings fully paid within the third quarter of 2017.

FINANCIAL CONDITION

As at December 31, 2017 compared with as at December 31, 2016

Consolidated total assets as at December 31, 2017 was at P10.3 billion, up by P1.5 billion from end of 2016 balance of P8.8 billion. Marked increases in assets were from higher trade receivables, inventories, prepayments and net property and equipment.

The increase in trade receivables was from increase in revenues while growth in inventories was due to the pre-building of units in anticipation of the peak months of consumer AC in the first half of 2018. Increase in prepayments and other current assets represented the unamortized portion of various prepaid expenses such as insurance, rental and licenses. Higher net property and equipment was due to investments in ERP and various machineries and equipment for the factory.

Total liabilities amounted to P4.1 billion, an increase of P654 million from end of 2016 balance of P3.5 billion. The increase in liabilities came mainly from higher trade payables related to purchase of inventory. This was partially offset by P52 million decrease in income tax payable and P28 million decrease in other provisions.

Consolidated net cash position remained strong at P2.2 billion with zero borrowings from banks both by end of 2017 and 2016.

The cash generated from operating activities amounted to P1.2 billion. This was used mainly to finance distribution of profits to shareholders, investments in various machineries and equipment for the factory and the new ERP.

WORKING CAPITAL

As of December 31, 2018, 2017 and 2016, the Company's net current assets, or the difference between total current assets, including cash and cash equivalents, and total current liabilities, were P4,991 million, P4,703 million and P3,919 million, respectively, representing working capital sufficiency.

The Company's current assets consist of cash and cash equivalents, trade and other receivables, inventories and prepayments and other current assets. The Company's current liabilities consist of trade payables and other liabilities, provisions for warranty, income tax payable, and other provisions.

CASH FLOWS

The following table sets forth information from the Company's consolidated statements of cash flows for the years indicated (amounts in millions):

	For the years ended December 31		
	2019	2018	2017
Net cash flows provided by (used in) operating activities	2,748.3	(82.7)	1,160.2
Net cash flows used in investing activities	(375.6)	(317.3)	(289.6)
Net cash flows used in financing activities	(2,091.6)	(514.3)	(653.4)
Net increase (decrease) in cash and cash equivalents	281.1	(914.2)	217.2

The net cash flows provided by operating activities for the year ended 2019 were at P2,748.3 million which comprise income before provision for income tax of P2.08 billion, excluding adjustments, changes in working capital and interest received and including actual income tax paid. The drastic improvement in cash flows was mainly attributable to better working capital management collectively stemming from improved inventory management, and better accounts receivable turnover from enhanced collection efforts.

In 2019, net cash flows used in investing activities were at P375.6 million, which resulted mainly from the acquisition of property and equipment and increase in short-term investments.

Net cash flows used in financing activities were at P2,091.6 million in 2019 which are mainly coming from net payments of dividends, short-term borrowings, lease liabilities and acquisition of treasury shares.

INDEBTEDNESS

The Company did not have long-term debt as of December 31, 2018.

CAPITAL EXPENDITURES

The Company makes regular capital expenditures annually to support its business goals and objectives, investing in ongoing maintenance of its property, plant and equipment. The Company has historically funded its capital expenditures primarily through working capital derived from operating income.

Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

There were no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Material Commitments for Capital Expenditures

The Company commitments for capital expenditures will be funded out of cash flows from operations.

Material Impact on Income from Continuing Operations

In the normal course of operations, the Company's activities are affected by changes in interest rates, foreign currency exchange rates and other market changes. The Company follows a prudent policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates and foreign currency exchange rates are kept within acceptable limits and within regulatory guidelines.

Significant Elements of Income or Loss that did not arise from Continuing Operations

There are no significant elements of income or loss that did not arise from continuing operations of the Company.

CORPORATE GOVERNANCE

a. The evaluation system established by the company to measure or determine the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance

On December 7, 2011, the Securities and Exchange Commission (SEC) issued SEC Memorandum Circular No. 8 directing all publicly-listed companies to participate as respondents in the Corporate Governance (CG) Survey using the CG Scorecard as the survey instrument. Accomplishment of the CG Scorecard entailed doing a self assessment of the Company's current corporate governance practices. The Company submitted the accomplished CG Scorecard on May 31, 2019 to the Corporation Finance Department of the SEC. Out of this exercise, action programs were recommended to match best practices.

b. Measures being undertaken by the company to fully comply with the adopted leading practices on good corporate governance

The Board of Directors approved the amendments to the Company's Manual on Corporate Governance on April 3, 2019 in compliance to the revised Code of Corporate Governance under Securities and Exchange Commission dated November 2009.

Committees of the Board

In October 2019, the Board reorganized its committees to strengthen its governance structure but retained the members appointed thereto during the organizational meeting of the Board . Each member of the respective committees named

below has been holding office as of the date of this Report and will serve until his successor shall have been elected and qualified.

Executive Committee

The Executive Committee, which consists of not less than three members, including the Chief Executive Officer/President, is empowered, when the Board is not in session, to exercise the powers of the Board in the management of the business and affairs of the Company except with respect to the approval of any action for which stockholders' approval is also required; the filling of vacancies in the Board; the amendment or repeal of the Company's constitutional documents or the adoption of new by-laws, the amendment or repeal of any resolution of the Board which by its express terms cannot be so amended or repealed; the distribution of dividends to stockholders; and such other acts which are specifically excluded or limited by the Board or which are expressly reserved by the Revised Corporation Code to the Board.

The Executive Committee meets as often as it may be necessary to address all matters referred to it. Company-level executive committees meet at least once a month to discuss performance, forecasts, and key issues. A group-wide executive committee is convened at least once a year to review overall Company plans and strategies.

Audit and Risk Oversight Committee

The Audit and Risk Oversight Committee ("Audit Com") shall be composed of at least three appropriately qualified non-executive directors, majority of whom including the Chairman are independent directors. The Audit Com assists the Board in the fulfillment of its duties in relation to risk management, compliance, internal control and financial reporting. It also oversees internal and external audit functions with direct interface functions with internal and external auditors. For efficiency, the Board has determined that in lieu of creating a separate Related Party Transaction Committee, the Audit Com's functions shall include the review of related party transactions. The purposes, duties and powers of the Audit Com are set forth in the Charter of the Audit Com.

Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee ("CGN Committee") shall be composed of five members, three of whom including the Chairman are independent directors. The CGN Committee assists the Board in the performance of its functions (i) in defining corporate governance policies and attaining best practices, and (ii) ensuring the Board's effectiveness in governing the Company. It is also tasked to oversee the implementation of the Company's compliance programs and to evaluate and assess the performance of the Board. In terms of its nomination functions, the CGN Committee reviews, evaluates and presents to the Board the qualifications of individuals nominated to the Board. The purpose, duties and powers of the CGN Committee are set forth in the Charter of the CGN Committee.

Compensation and Remuneration Committee

The Compensation and Remuneration Committee ("Comp Committee") is comprised of three members, including an independent director. The Comp Committee's primary function is to assist the Board in providing oversight in the compensation and remuneration of directors, senior management and other key personnel appointed by the Board. It is also tasked with ensuring that the compensation scheme is consistent with the Company's culture and strategy, effectively aligned with prudent risk taking, and commensurate with corporate and individual performance. The purpose, duties and powers of the Comp Committee are set forth in the Charter of the Comp Committee.

Strategy and Investments Committee

The Strategy and Investment Committee ("Strat Committee") shall be composed of at least five members. The Strat Committee's main function is to assist the Board in the effective discharge of its responsibilities concerning the Company's investment policies, strategies, with emphasis on: (i) reviewing, assessing and recommending to the Board the execution of major investments in new business opportunities within and outside of the Company's core business and the mechanism and form for undertaking such ventures through means such as mergers, acquisitions, joint ventures or wholly-owned subsidiaries, and (ii) providing guidance to Management in the identification, consideration, review analysis and selection, negotiation and execution of any such transactions and the form thereof. The purpose, duties and powers of the Strat Committee are set forth in the Charter of the Strat Committee.

The Company is in full compliance of all required disclosures related to the Manual.

Areas for improvement noted during the accomplishment of the CG Scorecard to match best practices will be addressed with positive action. The Manual is reviewed annually or as the need arises for possible revision, to conform with best market practices on corporate governance or comply with new rules and regulations issued by any regulatory body.

c. Any deviation from the company's Manual of Corporate Governance. It shall include a disclosure of the name and position of the person/s involved, and the sanction/s imposed on said individual

The Company is in full compliance of all required disclosures related to the company's Manual of Corporate Governance.

d. Any plan to improve corporate governance of the company

Areas for improvement noted during the accomplishment of the CG Scorecard to match best practices will be addressed with positive action. The Company's Manual on Corporate Governance will be reviewed annually or as the need arises for possible revision, to conform with best market practices on corporate governance or comply with new rules and regulations issued by any regulatory body.

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The Company undertakes to provide without charge to each person solicited, upon written request of any such person, a copy of Concepcion Industrial Corporation's Annual Report on SEC Form 17-A and the name and address of the person to whom such written request is to be directed. At the discretion of management, a charge may be made for exhibits, provided the charge is limited to reasonable expenses incurred by the registrant in furnishing the exhibits. Requests should be sent to: Atty. Jayson L. Fernandez, Office of the Corporate Secretary, 21st Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City.

ANNEX D

2020 ANNUAL STOCKHOLDERS' MEETING OF CONCEPCION INDUSTRIAL CORPORATION (formerly Concepcion Airconditioning Corporation) (the "Corporation")

REGISTRATION AND PROCEDURE FOR VOTING *IN ABSENTIA* AND PARTICIPATION VIA REMOTE COMMUNICATION

I. VOTING IN ABSENTIA

1. Stockholders as of 15 June 2020 (the "Stockholder/s") may register by notifying the Corporate Secretary by email to cic.secretary@romulo.com on or before 3 July 2020. Registration shall be open from 29 June 2020 to 3 July 2020.
2. Upon registration, stockholders shall provide the following information and documents (the file size should be no larger than 5MB):
 - iv. For Individual Stockholders:
 - g. Email Address
 - h. First and Last Name
 - i. Address
 - j. A valid and active Mobile / Phone Number
 - k. A scanned copy of the stockholder's valid government-issued ID with picture and signature
 - l. Additional requirement for Stockholders with joint accounts: A scanned copy of an authorization letter signed by all joint stockholders, identifying who among them is authorized to cast the vote for the account
 - v. For Corporate Stockholders:
 - g. Email Address of the representative of the corporate stockholder
 - h. First and Last Name of the representative of the corporate stockholder
 - i. Address of the corporate stockholder
 - j. A valid and active Mobile / Phone Number of the representative of the corporate stockholder
 - k. A scanned copy of a valid government-issued ID of the representative of the corporate stockholder authorized to cast the vote for and on behalf of the corporate stockholder ("Authorized Vote") with photograph
 - l. A scanned copy of the certification duly signed by the corporate secretary of the corporate stockholder attesting to the authority of the representative to vote for and on behalf of the corporate stockholder
 - vi. For stockholders under Broker Accounts (PCD Nominee)
 - Individual beneficial owner
 - g. Email Address
 - h. First and Last Name
 - i. Address
 - j. A valid and active Mobile / Phone Number
 - k. A scanned copy of a valid government-issued ID of the individual beneficial owner with photograph
 - l. A scanned copy of the broker's certification on the individual beneficial owner's name, account number and shareholdings as of record date (15 June 2020)
 - Corporate beneficial owner
 - d. A scanned copy of the broker's certification on the corporate beneficial owner's name, account number and shareholdings as of record date (15 June 2020)
 - e. A scanned copy of the certification duly signed by the corporate secretary of the corporate beneficial owner attesting to the authority of the representative to vote for and on behalf of the corporate beneficial owner
 - f. A scanned copy of a valid government-issued ID of the representative of the corporate beneficial owner with photograph
3. Registration shall be validated by the Office of the Corporate Secretary in coordination with the Stock Transfer Agent of the Corporation. The Corporate Secretary shall inform the stockholder of the validation results.

4. Voting shall be open from 29 June 2020 to 3 July 2020. All stockholders who wish to vote through a proxy or *in absentia* shall submit the duly signed proxies or ballots, as the case may be, to the Office of the Corporate Secretary at the 21st Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City and/or by email to cic.secretary@romulo.com not later than 3 July 2020.
5. The Office of the Corporate Secretary shall tabulate all votes cast *in absentia* together with the votes cast by proxy, and committee organized by the Board will validate the results.
6. Stockholders who vote *in absentia* are hereby deemed to have given their consent to the collection, use, storing, disclosure, transfer, sharing and general processing of their personal data by the Corporation and by any other relevant third party for the purpose of electronic voting in absentia for the Annual Stockholders' Meeting and for all other purposes for which the Stockholder can cast his/her/its vote as a stockholder of the Corporation.

II. PARTICIPATION VIA REMOTE COMMUNICATION

1. Stockholders may attend the meeting remotely by viewing the livestream *via* Zoom Meeting. The information necessary to attend the meeting shall be sent to all shareholders who are able to register as required herein.
2. For purposes of quorum, only the following Stockholders shall be counted as present:
 - a. Stockholders who have voted *in absentia* within the period of 29 June 2020 to 3 July 2020;
 - b. Stockholders who have sent their proxies to the Corporate Secretary at the 21st Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City and/or by email to cic.secretary@romulo.com on or before 3 July 2020; and
 - c. Stockholders who have notified the Corporation of their intention to participate in the meeting by remote communication by sending an email to cic.secretary@romulo.com 3 July 2020.
3. Questions and comments on the items in the Agenda may be sent to investorrelations@cic.ph. Questions or comments received on or before 13 July 2020 may be responded to during the meeting. Any questions not answered during the meeting shall be answered by the Corporation's Investor Relations Office via email or by posting on the Company's website.