SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 177
OF THE REVISED CORPORATION CODE OF THE PHILIPPINES

1. For the year ended **December 31, 2020**

2. SEC Identification Number **CS201518815** 3. BIR Tax Identification No. **009-133-917-000**

4. Exact name of registrant as specified in its charter **CEMEX HOLDINGS PHILIPPINES, INC.**

5. **Metro Manila, Philippines** 6. [ ] (SEC Use Only)
   Province, Country or other jurisdiction of incorporation or organization — Industry Classification Code:

7. **34th Floor Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City 1200**
   Address of principal office — Postal Code

8. **+632-8849-3600**
   Issuer's telephone number, including area code

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

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

Title of each Class	**Number of shares of common stock outstanding and amount of debt outstanding**
Common Shares	13,489,226,623

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

    Yes [X] No [ ]
    Stock Exchange: Philippine Stock Exchange (Main Board)
    Securities Listed: Common Shares

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 25 and 177 of the Revised Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [X] No [ ]

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

Yes [X] No [ ]

13. State the aggregated market value of the voting stock held by non-affiliates of the registrant.

₱3,407,006,235.54, based on 2,988,601,961 common shares held by non-affiliates of the registrant as at March 31, 2021 @ ₱1.14 per share (which is the average market price at which stocks of the registrant was sold on March 31, 2021)

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Not Applicable

Yes [ ] No [ ]

15. The following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

The audited 2020 consolidated financial statements of the Company which are attached as an exhibit to this Form 17-A (Annual Report) is incorporated by reference in ITEM 1 (2)(viii) of PART I (Transactions with Related Parties), ITEM 2 of PART I (Properties), ITEM 6 of PART II (Management's Discussion and Analysis), ITEM 7 of PART II (Financial Statements), ITEM 8 of PART II (Information on Independent Accountant and other Related Matters) and ITEM 12 of PART III (Certain Relationships and Related Party Transactions):

- ***Audited 2020 Consolidated Financial Statements of the Company (with consolidated statements of financial position as at December 31, 2020 and 2019, and consolidated comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2020, 2019 and 2018) and Schedules***

PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

(1) History and Business Development

(a) Organization

CEMEX HOLDINGS PHILIPPINES, INC., a subsidiary of CEMEX ASIAN SOUTH EAST CORPORATION ("CASEC"), was incorporated as a stock corporation on September 17, 2015 under Philippine laws primarily to invest in or purchase real or personal property; and to acquire and own, hold, use, sell, assign, transfer, mortgage all kinds of properties such as shares of stock, bonds, debentures, notes, or other securities and obligations; provided that it shall not engage either in the stock brokerage business or in the dealership of securities, and in the business of an open-end investment company as defined in Republic Act 2629, Investment Company Act.

CASEC is a wholly-owned indirect subsidiary of CEMEX España, S.A., which in turn is indirectly owned by CEMEX, S.A.B. de C.V. ("CEMEX"), a company incorporated in Mexico with address of its principal executive office at Avenida Ricardo Margain Zozaya #325, Colonia Valle del Campestre, Garza Garcia, Nuevo León, Mexico. CEMEX is one of the largest cement companies in the world based on annual installed cement production capacity. CEMEX's Ordinary Participation Certificates (Certificados de Participación Ordinarios) ("CPOs"), each of which currently represents two "Series A" shares and one "Series B" share, are listed on the Mexican Stock Exchange and trade under the symbol "CEMEX.CPO." CEMEX's American Depositary Shares, each of which currently represents ten CPOs, are listed on the New York Stock Exchange ("NYSE") and trade under the symbol "CX".

The term "Parent Company" used in this Form 17-A (Annual Report) refers to CEMEX HOLDINGS PHILIPPINES, INC. without its subsidiaries. The term "Company" refers to CEMEX HOLDINGS PHILIPPINES, INC. together with its consolidated subsidiaries.

The Parent Company's two principal operating subsidiaries, i.e., APO Cement Corporation ("APO Cement") and Solid Cement Corporation ("Solid Cement"), are involved in the production, marketing, distribution and sale of cement and other cement products in the Philippines with well-established brands, such as "APO", "Island", and "Rizal", each of which has a multi-decade history in the Philippines.

On January 1, 2016, the Company acquired, directly and indirectly through intermediate holding companies, a 100% equity interest in each of Solid Cement and APO Cement as a result of the following acquisitions:

(a) 1,112,934,284 preferred shares of APO Cement representing 40% of the outstanding capital stock of APO Cement from CEMEX Asia Holdings, Ltd;

(b) 500,000 common shares of Solid Cement representing 10% of the outstanding capital stock of Solid Cement from CEMEX Asia Pacific Investments B.V.;

(c) 1,500,000 common shares of Solid Cement, representing a 30% equity interest in Solid, from CEMEX Asia, B.V. (in addition to CEMEX Asia, B.V.'s minority interest in two shares that it owned jointly with Sandstone Strategic Holdings, Inc.);

(d) 458,500 common shares of Edgewater Ventures Corporation representing 100% of the outstanding capital stock of Edgewater Ventures Corporation from CEMEX Asia Holdings, Ltd.;

(e) 2,360,000 common shares of Triple Dime Holdings, Inc. representing 40% of the outstanding capital stock of Triple Dime Holdings, Inc. from CEMEX Asia Holdings, Ltd.;
(f) 120,000 common shares of Bedrock Holdings, Inc. representing 100% of the outstanding capital stock of Bedrock Holdings, Inc. from CEMEX Asia Holdings, Ltd.; and

(g) 4,660,966 common shares of Sandstone Strategic Holdings, Inc. representing 45% of the outstanding capital stock of Sandstone Strategic Holdings, Inc. from CEMEX Asia Holdings, Ltd.

On June 17, 2016, the Securities and Exchange Commission of the Philippines ("SEC") issued a Pre-effective Clearance for Registration covering 5,195,395,454 common shares of the Parent Company broken down as follows: (a) 2,337,927,954 common shares that shall be offered and sold to the public by way of primary offering ("IPO") and (b) 2,857,467,500 issued and outstanding shares which shall not be included in the offer. In view of the SEC Pre-effective Clearance for Registration and the Parent Company's compliance with other conditions imposed by the Board of the Philippine Stock Exchange ("PSE"), the PSE approved on June 17, 2016 the initial listing of up to 5,195,395,454 common shares under the Main Board of the Exchange.

On June 30, 2016, the SEC resolved to render effective the Registration Statement of the Parent Company and issued a Certificate of Permit to Offer Securities for Sale in favor of the Parent Company. On July 18, 2016, the total outstanding shares of the Parent Company consisting of 5,195,395,454 common shares were listed on the Main Board of the Philippine Stock Exchange.

On April 2, 2019, the Board of Directors approved the increase in the Parent Company's authorized capital stock ("ACS") from P5,195,395,454 divided into 5,195,395,454 Common Shares with par value P1.00 per share, of which 5,195,395,454 Common Shares are issued and fully paid-up, to P18,310,395,454 divided into 18,310,395,454 Common Shares with a par value of P1.00 per share. This increase was authorized by the Parent Company's shareholders owning more than 2/3 of the total issued and outstanding capital during a special meeting of stockholders held on October 16, 2019. Following said special stockholders' meeting, the Parent Company initiated the corresponding processes with the SEC and the PSE for a stock rights offering ("Stock Rights Offering") for the purpose of raising the equivalent in Philippine Peso of up to US$250 million.

On December 11, 2019, the SEC issued a Notice of Confirmation of Exempt Transaction, confirming that the Stock Rights Offering is exempt from the registration requirements of the Securities Regulation Code of the Philippines and the board of directors of the PSE approved the Parent Company's application for listing of the shares to be offered in the Stock Rights Offering, subject to the fulfillment of certain listing conditions, such as but not limited to the Parent Company having obtained the SEC's approval of the increase in the company's authorized capital stock.

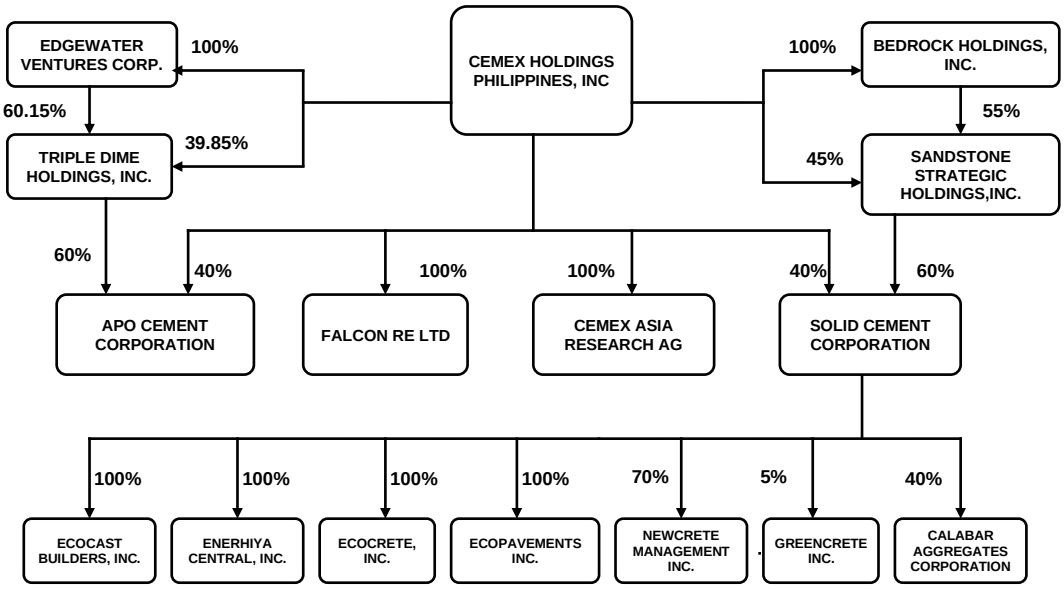
On January 6, 2020, the Parent Company announced that the Stock Rights Offering would involve the offer of 8,293,831,169 common shares with a par value of par value P1.00 per share (the "Rights Shares") at an offer price of P1.54 per Rights Share that would be issued from the Parent Company's increased ACS. The proceeds from the Stock Rights Offering would be used primarily to fund the expansion of Solid Cement's plant in Antipolo City (the "Solid Expansion Project"), including (i) to pay outstanding amounts owed by Solid Cement under a revolving credit facility agreement dated November 21, 2018, as amended and restated from time to time, between Solid Cement, as the borrower, and CEMEX Asia, B.V. ("CABV"), as the lender (the "Solid Expansion Facility Agreement"), which facility agreement has been used primarily but not exclusively to fund the Solid Expansion Project, including (ii) to pay outstanding amounts owed by APO Cement under a master loan agreement dated October 1, 2014, as amended and restated from time to time, between APO Cement, as borrower, and CABV, as lender (the successor to CEMEX Hungary KFT) (the "APO Operational Facility Agreement"), and for other general corporate purposes.

The offer period for the Stock Rights Offering was concluded on January 24, 2020. The total proceeds raised from the Stock Rights Offering amounted to ₱12,772,500,000.26.

On 27 February 2020, the SEC approved the Parent Company's application for increase of ACS and on 4 March 2020, the 8,293,831,169 common shares comprising the Rights Shares were listed under the Main Board of the Exchange.

After the Stock Rights Offering and the approval by the SEC of the Parent Company's application for increase in authorized capital stock, the Parent Company's issued and outstanding shares totaled 13,489,226,623 common shares.

The following diagram provides a summary of the Company's organizational and ownership structure as of December 31, 2020:



(b) Subsidiaries and Associates

The following are brief descriptions of the Company's operating subsidiaries:

- ***APO Cement Corporation***. APO Cement was incorporated in the Philippines on December 27, 1961 primarily to engage in the production and marketing of cement. The Parent Company owns a direct 40% equity interest in APO Cement as well as an indirect 60% equity interest through its equity interest in Triple Dime Holdings, Inc. APO Cement owns and operates the APO Cement plant and primarily produces products which carry the APO cement brand.

- ***Solid Cement Corporation* and its subsidiaries**. Solid Cement was incorporated in the Philippines on September 14, 1987. The Parent Company owns a direct 40% equity interest in Solid Cement as well as an indirect 60% equity interest through its equity interest in Sandstone Strategic Holdings, Inc. Solid Cement owns and operates the Solid Cement plant and primarily produces products which carry the Island and Rizal cement brands. Solid Cement also owns a 100% equity interest in each of the following subsidiaries:

  - ***Ecocast Builders, Inc.*** and ***Ecopavements Inc.*** Ecocast Builders, Inc. and Ecopavements Inc. were each incorporated in the Philippines on October 16, 2014 to primarily provide its customers with materials and solutions for cement-intensive housing and pavement projects, respectively. Ecopavement Inc.'s Board of Directors confirmed plans to close the business

operations of the company effective on December 31, 2017 and subsequently during a joint special meeting of Ecopavements Inc.'s Board of Directors and Shareholders on August 31, 2018, the shortening of the corporate term of the Company to December 31, 2019 was approved.

- ***Ecocrete, Inc.*** Ecocrete, Inc. was incorporated in the Philippines on February 13, 2013 to primarily manufacture, develop and sell ready-mix concrete and other construction related products materials. Ecocrete, Inc.'s Board of Directors confirmed plans to close the business operations of the company effective on December 31, 2017, and subsequently during a joint special meeting of Ecocrete, Inc.'s Board of Directors and Shareholders on August 31, 2018, the shortening of the corporate term of the Company to December 31, 2019 was approved.

- ***Falcon Re Ltd***. – Falcon Re Ltd. was incorporated in Barbados on May 9, 2016. The Parent Company owns a direct 100% equity interest in Falcon Re Ltd., which reinsures third-party insurers of the Company covering risks association with property insurance coverage, with political violence and non-damage business interruption programs, liability program and cyber risks.

- ***CEMEX Asia Research A.G***. – CEMEX Asia Research AG was incorporated in Switzerland on December 18, 2015. The Parent Company owns a direct 100% equity interest in CEMEX Asia Research A.G., which is the licensee for the certain licensed trademarks and intangible assets to which the Company has access through several agreements with CEMEX and its affiliate, CEMEX Research Group A.G.

The following are brief descriptions of the Company's investment holding company subsidiaries and other subsidiaries that have not started commercial operations:

- ***Edgewater Ventures Corporation*** and ***Triple Dime Holdings, Inc.*** Edgewater Ventures Corporation was incorporated in the Philippines on April 23, 1998 and Triple Dime Holdings, Inc. was incorporated in the Philippines on May 13, 1998. The Parent Company owns a 100% equity interest in Edgewater Ventures Corporation, which is an investment holding company that owns a direct 60.15% equity interest in Triple Dime Holdings, Inc. which is also an investment holding company. The Parent Company owns directly the remaining 39.85% equity interest in Triple Dime Holdings, Inc. Triple Dime Holdings Inc. owns a direct 60% equity interest in APO Cement.

- ***Bedrock Holdings, Inc.*** and ***Sandstone Strategic Holdings, Inc.*** Bedrock Holdings, Inc. was incorporated in the Philippines on October 30, 1998 and Sandstone Strategic Holdings, Inc. was incorporated in the Philippines on November 12, 1998. The Parent Company owns a direct 100% equity interest in Bedrock Holdings, Inc., which is an investment holding company that owns a direct 55% equity interest in Sandstone Strategic Holdings, Inc., which is also an investment holding company. The Parent Company directly owns the remaining 45% equity interest in Sandstone Strategic Holdings, Inc. Sandstone Strategic Holdings, Inc. owns a direct 60% equity interest in Solid Cement.

- ***Enerhiya Central, Inc.*** Enerhiya Central, Inc. was incorporated in the Philippines on February 26, 2013, to primarily sell, broker market and/or aggregate electricity to industrial, commercial and institutional clients. Enerhiya Central, Inc. has not yet started commercial operations. The Parent Company owns an indirect 100% equity interest in Enerhiya Central, Inc. through its 100% equity interest in Solid Cement.

- ***Newcrete Management Inc.*** Newcrete Management Inc. was incorporated in the Philippines on November 14, 2012, to provide management services related to technical support, concrete sales, concrete products, special building materials and other related products and services. Newcrete Management Inc. has not yet started commercial operations. The Parent Company owns an indirect 70% equity interest in Newcrete Management Inc. through its 100% equity interest in Solid Cement.

The following are brief descriptions of companies in which Solid Cement has minority investments:

- ***Calabar Aggregates Corporation.*** Calabar Aggregates Corporation was incorporated in the Philippines on January 31, 1991. Calabar Aggregates Corporation is a company in which the Parent Company owns an indirect 40% equity interest through its 100% equity interest in Solid Cement. This company is currently inactive.

- ***Greencrete Inc.*** Greencrete Inc. was incorporated in the Philippines on November 14, 2012. The Parent Company owns an indirect 5% equity interest in Greencrete Inc. through its 100% equity interest in Solid Cement. Greencrete Inc. has not yet started commercial operations.

(c) Material Reclassification, Merger and Consolidation

There was no material reclassification, merger or consolidation undertaken by the Company in 2020.

(2) General Business Description

The Company has two cement plants with aggregate installed annual capacity[1] of 5.7 million tonnes of cement as of December 31, 2020. APO Cement's cement production plant is located in Naga City, Cebu and currently has three grinding lines and has an installed annual capacity of 3.8 million tonnes of cement, and serves its customers in the Visayas and Mindanao regions through its marine and land distribution network. Solid Cement's cement production plant is located in Antipolo City, Rizal and currently has three grinding lines and an installed annual capacity of 1.9 million tonnes of cement.

In October 2018, the principal project agreements were entered into with CBMI Construction Co., Ltd of China for the procurement, construction and installation of a 1.5 million metric tons per year new integrated cement production line at Solid Cement's plant. On 1 February 2019, the Board of Investments duly registered Solid Cement as a New Producer of Cement on a Pioneer Status but with Non-Pioneer Incentives for its 1.5 million metric tons per year new integrated cement production line located in Antipolo City, Rizal. The incentives granted to this registered project include, among others, (1) a 4-year income-tax holiday period commencing from December 2020 or actual start of commercial operations (whichever is earlier)[2] and (2) importation *at zero duty* of capital equipment, spare parts and accessories directly needed and exclusively used in the operations of the registered project. The income qualified for income-tax holiday shall be limited to the income directly attributable to the eligible revenue generated from this registered project. The Company targets the completion of the construction for this expanded/new integrated line to take place in December 2021.

Solid Cement's plant principally serves the National Capital Region. The operations of the ready-mix plant located in Manila were discontinued in December 2017.

In 2020, the Company sold gray ordinary Portland cement, masonry cement and blended cement. The Company's cement products are principally sold under the APO, Island and Rizal brand names. The

[1] cement grinding capacity

[2] Further to a letter dated 15 February 2021 of the Board of Investments of the Philippines ("BOI"), approving Solid Cement's request for an amendment of the timetable for the registered project, the start of commercial operations of the registered project was moved from "December 2020" to "January 2022", and accordingly the 4-year income tax holiday period granted by the BOI to Solid Cement shall be reckoned from January 2022 or actual start of commercial operations, whichever is earlier.

Island and Rizal brands are primarily sold to customers in Luzon, whereas the APO brand cement is primarily sold to customers in the Visayas and Mindanao.

Among the various electronic or digital platforms and automated operating systems utilized by the Company is CEMEX Go, an end-to-end integrated digital platform launched in October 2018 and developed to provide an integrated experience for order placement, tracking of deliveries and managing invoices for the Company's main products. CEMEX Go can be accessed from a laptop or any mobile device. Once an order is placed, the customer can track its delivery path in real-time. Supplemental documents like contracts and terms of reference per project can also be accessed and viewed. Through CEMEX Go's Order and Product Catalogue, customers have complete control over their orders. Across the different markets where this application was launched by CEMEX, the Philippines has had one of the fastest adoption rates within the CEMEX group. As of December 31, 2020, more than 90% of orders from the Company's on-boarded clients were placed using this digital platform.

The Company has a customer service center which is responsible for overall customer relationship management activities, such as order-taking and fulfillment, inquiries and complaint management. The information provided by a customer upon completing an order form is logged in our customer database, which allows us to see the order type, quantity and delivery preferences that are typical of each of our customers over time. To ensure service quality, we monitor specific key performance indicators, including response rate, handling time, and voice service quality. In October 2020, the Company virtually inaugurated its new in-house Service Center located in the head office in Makati City. This new Service Center enhances our capacity to better serve our customers across multiple communication channels.

(i) Products

Principal Product – Cement

Cement is a binding agent that, when mixed with sand, stone or other aggregates and water, produces either ready-mix concrete or mortar. The Company provides its customers with high-quality branded cement products and services in both bagged and bulk formats. The Company relies on professional knowledge and experience to develop customized products that fulfill its customers' specific requirements and foster efficient and sustainable construction. The Company sells a large proportion of its cement in bags. Sales of cement and cement products accounted for 89.4% of consolidated net sales for 2020 before eliminations. The principal groups of related products and services are gray ordinary Portland cement, blended cement and masonry cement. The Company delivers its bagged, branded product to a large number of distribution outlets so that its cement is available to end-users in a point of sale near to where the product will be used.

Product	Brands	Description	Product Specifications and National Standards Met
Gray Ordinary Portland	APO Portland Cement	General-purpose Type I Portland cement made for high performance applications. It passes the specifications of Type II cement as moderately sulfate resistant and is suitable for applications near bodies of water.	PNS 07:2018 ASTM C150:2018
	Island Portland Cement	General-purpose Portland cement made for high performance applications. Achieves higher compressive strength in less time compared to other Portland cement.	PNS 07:2018 ASTM C150:2018
Masonry	Rizal Masonry Cement	Type M masonry cements. Minimizes the carbon footprint of regular Portland cement by up to 32% and	PNS ASTM

	APO Masonry Cement	allows better moisture retention and adhesion strength.	C91/ C91M:2019
Blended	Rizal Portland Super	All-purpose Type 1P cement formulated with natural minerals that add beneficial properties, such as increased strength and durability over time. Used for general construction applications where structures are exposed to moderate sulfate environments.	PNS 63:2019 ASTM C595: 2018
	APO Portland Premium		

Others

The Company sold admixtures and building materials to third parties in 2020. The Company also generated revenue from co-processing of waste materials or alternative fuel resources from third parties in 2020. These transactions accounted to not more than 0.06% and 0.14%, respectively, of the total consolidated net sales of the Company for the year.

(ii) Export Revenue

The export revenue for cement as of December 31, 2020 amounted to approximately ₱88.6 million which is 0.4 % of total revenue of the Company for the fiscal year. The cement was exported to the Pacific Islands.

(iii) Distribution Methods

As at December 31, 2020, the Company's distribution infrastructure utilizes 5 marine distribution terminals and 23 land distribution centers/warehouses located across the Philippines, in addition to 1 jetty/marine terminal in Cebu. The Company distributes its products using a fleet which is managed directly by its subsidiaries or by third-party transport providers. As at December 31, 2020, the Company leases 99 trucks for the distribution of bag and bulk cement, charters 23 marine vessels for the waterborne distribution of bag cement in the Philippines, and contracts 4 marine vessels for the distribution of bulk cement.

(iv) Product Development

The Company continues to work with its current portfolio of products with the objective of developing products to suit customers' specific requirements or specifications.

(v) Competition

As of December 31, 2020, the Company's major competitors in the Philippine cement market were Holcim Philippines, Inc., Republic Cement Group, Taiheiyo Cement Philippines, Inc., Northern Cement Corporation, Goodfound Cement Corporation, Mabuhay FilCement Inc., Eagle Cement Corporation and Big Boss Cement Inc., as well as importers that import cement primarily from Vietnam. The Company competes through a wide section of the Philippine archipelago, primarily on the basis of quality, market presence, distribution network, diversity of product offerings, sales strategy, brand image and pricing.

(vi) Sources and Availability of Raw Materials and Supplies

The primary raw materials used in the Company's cement production are limestone, pozzolan, clay and gypsum. Raw materials costs represented approximately 13%, 12%, 11% and 12% of the Company's consolidated costs of sales for fiscal years 2020, 2019, 2018 and 2017, respectively.

The raw materials are delivered directly to the Company's production facilities by trucks and conveyor belts. The Company purchases the majority of its limestone, pozzolan and clay requirements from APO Land & Quarry Corporation ("ALQC") and Island Quarry and Aggregates Corporation ("IQAC") pursuant to long-term supply agreements, each having 20-year terms commencing on January 1, 2016 and automatic renewals for successive periods of two years.

ALQC is an entity that is wholly-owned by Impact Assets Corporation, a corporation in which CASEC owns a 40% equity interest. IQAC is an entity that is wholly-owned by Albatross Holdings, Inc., a corporation in which CASEC owns a 40% equity interest.

Most of the quarries from which ALQC and IQAC mine raw materials, such as limestone, pozzolan and clay are located near the Company's cement production plants, which reduces the Company's pre-production transport time and costs.

The Company's cement plant operations consume significant amounts of electricity and fuel.

The Company sources electricity by purchasing grid electricity from third parties, in addition to electricity from in-house generators at its plants and, with respect to Solid Cement plant, from the waste-heat-to-energy facility of SINOMA Energy Conservation Ltd (SINOMA). When running at full utilization, APO Cement plant requires approximately 48 megawatts of power while Solid Cement plant requires up to approximately 24 megawatts of power. Electricity costs in the Philippines are among the highest in Asia. Electricity cost and availability are also impacted by the limited numbers of suppliers, a complex regulatory framework, low grid reliability, the geography of the Philippines which makes distribution costly, the climate and weather conditions in the Philippines which regularly impacts power supply and quality, and dependence on imported fuel.

In 2020, the Company sourced most of its electricity requirements by purchasing grid electricity from third parties. Both APO Cement and Solid Cement plants purchased grid electricity for its respective power needs from San Miguel Electric Corporation (SMEC) from 2017 to 2020. In August 2020, SMEC assigned and transferred its obligations to supply APO Cement and Solid Cement to its affiliate, i.e., SMC Consolidated Power Corporation (SCPC) - a retail electricity supplier. Following the expiration of the supply arrangement between APO Cement and SCPC, APO Cement began purchasing grid electricity from Team (Philippines) Energy Corporation effective from December 26, 2020.

Regarding the in-house power generators at the Company's plants, the power generation plant at APO Cement plant has a rated capacity of approximately 67.2 megawatts, while the power generation plant at Solid Cement plant has a rated capacity of approximately 15.9 megawatts of power.

In January 2012, Solid Cement entered into a 15-year build-and-operate arrangement with SINOMA, to implement a waste heat recovery system at Solid Cement plant. SINOMA's facility captures waste heat generated by the plant's kilns and converts it into electricity. Pursuant to this arrangement, SINOMA owns the facility and is responsible for the maintenance, repairs and operations of the facility and, subject to certain conditions, is obligated to deliver all of the electricity generated by the facility to SOLID Cement plant. Moreover, subject to certain conditions, Solid Cement is obligated to purchase all of the electricity generated by the facility. This waste-heat-to-energy facility has a rated capacity of approximately 6 megawatts of power. In March 2017, the Company entered into a similar 15-year build-and-operate arrangement with SINOMA to implement a waste-heat-to-energy facility at APO Cement plant.

The Company primarily uses coal to fire its kilns and alternative fuels. The Company obtains all of its imported coal from Transenergy, Inc., a subsidiary of CEMEX that sources coal, petroleum coke and other energy products on a CEMEX group-wide basis seeking to obtain favorable pricing.

The Company continues to focus on the use of alternative fuels to increase energy efficiency and manage its fuel costs. It seeks to optimize its fuel mix with available alternative fuels, using refuse-

derived fuel, rubber tires, waste plastic, rice husks and other alternative fuels. In 2020, the usage of alternative fuels at Solid Cement plant amounted to approximately 17.1% of the overall fuel used to fire its kiln.

The Company primarily uses heavy fuel oil for the electricity generators in both plants, and the trucks and vessels used in the distribution of its products run primarily on diesel. The Company obtains its supply of heavy fuel oil and diesel from domestic suppliers.

(vii) Dependence on a single or a few customers

The Company sells cement directly to retailers such as hardware stores. The Company also sells cement directly to institutional customers such as contractors, developers and ready-mix operators. Many of the customers resell the Company's products to a variety of end-users, such as households, small and large contractors and ready-mix concrete producers, while the cement products which the Company sells directly to institutional customers are used in a variety of private and public infrastructure projects. The business of the Company does not depend on any single or few customers, and no single customer represented more than 20% of the Company's consolidated net sales.

(viii) Transactions with Related Parties

Refer to ITEM12 of PART III of this Form 17-A (Annual Report) (Certain Relationships and Related Party Transactions) and Note 13 - Balances and Transactions with Related Parties of the Notes to the Consolidated Financial Statements as at December 31, 2020 and 2019 contained in the accompanying Audited Financial Statements filed as part of this Form 17-A (Annual Report).

(ix) Intellectual Properties

The Company relies on trademarks to establish and protect its business interests. As a subsidiary of a multinational corporation, all of the trademarks and intellectual property of CEMEX and its subsidiaries, as well as the protection and enforcement thereof, are managed by the CEMEX offices in Mexico and Switzerland with the assistance of the local operating companies. The Company has license rights to use the "CEMEX" name, and the "APO", "Island" and "Rizal" brands from CEMEX and its subsidiary based in Switzerland, CEMEX Research Group AG ("CRG"). In exchange for the right to use the trademarks or brands owned by CEMEX, the Company incurred royalty fees payable to CEMEX for the fiscal year 2020 amounting to ₱22.8 million, which accounted for 0.12% of the Company's consolidated revenue.

On the other hand, CRG is also the legal owner of certain intangible assets, including but not limited to, know-how, processes, software and best practices over which the Company has a non-exclusive right to use, exploit and enjoy. The Company relies on these intangible assets for continuous improvements, enhancements and variations considering industry evolution and the particular needs of the Philippine market, and has entered into license agreements that allow its operating subsidiaries to use these intangible assets. In exchange for the intangible assets and tools made available by CRG to the Company, as well as the right to use trademarks or brands, the Company incurred royalty fees payable to CRG for the fiscal year 2020 amounting to ₱ 724 million, which accounted for 3.7% of the Company's consolidated revenue.

The Company owns "Semento Filipino" and "Pioneer Cement" trademarks.

(x) Governmental approval of principal products

APO Cement and Solid Cement possess licenses issued by the Bureau of Product Standards – Department of Trade and Industry which allows them to use the Philippine Standard (PS) Quality Mark for its various products.

(xi) Governmental Regulations

The principal areas in which the Company is subject to regulation are product quality standards, environmental compliance, its methods of distribution, labor, taxation, antitrust and health and safety. For example, the Occupational Safety and Health Standards promulgated by the Department of Labor and Employment, prescribes the minimum set of standards, rules, and regulations for the welfare and protection of workers in all places of employment. Apart from domestic rules, the Company is also guided by global benchmarks and standards on occupational health and safety, which is a key focus of management. There are management policies and rules in accordance with applicable laws and regulations such as production safety measures, the handling of hazardous materials, guidelines on high risk operations, and the Company also conducts regular training on occupational health and safety.

(xii) Research and Development

CEMEX's research and development center, led by CRG based in Switzerland, work in close collaboration with the Company's customers to offer them unique, integrated and cost-effective solutions that aim to fulfill their specific performance requirements, including a growing portfolio of value-added brands and help the Company to anticipate and understand society's trends in order to create innovative, sustainable construction solutions, while challenging the current technological landscape.

CEMEX's innovative, sustainable construction solutions have been conceptualized and engineered to positively impact the jobsite safety, promote efficient construction practices, sensibly preserve natural resources vital to life, and improve the quality of life in rapidly transforming cities. Underlying CEMEX's R&D philosophy is a growing culture of global collaboration and coordination, where the global R&D collaboration network identifies and promotes novel collaboration practices, and mobilizes its adoption throughout the CEMEX organization. Pursuant to several license agreements the Company is able to access the research and development capabilities of CRG through the Company's enjoyment and utilization in the Philippines of certain licensed trademarks and intangible assets developed and owned by CRG. In the event that the Company incurs costs for research and development activities undertaken in the Philippines, such costs are reimbursed to the Company by CRG.

(xiii) Compliance with Environmental Law

The Company is subject to a broad range of environmental laws and regulations in the Philippines, such as the Philippine Clean Air Act of 1999, the Philippine Clean Water Act of 2004 and the regulatory framework established by the Philippine Environmental Impact Statement System. These laws and regulations impose increasingly stringent environmental protection standards regarding, among other things, air emissions, wastewater discharges, the use and handling of hazardous waste or materials, waste disposal practices and the remediation of environmental damage or contamination.

The Company allocates resources to government-mandated social development funds in compliance with environmental laws and regulations. For instance, in 2020, the Company incurred expenses amounting to approximately ₱4.2 million for social development programs.

(xiv) Employees

As at December 31, 2020, the Company has a total of 759 full-time employees in the Philippines, while the Parent Company's foreign subsidiaries employed a total of 5 employees. A breakdown of the employees in the Philippines is shown below:

Area	Number of Employees
Corporate and Administration	211
Cement Business (commercial sales & administration, cement operations & technology, and logistics)	543
Other Businesses	5

As of December 31, 2020, approximately 31% of the non-managerial employees of our cement business were members of, and were represented by, labor unions. Their labor conditions, including wages and benefits, are governed by collective bargaining agreements negotiated at the plant level. The Solid Cement plant has two unions and the collective bargaining agreements of these unions will expire on December 31, 2022 and February 28, 2023, respectively. The APO Cement Plant has two unions and the collective bargaining agreements for these unions will both expire on December 31, 2021. Each of these unions is associated with the Trade Union Congress of the Philippines. Under the Philippine Labor Code, a labor union serves as the certified collective bargaining representative of the relevant bargaining unit (i.e., rank and file; supervisors unit) for a period of five years, whereby the bargaining unit will then conduct a certification election to determine who its collective bargaining agent will be for the next five years. Accordingly, APO Cement and Solid Cement negotiate collective bargaining agreements with the newly elected collective bargaining representative every five years for the general and political terms. The economic terms, such as the salary, allowances and all monetary and non-monetary benefits to which the collective bargaining members are entitled, can be renegotiated after a period of three years from the execution of the collective bargaining agreement. There has been no strike affecting Solid Cement plant or APO Cement plant during the past nineteen years.

(xv) Major Risks Affecting the Business

Substantially all of the Company's manufacturing business and assets are located in the Philippines. Accordingly, economic conditions in the Philippines may adversely affect its business, prospects, financial condition and results of operations.
The results of the Company's operations depend, to a significant extent, on the performance of the Philippine economy. The Philippines has experienced periods of slow or negative growth, high inflation, significant depreciation of the peso and the imposition of exchange controls.

The Company's growth prospects are largely dependent upon the economic growth in the Philippines. The Company's growth will depend in part on whether the Philippine economy can maintain a consistent growth rate as well as our ability to capitalize on such growth. Even if the Philippine economy grows, there can be no assurance that growth will necessarily translate into an increase in demand for the Company's products. In addition, there can be no assurance that current or future governments will adopt economic policies conducive to sustaining growth in the Philippines.

There also can be no assurance that an economic slowdown in the Philippines will not recur. Factors that may adversely affect the Philippine economy include:

- increased and sustained elevated levels of inflation;
- decreases in business, industrial, manufacturing or financial activity in the Philippines or globally;
- scarcity of credit or other financing;
- increased interest rates and/or interest rate volatility;
- exchange rate fluctuations;
- an increase in unemployment levels or decrease in consumer confidence;
- a decrease in remittances from overseas Filipino workers;

- changes in the taxation policies and laws;
- the impact of pandemics, epidemics or outbreaks of infectious diseases, including the COVID-19 pandemic, which may adversely affect, among other matters, supply chains, international operations, liquidity availability, investor confidence and consumer spending, as well as availability of, and demand for, our products and services;
- a re-emergence of Severe Acute Respiratory Syndrome (commonly known as SARS) or avian influenza (commonly known as the bird flu), Middle East respiratory syndrome coronavirus (commonly known as MERS-CoV) or the emergence of another similar disease in the Philippines or in other countries in Southeast Asia, such as the Zika virus;
- natural disasters, including landslides, typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and
- political or economic developments in or affecting the Philippines.

In addition, the strength of the Philippine economy (and demand for the Company's products in particular) is influenced and affected by global factors, including the performance of the global and regional economies, including in particular the United States and China, and the global economy, in general. If these economies were to suffer periods of prolonged weakness, it could adversely affect the Company's business, prospects, financial condition and results of operations.

Any deterioration of the economic or political environment in the Philippines could adversely affect demand for the Company's products. Demand for the Company's products is highly related to construction levels and depends, in large part, on residential and commercial construction activity as well as private and public infrastructure spending and government-led projects in the Philippines. Declines in the construction industry are usually correlated with declines in economic and political conditions. However, there can also be no assurance that any increase in construction activity, infrastructure spending or the gross domestic product of the Philippines will result in a correlated increase in the demand of our products. As a result, a deterioration of economic or political conditions in the Philippines could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Pandemics, epidemics or outbreaks of infectious diseases could materially adversely affect the Company's financial condition and results of operations

In addition to risks to the health and safety of the Company's employees, customers, contractors and suppliers, the impact of pandemics, epidemics or outbreaks of infectious diseases may result in governmental measures to be implemented to attempt to contain and mitigate the effects of the disease. These measures, and the adverse effects of the pandemic, epidemic or outbreaks of infectious diseases may result, in: (i) temporary restrictions on, or suspended access to, or shutdown, or suspension or the halt of, the Company's manufacturing plants and other facilities; (ii) staffing shortages, production slowdowns or stoppages and disruptions in our delivery systems; (iii) disruptions or delays in our supply chains, including shortages of materials, products and services on which the Company and its businesses depend; (iv) reduced availability of land and sea transport methods to deliver our products, including labor shortages, logistics constraints and increased border controls or closures; (v) increased cost of materials, products and services on which the Company and its businesses depend; (vi) reduced investor confidence and consumer spending where the Company operates; (vii) a general slowdown in economic activity, including construction, and a decrease in demand for the Company's products and industry demand generally; (viii) constraints on the availability of financing in the financial markets, if available at all, including on access to credit lines and working capital facilities from financial institutions; or (ix) the Company's inability to, if required, refinance our existing indebtedness on desired terms, if at all.

On March 11, 2020, the World Health Organization declared as a pandemic the outbreak of the Coronavirus COVID-19 (the "COVID-19 Pandemic"), due to its rapid spread throughout the world. On March 16, 2020, the President of the Philippines issued Proclamation No. 929 declaring a state of calamity throughout the Philippines due to the COVID-19 Pandemic which resulted in the imposition

of an Enhanced Community Quarantine ("ECQ") throughout Luzon starting midnight of March 16, 2020. The President announced several social distancing measures which were implemented including extension of suspension of classes in all levels in Metro Manila, prohibition of mass gatherings or events, imposition of community quarantine measures as necessary, restriction of mass public transport system (MRT, LRT, etc.), and most importantly, suspension of land, domestic air and domestic sea travel to and from the Metro Manila beginning March 15, 2020. On March 26, 2020, the Governor of Cebu Province announced the implementation of ECQ measures for the entire island of Cebu, effective March 30, 2020. While transportation was heavily regulated, on March 19, 2020, the Department of Trade and Industry issued Memorandum Circular No. 20-06 mandating that the movement of all types of cargo should be left unhampered. On March 24, 2020, the Philippine Government enacted Republic Act No. 11469, otherwise known as the Bayanihan Act, to effectively enact measures to address the pressing problems caused by the COVID-19 Pandemic. Beginning May 16, 2020, several cities and provinces (which included Metro Manila and Cebu City) were placed under modified enhanced community quarantine, while other cities and provinces (which included the Province of Rizal and other cities in the Province of Cebu) were placed under general community quarantine. By the second half of August 2020, Metro Manila, Cebu City, as well as the Municipalities of Minglanilla and Consolacion in the Province of Cebu, were among the areas which shifted to general community quarantine. On September 1, 2020, Cebu City, the Province of Cebu, and Rizal Province shifted to modified general community quarantine with lesser quarantine restrictions. As of December 31, 2020, Metro Manila remained under general community quarantine.

Consistent with the ECQ implementation in Luzon, the Company voluntarily initiated steps to temporarily suspend the production of cement products at, and distribution of cement products from, Solid Cement plant in the third week of March 2020. On May 20, 2020, after taking measures to fully comply with government regulations, operations at Solid Cement plant were resumed and have been able to operate continuously since then. APO Cement plant has remained operational year-to-date as of December 31, 2020, complying with all government regulations and the necessary hygiene and safety measures.

A further discussion on the impact of the COVID-19 Pandemic on the Company is found under "*Trends, Events or Uncertainties Affecting Recurring Revenues and Profits*" in ITEM 6 of PART II (Management's Discussion and Analysis) of this Form 17-A (Annual Report).

A reduction or delay in public or private construction projects may have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's principal business is reliant on levels of public and private construction activity in the Philippines. Significant interruptions or delays in, or the termination of, public or private construction projects may adversely affect the Company's business, financial condition and results of operations.

Historically, a substantial portion of construction activity in the Philippines relates to infrastructure, and public investment in the Philippines is driven by the Philippine government's desire to increase investment in infrastructure. There can be no assurance that the Philippine government will continue to promote public infrastructure spending. For example, the current Philippine government may decide to limit the scope of infrastructure projects in the future if, for example, it faces budget constraints. A reduction in public infrastructure spending in the Philippines would adversely affect the Company's business, prospects, financial condition and results of operations.

Private construction, particularly in housing, is driven by, among other things, the growth of the Philippine economy generally, and in particular the growth of business process outsourcing to the Philippines, in addition to remittances from overseas Filipino workers. An economic slowdown in the Philippines or a significant decrease in remittances from overseas Filipino workers may adversely impact the Company's business, prospects, financial condition and results of operations.

The Company has substantial indebtedness, the terms of which may restrict its ability to obtain additional financing on commercially reasonable terms or at all.
As of December 31, 2020, the Company had ₱12,853 million of outstanding debt, including ₱10,787 million of outstanding debt owed to BDO Unibank, Inc. (the "BDO"), and ₱2,066 million of lease obligations according to PFRS 16.

The Company's indebtedness could have significant adverse consequences, including by impairing its ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes. Furthermore, the Company may have a higher level of indebtedness than some of its competitors, which may put it at a competitive disadvantage and reduce its flexibility in planning for, or responding to, changing conditions in the industry, including increased competition, and the Company may be more vulnerable to general economic downturns and adverse developments in its business. If the Company incurs additional indebtedness, it could make it more difficult for it to satisfy its payment obligations and could increase the severity of these risks.

Pursuant to the BDO Facility Agreement[3], the Parent Company is required to comply with the following financial covenants commencing in June 2021 each of which is tested twice annually:

- a ratio of total debt to Operating EBITDA not exceeding 4.00x; and
- a ratio of Operating EBITDA to interest expense not less than 4.00x.

As of December 31, 2018, December 31, 2019 and December 31, 2020, the ratio of the Company's total debt to Operating EBITDA was 6.2, 3.5 and 3.1, respectively. For fiscals 2018, 2019 and 2020, the ratio of the Company's Operating EBITDA to interest expense was 3.0, 3.7 and 6.0 respectively. On May 15, 2019, the Company signed an Amendment to the BDO Facility Agreement and Supplemental Agreements thereto that, among other changes, exclude from financial covenants in the BDO Facility Agreement any principal and interest from certain subordinated loans and advances incurred in relation with the new cement line being built by Solid Cement that have been made or are to made to the Company by any subsidiary of CEMEX.

Any of the foregoing could materially adversely impact the Company's business, prospects, financial condition and results of operations.

The price of cement is subject to significant fluctuations and an oversupply of cement could adversely affect the Company's profitability.
The Company's results of operations are highly dependent upon the prices it receives for the sale of its cement products. Pricing is generally set through competitive negotiation with dealers and is a function of the demand for, and supply of, cement in the relevant market. Demand for cement varies most significantly with construction activity, while supply is determined by domestic production levels and imports. Since 2016, imported cement mainly from Vietnam has substantially increased the supply of cement in the Philippines, which adversely impacted pricing. Based on available information from the Department of Trade and Industry, including reports relating to its affirmative preliminary determination on the imposition of safeguard measures on the importation of cement from various countries, the share of cement imports in the domestic market grew from 0% in 2013 to approximately 8% in 2016, 13% in 2017, 14% in 2018 and 15% in 2019.

[3] "BDO Facility Agreement" refers to the senior unsecured peso long-term loan facility that the Parent Company signed with BDO Unibank, Inc. on February 1, 2017, for an amount of up to the Philippine Peso equivalent of US$ 280 million, to refinance a majority of the Parent Company's outstanding long-term loan with New Sunward Holding B.V. (NSH), a subsidiary of CEMEX. During the 1st quarter of 2017, this long-term loan with NSH was fully repaid. On June 30, 2020, the Parent Company reached an agreement with BDO, amending the BDO Facility Agreement to require the Parent Company to commence to comply with these financial covenants in June 2021 instead of June 2020.

On August 27, 2019, the Department of Trade and Industry issued a general definitive import safeguard duty for cement imports of cement types 2523.29.90 and 2523.90.00 under the ASEAN Harmonized Tariff Nomenclature from major exporting markets of China, Japan, Taiwan, Thailand and Vietnam effective for three years at the rate of ₱10.00 per 40kg bag for the first year, ₱9.00 per 40kg bag for the second year, and ₱8.00 per 40kg bag for the third year. This duty is supposed to provide a disincentive to the importation of cement into the Philippines. This general safeguard measure was updated on December 5, 2020 in order to fix the general definitive import safeguard duty to ₱9.80 per 40kg bag for the second year (i.e., from October 22, 2020 to October 21, 2021). This trade measure is subject to annual review. There can be no assurance that the Philippine Government will not reduce or eliminate this duty prior to its expiry or that they will be replaced with new import duties upon or after its expiration. Any reduction or elimination of this duty may result in increased imports of cement into the Philippines, from Vietnam or elsewhere and, if cement companies in Vietnam or elsewhere continue to export cement into the Philippines, we may realize lower pricing for our cement or risk losing a portion of our share of the market. Any of the foregoing could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

In October 2018, Solid Cement entered into the principal project agreements with CBMI Construction Co., Ltd ("CBMI"), an affiliate of Sinoma International Engineering Co., Ltd., which, in turn, is a member company affiliated to China National Building Materials Group Co., Ltd., for the procurement, construction and installation of a new integrated cement production line to expand the installed annual capacity of Solid Cement plant by 1.5 million tonnes. The decision to add this new production line, the construction of which is currently expected to be completed in December 2021, was largely based on an expectation of a favorable long-term cement demand outlook in the Philippines. However, if demand is weaker than anticipated when the new line commences operations or thereafter, the additional installed annual capacity from this new production line may result in excess supply of cement and adversely impact pricing.

An extended or substantial decline in the prices of cement in the Philippines may materially and adversely affect the Company's business, prospects, financial condition and results of operations.

The Company is dependent on the continuing operation of the Company's two cement plants.
The principal manufacturing facilities of the Company are at two cement plants. The Solid Cement plant is located in Antipolo City, Rizal in Luzon and the APO Cement plant is located in Naga City, Cebu in the Visayas. These plants are subject to the normal risks of industrial production, including equipment breakdowns, labor stoppages, natural disasters, directives from Government agencies, such as the government's implementation of community quarantine restrictions in Luzon and in the Visayas, and power interruptions.

In the past, the Company has experienced a number of power disruptions, including as a result of inadequate power generation and transmission infrastructure in the Philippines and natural disasters such as typhoons, which are common in the Philippines. While the APO Cement plant is capable of generating enough back-up power to supply all of its electricity needs, the Solid Cement plant is only capable of generating enough back-up power to supply approximately 60% of its current electricity needs.

Any prolonged or significant disruption to the cement plants, whether due to repair, maintenance or servicing, industrial accidents, mechanical equipment failure, human error or otherwise, will disrupt and adversely affect the Company's operations. Additionally, any major or sustained disruptions in the supply of utilities such as water or electricity, or the supply of raw materials, or any fire, flood, landslide or other natural calamities, or communal unrest or acts of terrorism, may disrupt our operations or damage our cement plants or inventories and could adversely affect the Company's business, prospects, financial condition and results of operations. For example, on September 20, 2018, the landslide occurred in Sitio Sindulan, Barangay Tina-an, Naga City, Cebu, Philippines (the "Naga Landslide") affecting a site located within an area covered by the mining rights of ALQC. The Naga landslide

prompted local and national authorities to order the suspension of the mining operations of ALQC[4]. Business continuity plans were put in place by APO Cement with a view to addressing the disruption in the supply arrangement with ALQC. In order to overcome the supply disruption caused by the Landslide, APO Cement sourced raw materials from other suppliers.

The Company typically shuts down its cement plants, terminals or other facilities to undertake maintenance and repair work at scheduled intervals. Although the shut downs are scheduled such that not all of the facilities are shut down at the same time, the unexpected shut down of any facility may nevertheless affect the Company's business, prospects, financial condition and results of operations from one period to another.

The Company's operations depend on an adequate supply of raw materials. The limited availability or increased costs of certain raw materials may adversely affect our business, prospects, financial condition and results of operations.

The production of cement is highly dependent on an adequate supply of certain raw materials. Our primary raw materials are limestone, pozzolans, clay and gypsum. The Company purchases the majority of its limestone, pozzolan and clay requirements from ALQC and IQAC pursuant to long-term supply agreements, each having 20-year terms commencing on January 1, 2016 and automatic renewals for successive periods of two years and the Company is reliant on these agreements to obtain an adequate supply of limestone, pozzolans and clay at reasonable prices. Under these agreements, the Company is exposed to fluctuations in the spot prices of limestone, pozzolans and clay. The Company does not enter into hedging arrangements for any of these materials, and we are therefore exposed to any such fluctuations in the spot prices.

For the materials that the Company sources through global sourcing arrangements with CEMEX, including clinker, the Company may not select the lowest-cost suppliers, stimulate price tension between competing suppliers or have the ability to manage the adequate supply of these materials at reasonable prices. The Company also purchases materials such as limestone, clay, pozzolans and gypsum from third parties in and outside of the Philippines.

The Company cannot give assurance that the price it pays for its raw materials will be stable or the most competitive in the future, or that the raw materials it requires for its operations will be available in the amounts required or at all. The cost of these materials could be adversely affected by price changes, strikes, weather conditions, governmental controls or other factors that are outside of our control. Price changes to raw materials may result in unexpected increases in production costs, and the Company may be unable to increase the prices of our products to offset these increased costs and therefore may suffer a reduction to its margins, which could adversely affect the Company's business, prospects, financial condition and results of operations.

Any interruption to or a shortage in the supply of the raw materials and/or other supplies used by the Company could prevent the Company from operating its facilities at full capacity, and if the shortage is severe, could lead to the suspension of our production all together. Any of the foregoing would adversely affect the Company's business, prospects, financial condition and results of operations.

The Company may fail to secure certain materials required to run its business.

The Company may use products produced in other industrial processes of third parties, such as coal, pet coke, gypsum, fuels and alternative fuels, among others. The Company tries to secure the supply of the required materials through long-term renewable contracts and framework agreements, which allow the Company to better manage supplies. Should existing suppliers cease operations or reduce or eliminate production of these products, or should for any reason any suppliers not be able to deliver to the Company the contractual quantities and qualities, or should laws and/or regulations in any region or country limit the access to these materials, sourcing costs for these materials could increase significantly or require the Company to find alternative sources for these materials, which could have a

[4] By September 30, 2020, local and national authorities allowed ALQC to resume its mining operations in the affected areas.

material adverse effect on our business, financial condition, liquidity, results of operations and prospects. Additionally, any increase in the scarcity or decrease in the quality of natural resources (including water) could adversely affect the Company's business, prospects, financial condition and results of operations.

The Company leases the premises on which its principal manufacturing installations from ALQC and IQAC.
All of the Company's principal manufacturing installations are located on land owned by ALQC or IQAC. Under our lease agreements, ALQC and IQAC have various customary rights as landlord. Each of these lease agreements expires in December 2040 and is extendable for another 25 years. There can be no assurance that ALQC and IQAC will act in the Company's best interests in connection with our leasing arrangements, or that the Company will be able to enforce its rights under these agreements. If ALQC and IQAC were to take actions that are adverse to the Company, such as modifying the pricing of our leases, the Company's business could be materially adversely affected. Additionally, as the leases expire, the Company may be unable to negotiate renewals on commercially acceptable terms or at all. Even if the Company is able to renew existing leases, the terms of such renewals may not be as attractive as the expiring leases, which could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

The Company has significant lease obligations and its failure to meet those obligations could adversely affect the Company's business, prospects, financial condition and results of operations.
The Company leases many of its key logistics centers and capital equipment from third parties as well as certain land from ALQC and IQAC. A failure on the part of the Company to pay its rental obligations would constitute a default allowing the applicable landlord or lessor to pursue any remedy available to it under applicable law, which would include taking possession of our property and, in the case of real property, evicting us. Further, as the Company's leases expire, the Company may not be able to negotiate renewals on commercially acceptable terms or at all. If any of these events were to occur, it could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

The Company operates in highly competitive markets.
The markets in which the Company operate are highly competitive and are served by a variety of established companies with recognized brand names, as well as new market entrants such as new brand introductions by local manufacturers and importers. Companies in these markets compete based on a variety of factors, often employing aggressive pricing strategies to gain or protect their share of the market.

On May 10, 2019, San Miguel Corporation confirmed, through its wholly-owned subsidiary First Stronghold Cement Industries Inc., that it had entered into definitive agreements with companies controlled by LafargeHolcim, for the purchase of 85.7% equity interest in Holcim Philippines, Inc. The transaction is the subject of a mandatory merger review by the Philippine Competition Commission. On May 11, 2020, the Philippine Stock Exchange released an Exchange Notice which referenced disclosures made by San Miguel Corporation and Holcim Philippines, Inc. that the planned transaction will not proceed due to the failure to obtain the approval of the Philippine Competition Commission within the required period agreed by the parties.

The Company's results of operations depend, in part, on its ability to compete effectively and maintain or increase its share of the market. In the relatively consolidated cement industry, the Company primarily competes on the basis of quality, market presence, distribution network, diversity of product offerings, sales strategy, brand image and pricing. Some of the Company's competitors may be more established, benefit from greater brand recognition or have greater manufacturing and distribution channels and other resources than that of the Company. In addition to domestic competition, the Philippines has historically had periods during which there were significant imports of cement from foreign-based producers. If foreign-based producers begin exporting significant volumes of cement to the Philippines and the Company is unable to compete effectively with such foreign imports or with

domestic competitors, the Company may lose some of its market share, its revenues could decline or grow at a slower rate and our business, prospects, financial condition and results of operations could be adversely affected.

The construction industry is generally cyclical and variations in supply (including by increase of capacities) and demand (including from a decrease in construction activities) may result in overcapacity and a corresponding reduction in the utilization of the cement plants.
The Company is affected by the cyclical nature of the construction industry, which is characterized by periods of growth and slowdown or decline caused by variations in supply and demand. Such fluctuations may lead to periods of overcapacity where cement supply exceeds cement demand. Overcapacity could be due to (i) a decrease in demand and a failure by the industry to adjust supply or (ii) the industry adding capacity in excess of that required to satisfy demand.

Higher electricity and fuel costs, or the reduction or interruption in supply thereof, may adversely affect the Company's business, prospects, financial condition and results of operations.
The Company's operations consume significant amounts of electricity and fuel. The cement plants use electricity from the electricity grid, in addition to electricity produced from in-house generators fired by heavy fuel oil and waste production heat. The price and availability of electric energy and fuel are generally subject to market volatility and, therefore, may have an adverse impact on the Company's costs and operating results.

Fluctuations in distribution costs, disruptions in transportation and our reliance on our third-party service providers may adversely affect our business, prospects, financial condition and results of operations.
Pursuant to our direct sales model, we distribute our products throughout the Philippines, which involves significant expense and logistical difficulties. Distribution costs are impacted by a number of factors such as fuel costs, weather conditions and our logistics footprint, including the size and utilization of the Company's fleet of trucks and vessels that it charters, the cost of chartering trucks and vessels and the cost of other distribution infrastructure such as terminals and distribution centers. The Company has sought to expand its distribution infrastructure in order to bring products closer to the markets in which they are sold. Any future increases in the Company's distribution costs could cause it to raise its prices for cement and make it uneconomical for the Company's customers to purchase its products, which could result in a significant decrease in the volume of cement the Company sells to its customers. The Company also engages and relies on third-party service providers, the majority of which relate to services the Company requires for its distribution activities. In the event where any of these service providers were to stop providing the Company with their services, the Company would need to procure loading, hauling and delivery services elsewhere, which may come at a greater cost to the Company. Distribution of cement in the Philippines also poses significant logistical difficulties given the geography of the Philippines. The Company cannot give assurance that its operations will not be materially adversely affected in the future if distribution costs increase or if distribution of its products is interrupted. Any substantial increase in distribution costs or interruption in distribution could adversely affect the Company's business, prospects, financial condition and results of operations.

The results of operations could be affected by fluctuations in interest rates.
The Company is exposed to interest rate risk primarily in connection with certain long-term loans which are subject to variable interest rate. There can be no assurance that fluctuations in interest rates will not adversely impact the Company's business, financial condition and results of operations**.**

The Company's operations can be affected by adverse weather conditions.
Construction activity, and thus demand for the Company's products, decreases substantially when heavy or sustained rainfalls occur. Consequently, demand for the Company's products is significantly lower during the rainy season in the Philippines or during periods of unexpected heavy or sustained rainfalls. Adverse weather conditions can adversely affect the Company's results of operations and profitability especially if they occur with unusual intensity, during unexpected periods or last longer than usual, especially during peak construction periods. This was the case in September 2018 when the

operations of the APO Cement plant was affected by the landslide in Naga, Cebu which took place during the rainy season.

The development or implementation of the Company's various projects including the planned expansion of the Solid Cement plant may not be completed on schedule or within the allocated budget.

On April 25, 2019, Solid Cement held its ceremonial groundbreaking for its new line, and certain key equipment, such as the kiln, are already at the plant. Various activities have already been ongoing, including the mobilization of equipment and site development. The time taken and the costs the Company incurs to complete this, and any other development or expansion project we may undertake, may be directly or indirectly affected by many factors, including shortages of materials, equipment, availability of contractors, technical skills and labor, adverse weather conditions, natural disasters, labor disputes, disputes with independent contractors and sub-contractors, accidents, and other problems and circumstances beyond our control.

Specifically, the time to finalize the expansion and the costs incurred in connection with the development of the Company's projects may be affected by the following factors, among others, which are generally beyond our control:

- delays or inability to obtain all necessary location, zoning, land use, building, development and other required governmental and regulatory licenses, permits, approvals and authorizations;
- construction risks, which include delays in construction and cost overruns (whether from variation to original design plans or any other reason), a shortage or increase in the cost of construction and building materials, equipment or labor as a result of inflation or otherwise, inclement weather conditions, unforeseen engineering, environmental or geological problems, defective materials or building methods, default by contractors and other third-party providers of their obligations, or financial difficulties faced by such persons, disputes between counterparties to a construction or construction-related contract, work stoppages, strikes, accidents, among others; and
- possible shortage of available cash to fund construction and capital improvements, as we may need to make significant capital expenditures without receiving revenue and cash flow from these properties until future periods, and the related possibility that financing for these capital improvements may not be available on commercially reasonable terms or at all.

There can be no assurance that the expansion of the Solid Cement plant, and any other development or expansion project we may undertake, will be completed within the anticipated time frame and the allocated budget, or at all. Furthermore, there can be no assurance that future demand for the Company's products will warrant the additional installed annual capacity that it expects to have available following the expansion of the Solid Cement plant, or any other development or expansion project that the Company may undertake, in which case it is possible that the Company may not recoup its expenditures in connection with such projects in full or at all. Moreover, as the Solid Cement plant expansion remains ongoing, the Company may need to augment its domestic production with additional cement or clinker from third parties or through global sourcing arrangements with CEMEX in order to serve the Philippine market. A delay in, or the slow development of, the Solid Cement plant expansion would require the Company to rely on imported cement or clinker for longer than is currently anticipated. Any of the foregoing could have a material adverse effect on our business, prospects, financial condition and results of operations.

The Company expects that the construction of the new production line will be completed in December 2021 at a total cost of approximately US$235 million.

New regulatory developments may increase costs of doing business or restrict operations.

The principal areas in which the Company is subject to regulation are product quality standards, environmental compliance, the Company's methods of distribution, labor, taxation, antitrust and health and safety. The Company may also be adversely affected by regulations applicable to ALQC and IQAC, or to other third parties that provide the Company with products and services. The adoption of new laws or regulations or a stricter interpretation or enforcement thereof in the Philippines may

increase the Company's operating costs or impose restrictions on the Company's operations.

The results of operations could be affected by fluctuations in currency exchange rates.
The Company is exposed to foreign exchange fluctuations to the extent the Company incurs monetary assets and/or liabilities, or recognizes income or expenses, in a currency different from its functional currency, which is the Philippine Peso.

The Company's insurance coverage may not cover all the risks to which the Company may be exposed and the Company effectively self-insures a portion of its risks.
The Company faces the risks of fatalities and injury of its employees and contractors, loss and damage to its products, property and machinery due to, among other things, fire, theft and natural disasters such as floods and earthquakes. The Company also faces risks related to cyber-security related matters. Such events may cause a disruption to or cessation of its operations. While the Company believes that it has suitable insurance coverage in line with industry practices, in some instances the Company's insurance coverage may not be sufficient to cover all of its potential unforeseen losses and liabilities. In addition, the Company's insurance coverage is subject to deductibles, exceptions and limitations, and may not cover all the risks to which the Company may be exposed, or cover all losses or all types of claims that may arise from an incident.

In accordance with Philippine law, which requires the Company to maintain insurance policies issued by insurers regulated in the Philippines, substantially all insurance premiums paid by APO Cement and Solid Cement are paid to a third-party insurer in the Philippines. This third-party insurer in turn reinsures most risks with an affiliate of CEMEX (the "CEMEX Reinsurer"). In 2016, we incorporated Falcon Re Ltd. ("Falcon") as a wholly-owned Barbados entity to create its own reserves and reinsure the CEMEX Reinsurer in connection with certain liabilities and risks. Falcon is expected to continue to retain 10% of the CEMEX Reinsurer's risk in connection with our property insurance and 100% of the CEMEX Reinsurer's risk in connection with earthquake and wind stop loss, non-damage business interruption, political risks insurance, cyber liability and professional liability insurance. As a result of these arrangements, the Company will effectively self-insure these risks to the extent of Falcon's retained liability. Moreover, there can be no assurance that the reserves established by Falcon will exceed any losses in connection with the Company's self-insured risks, consequently the Company may suffer net losses as a result of its insurance strategy.

In addition, the Company's insurance coverage is subject to periodic renewal. If the availability of insurance coverage is reduced significantly for any reason, the Company may become exposed to certain risks for which it is not and, in some cases could not be, insured. Moreover, if the Company's losses exceed its insurance coverage, if its losses are not covered by the insurance policies it has taken up, or if the Company is required to pay claims to its insurers pursuant to the re-insurance arrangements described above, the Company may be liable to cover any shortfall or losses. Our insurance premiums may also increase substantially because of such claim from its insurers. In any of such circumstances, the Company's business, prospects, financial condition and results of operations may be adversely affected.

The Philippine Constitution and related statutes set forth restrictions on foreign ownership of companies that own land or mineral rights.
The Company currently does not conduct any mining operations, nor does it own any land or mineral rights, as it leases the land on which the APO Cement plant, Solid Cement plant and its other principal facilities are located and it purchases substantially all of its raw materials from ALQC and IQAC. While it does not currently own land or mineral rights, it may do so in the future. If the Company does decide to purchase and own land or mineral rights in the Philippines, foreign ownership in the Company will be limited to a maximum of 40% of its issued and outstanding capital stock. Under such circumstances, the Company would not be permitted to allow the issuance or the transfer of Common Shares to persons other than Philippine Nationals (as defined under Republic Act No. 7042, as amended) if such issuance or transfer would result in it ceasing to be a Philippine National for purposes of complying with the restrictions on land and mineral rights ownership. These restrictions may adversely affect the liquidity

and market price of the Parent Company's common shares to the extent international investors are restricted from purchasing its common shares in normal secondary transactions.

The Company is subject to anti-corruption, anti-bribery, anti-money laundering, antitrust laws and other regulations in the Philippines and elsewhere. Any violation of any such laws or regulations could have a material adverse impact on our business, prospects, financial condition and results of operations.

The Company is subject to anti-corruption, anti-bribery, anti-money laundering, antitrust and other international laws and regulations and are required to comply with the applicable laws and regulations of the Philippines. In addition, it is subject to regulations on economic sanctions that restrict dealings with certain sanctioned countries, individuals and entities. Given the large number of contracts to which the Company is a party, and the great variety of people and entities with which it interacts with in the course of business, the Company is subject to the risk that its affiliates, employees, directors, officers, partners, agents and service providers may misappropriate its assets, manipulate its assets or information, make improper payments or engage in corruption, bribery, money laundering or other illegal activity, for such person's personal or business advantage.

During the third quarter of 2018, the Philippine Government's antitrust supervisory body, the Philippine Competition Commission, requested information from the Parent Company in connection with an on-going investigation into alleged improper facilitation of the maintenance of high cement prices by certain cement companies (who were not identified to the Company) that are members of the Cement Manufacturers' Association of the Philippines (the "CEMAP"). APO Cement and Solid Cement are members of CEMAP. Republic Act No. 10667 or the Philippine Competition Act (the "PCA") serves as the primary competition law in the Philippines for promoting and protecting market competition. Violations under the PCA may result in fines and penalties, civil damages and criminal sanctions, depending on the offense committed and the severity of the offense. While the Parent Company is not aware of any allegation related to this investigation against the Parent Company, Solid Cement or APO Cement, there can be no assurance that this investigation will not result in adverse actions against CEMAP and/or the Company (including against Solid Cement or APO Cement as members of CEMAP) and any penalties and/or fines levied against CEMAP may result in contribution of payment for such penalties and/or fines by CEMAP members, including Solid Cement and APO Cement.

There can be no assurance that the Company's internal policies and procedures will be sufficient to prevent or detect all inappropriate practices, fraud or violations of law by its affiliates, employees, directors, officers, partners, agents and service providers or that any such persons will not take actions in violation of the organization's policies and procedures. If the Company or any member of the CEMEX group fail to fully comply with applicable laws and sanctions regulations, the applicable government authorities may investigate it and, if it is the case, impose fines, penalties and remedies, which could cause the Company to lose clients, suppliers and access to debt and capital markets. Any violations by the Company or a member of the CEMEX group of anti-bribery, anti-corruption, anti-money laundering, antitrust or other laws or regulations could have a material and adverse effect on the Company's business, prospects, financial condition and results of operations.

The Company is subject or may become subject to litigation proceedings and investigations that could harm its reputation, business, prospects, financial conditions and results of operation if an unfavorable ruling were to occur.

From time to time the Company is and may become involved in litigation and other legal proceedings relating to claims arising from our operations in the normal course of business. The Company is currently involved in various legal proceedings that have arisen in the ordinary course of its business including claims for environmental damages. The Company may also become involved in litigation to protect the trademark rights associated with its brands or the CEMEX name or in investigations related to antitrust matters.

In September 2015, Solid Cement suffered an oil spill at its cement facility involving approximately 2,000 liters of heavy fuel oil that overflowed from one of our storage tanks, the majority of which was

recovered within seven days of the incident. However, due to heavy rain conditions, a portion was carried towards drainage areas that led to the Teresa River. As a result of the incident, three separate administrative proceedings were initiated against us before the Laguna Lake Development Authority ("LLDA"), the Environmental Management Bureau of the Department of Environment and Natural Resources and the City of Antipolo, Rizal. These proceedings have been resolved and we paid minimal fines of ₱250,000 in aggregate.

On November 19, 2018, the Parent Company and APO Cement were served summons concerning an environmental class action lawsuit filed by 40 individuals and one legal entity (on behalf of 8,000 individuals allegedly affected by the Naga Landslide) at the Regional Trial Court of Talisay, Cebu, against the Parent Company, APO Cement, ALQC, the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the City Government of Naga, and the Province of Cebu. A further discussion on this class action lawsuit is found in ITEM 3 of PART I of this Form 17-A (Annual Report).

The outcome of the various legal proceedings and investigations involving the Company is uncertain and in the case of an adverse final decision in any of these legal proceedings or investigations, thereby affecting our reputation, business, prospects, financial condition and results of operations. Furthermore, such proceedings can divert the attention of the Company's management from its business and any negative publicity resulting from such proceedings or other disputes may also result in substantial expenses and adversely affect our business, prospects, financial condition and results of operations.

The Company is subject to human rights laws and internal policies regarding human rights, and any violation of human rights laws or deviation from the Company's and CEMEX's internal policies related to human rights may adversely affect the Company.

The Company seeks to align its strategy and operations with universal principles on human rights and it expects all of its employees and business partners to similarly adhere to these principles. Even though the Company has a strict human rights policy (including through the application of CEMEX policies) and a process of ongoing due diligence to monitor its adherence, it is possible that an affiliate, employee, director, officer, partner or a third party related to the Company could be accused or perceived to deviate from this policy. A significant deviation from its human rights principles could impact the Company's employees, communities, suppliers or customers, as well as the Company's reputation, which in turn could cause some persons to avoid business transactions with the Company, adversely impact the Company's capacity to operate without disruptions and affect talent retention and attraction efforts, all of which could have an adverse impact on the Company's business, prospects, financial condition and results of operations.

The inability of the subsidiaries to pay dividends or make distributions or other payments to the Parent Company in sufficient amounts, including due to bankruptcy or insolvency, would impair the Company's ability to pay-off its indebtedness, make dividend payments or comply with future obligations.

The Parent Company is a holding company and operates exclusively through its operating subsidiaries. The Parent Company's primary assets will be the equity capital of its subsidiaries, APO Cement and Solid Cement. The ability of its subsidiaries to pay dividends to the Parent Company in the future will depend on their earnings, solvency, covenants contained in future financing or other agreements and on regulatory restrictions. If the Parent Company is unable to receive cash from its subsidiaries pursuant to dividend payments and/or other obligations, it may not have sufficient funds to pay-off its indebtedness, make dividend payments, pay any fees to CEMEX resulting from services rendered under the agreements [See ITEM 12 of PART III of this Form 17-A (Annual Report) (Certain Relationships and Related Party Transactions)], or comply with its future obligations.

CEMEX's significant interest in the Company may result in conflicts of interest.

As of December 31, 2020, CASEC held 77.84% of the outstanding common shares of stock of the Parent Company. As a result of its ownership of the Parent Company's common shares of stock through its indirect ownership of CASEC (which may decide to purchase or sell all or part of its shareholdings

at any time), CEMEX will generally be able to determine the outcome of corporate actions requiring, as applicable, the approval of shareholders holding a majority or two-thirds of the outstanding shares of stock of the Parent Company, including the election of a majority of its directors.

CEMEX's interests may differ from those of other holders of the Parent Company's common shares, and actions that CEMEX may take with respect to the Company may not be as favorable to other shareholders as they are to CEMEX. As of the date of this report, the Parent Company's Board of Directors will include persons who are also directors and/or officers of CEMEX. As a result, CEMEX may gain the benefit of corporate opportunities that are presented to these directors, provided that either (i) the corporate opportunities were presented to these directors in their capacity other than as directors of the Company, or (ii) if the corporate opportunities were presented to these directors in their capacity as directors of the Company and our Board decides by a majority vote of the disinterested directors not to pursue such corporate opportunity. Additionally, conflicts of interest may arise between the Company and CEMEX in a number of areas relating to their ongoing relationships including, but not limited to:

- disagreements over corporate opportunities;
- competition between the Company and CEMEX;
- employee remuneration, retention or recruiting;
- level of debt the Company can incur and use of cash resources;
- any potential dividend policy the Company may adopt; and
- the services and arrangements from which the Company benefits as a result of its relationship with CEMEX.

There is a risk that the Parent Company may be in direct competition with CEMEX with respect to the Company's activities in the construction materials industry because CEMEX may potentially engage in the same activities in which it engages in the Philippines. To address these potential conflicts, a adopted a corporate opportunity policy has been adopted and is reflected in the Framework Agreement. Pursuant to the Framework Agreement, the Parent Company and CEMEX are permitted to compete with each other anywhere else in the world; provided, however, that in any country where competition between CEMEX and the Parent Company is not prohibited under the Framework Agreement, CEMEX has first priority right over any investment opportunity and we must refrain from taking advantage of any such investment opportunity in any such country without the prior consent of CEMEX and CASEC. CEMEX has also agreed not to compete with us in the Philippines while the Framework Agreement is in full force and effect; however if CEMEX no longer owns more than 50% of the Parent Company's total voting power, or the Parent Company is no longer consolidated with CEMEX under IFRS, or for any other reason the Parent Company ceases to be a subsidiary of CEMEX (as such term is defined in the Framework Agreement), then such restrictions will no longer apply to CEMEX. Due to the significant resources of CEMEX, including financial resources and name recognition, CEMEX could have a significant competitive advantage over the Parent Company should it decide to engage in the type of business we currently or in the future conduct upon the expiration or termination of the Framework Agreement, which may cause the Company's business to be materially adversely affected.

In addition, under the terms of the 2016 Framework Agreement, while the Company is an indirect subsidiary of CEMEX, it is restricted, subject to certain exceptions, from taking certain actions, such as issuing shares, incurring indebtedness, making capital expenditures and disposing and acquiring of assets, without the prior consent of CEMEX and CASEC. See ITEM 12 of PART III of this Form 17-A (Annual Report) (Certain Relationships and Related Party Transactions)

We believe that the involvement of CEMEX in the Company's operations has been, and will continue to be, important in the pursuit and implementation of the Company's business strategy. However, CEMEX, through CASEC, may not remain the controlling shareholder in the future. The Company's business, prospects, financial condition and results of operations and the market price of the Parent Company's common shares could be materially and adversely affected if CEMEX ceases to participate actively in the Company's operations.

ITEM 2. PROPERTIES

(1) The Company does not own land. The majority of the Company's property, consisting of plant and equipment, are located in Naga City, Cebu; Antipolo City, Rizal; Batangas City, Batangas; La Paz, Iloilo City; and Tondo, Manila. The production plants and distribution infrastructure are strategically located to serve key markets in the Philippines. APO Cement's production plant is located in Naga City, Cebu. Solid Cement's production plant is located in Antipolo City, Rizal.

The following table sets forth certain information concerning the land and floor space leased by the Company from ALQC, IQAC and other entities for the Company's cement plants, offices and other facilities as of December 31, 2020:

	Land and/or Floor Space (approx. square meters)
APO Cement plant	453,884
Solid Cement plant	635,013
Marine distribution centers	60,724
Land distribution centers/warehouse	49,321
Company headquarters	2,192
Sales offices	136

Under the lease agreements of APO Cement and Solid Cement with ALQC and IQAC, respectively, each of APO Cement and Solid Cement as lessee uses the leased premises for its various business activities including the manufacture of cement and other cement products as well as the temporary storage and distribution of its products and raw materials. The term of the lease agreements is 25 years, effective from January 1, 2016, and extendable for another 25 years, unless the lessee opts not to renew. The lease between Solid Cement and IQAC (as amended) covers an approximate aggregate area of 650,013 square meters, and annual rent payments of approximately ₱28.8 million plus VAT are due for the first two years of the lease. The lease between APO Cement and ALQC covers an approximate aggregate area of 453,884 square meters, and annual rental payments of approximately ₱58.2 million plus VAT are due for the first two years of the lease. For every two-year period thereafter, the annual rental fee will be reviewed and adjusted if necessary to ensure that the rental fee reflects market conditions. For the year 2020, the annual rent payment due under the lease between Solid Cement and IQAC (as amended) amounted to ₱28.8 million, while the annual rent payment due under the lease between APO Cement and ALQC amounted to ₱58.2 million.

For additional information relating to lease liabilities, see Note 21 of the Notes to the Company's Consolidated Financial Statements as at December 31, 2020 and 2019 in the accompanying Audited Financial Statements filed as part of this Form 17-A (Annual Report).

(2) The table below summarizes fixed assets and right-of-use assets portfolio of the Company as of December 31, 2020:

(In Thousand Pesos)	Amount (₱)
Buildings and improvements	6,448,196
Machinery and equipment	15,697,483
Construction in progress	7,868,581
Sub-total	30,014,260
Less: Accumulated depreciation, depletion, amortization and allowance for impairment loss	(8,314,883)
Total	21,699,377

(3) The Company's properties are not mortgaged or encumbered.

ITEM 3. LEGAL PROCEEDINGS

On September 20, 2018, a landslide occurred in Sitio Sindulan, Barangay Tina-an, Naga City, Cebu, Philippines (the "Naga Landslide"), a site located within an area covered by the mining rights of ALQC. ALQC is a principal raw material supplier of APO Cement. The Parent Company does not own any equity stake (directly or indirectly) in ALQC or its parent company, Impact Assets Corporation. CASEC, an indirect subsidiary of CEMEX, S.A.B. de C.V. which is the majority stockholder of the Parent Company, owns a minority 40% stake in Impact Assets Corporation.

Landslide prompted local and national authorities to order the suspension of the mining operations of ALQC. Business continuity plans were put in place by APO Cement and implemented to address the disruption in the supply arrangement with ALQC. By September 30, 2020, local and national authorities allowed ALQC to resume its mining operations in the affected areas.

On November 19, 2018, the Parent Company and APO Cement were served summons concerning an environmental class action lawsuit filed by 40 individuals and one legal entity (on behalf of 8,000 individuals allegedly affected by the Landslide) at the Regional Trial Court of Talisay, Cebu[5], against the Parent Company, APO Cement, ALQC, the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the City Government of Naga, and the Province of Cebu, for "Restitution of Damage of the Natural and Human Environment, Application for the Issuance of Environmental Protection Order against Quarry Operations in Cebu Island with Prayer for Temporary Protection Order, Writ of Continuing Mandamus for Determination of the Carrying Capacity of Cebu Island and Rehabilitation and Restoration of the Damaged Ecosystems".

In the complaint, among other allegations, plaintiffs (i) claim that the Naga Landslide occurred as a result of the defendants' gross negligence; and (ii) seek, among other relief, (a) monetary damages in the amount of approximately ₱4.3 billion, (b) the establishment of a ₱500 million rehabilitation fund, and (c) the issuance of a Temporary Environment Protection Order against ALQC while the case is still pending. In the complaint, ALQC, APO Cement and the Parent Company are made solidarily liable for payment of monetary damages and establishment of a rehabilitation fund.

Among other defenses and based on a report by the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the Parent Company, APO Cement and ALQC hold the position that the Naga Landslide occurred due to natural causes and deny liability, fault and negligence.

In an order dated August 16, 2019, the Regional Trial Court denied plaintiffs' Application for Temporary Environment Protection Order. By denying such application, the Regional Trial Court found that the applicants did not sufficiently establish that they will suffer grave injustice and irreparable injury by the continued operations of ALQC while the proceedings are pending. Plaintiffs moved for reconsideration, but the Court also denied plaintiffs' motion in an Order dated September 30, 2019. Plaintiffs did not appeal this ruling, which became final as of December 5, 2020.

In an order dated September 30, 2019, the Regional Trial Court partially granted the affirmative defenses of the private defendants and ruled, among others, that the subject case against the Parent Company and APO Cement is dismissed for failure to state a cause of action. The court also ruled that: (i) the 22 plaintiffs who failed to sign the verification and certification against forum shopping are dropped as party-plaintiffs; (ii) the subject case is not a proper class suit, and that the remaining 17 plaintiffs can only sue for their respective claims, but not as representatives of the more than 8,000

[5] The records of the case were subsequently transferred to the Regional Trial Court of Cebu City Branch 23.

alleged victims of the landslide incident; (iii) plaintiffs' cause of action against ALQC for violation of Section 19(a) of Republic Act No. 10121 is dismissed; (iv) there is a misjoinder of causes of action between the environmental suit and the damage suit; and (v) the damage suit of the remaining plaintiffs will proceed separately upon payment of the required docket fees within 30 days from receipt of order, otherwise, the case for damages will be dismissed. The plaintiffs filed a motion for reconsideration of the court's order dated September 30, 2019, which remains pending as of the date of this report. Meanwhile, during the hearing of plaintiffs' motion for reconsideration on September 11, 2020, the Province of Cebu was officially dropped as a party-defendant in the case, on oral motion of plaintiffs.

In the event that the court's order dated September 30, 2019 were to be reconsidered maintaining the inclusion of the Parent Company and APO Cement as private defendants who are solidarily liable with ALQC, and a final adverse resolution were to be concluded in this case against the private defendants, plaintiffs will have the option to proceed against any one of ALQC, APO Cement or the Parent Company for satisfaction of the entirety of the potential judgement award, without the need to proceed against any other private defendant beforehand. Thus, ALQC's, APO Cement's or the Parent Company's assets alone could be exposed to execution proceedings.

As of the date of this report, at this stage of the overall proceedings and considering all possible defenses that could be available, while we cannot assess with certainty the likelihood of an adverse result in the overall proceedings, we believe a final adverse resolution in the overall proceeding is not probable, and, in turn, because we are not able to assess the outcome of the reconsiderations filed against the court's order, we are not able to determine if a final adverse resolution, if any, would have a material adverse impact on the Company's consolidated results of operations, liquidity and financial condition.

In addition to the above proceedings, several of the subsidiaries of the Parent Company are involved in various legal proceedings that have arisen in the ordinary course of business. These proceedings involve: 1) national and local tax assessments; 2) labor claims; and 3) other diverse civil actions. The Company also received various information requests from governmental and administrative authorities when such authorities are conducting periodic or general reviews of the markets in which we operate. The Parent Company believes that it has made adequate provisions to cover both current and contemplated general and specific litigation risks, and the Parent Company believes these matters will be resolved without any material significant effect on its operations, financial position and results of operations. The Parent Company is sometimes able to make and disclose reasonable estimates of the expected loss or range of possible loss, as well as disclose any provision accrued for such loss. However, for a limited number of ongoing legal proceedings, the Parent Company may not be able to make a reasonable estimate of the expected loss or range of possible loss or may be able to do so but believe that disclosure of such information on a case-by-case basis would seriously prejudice our position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, the Parent Company has disclosed qualitative information with respect to the nature and characteristics of the contingency, but have not disclosed the estimate of the range of potential loss.

The Parent Company believes these matters will be resolved without any material significant effect on its business, consolidated financial position or consolidated financial performance.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Stockholders of the Parent Company was held on 24 June 2020 and was conducted online and accessed by remote communication. During this annual meeting the following matters were approved by stockholders holding the requisite percentage of shareholdings: (a) approval of the minutes of the Annual Meeting of Stockholders held on June 6, 2019 and the minutes of the Special Meeting of Stockholders held on October 16, 2019; (b) Report of the President and Chief Executive Officer; (c) approval of the Annual Report (SEC Form 17-A) and audited financial statements as of 31 December 2019; (d) ratification of actions of the Board of Directors and Management since June 6, 2019; (e) election of the members of the Board of Directors; and (f) appointment of the

accounting firm of R.G. Manabat & Co. as external auditor of the Corporation for the fiscal year 2020; and (f) approval of the amendments to Sections 4, 5, 7 and 8 of Article II and Section 2 of Article III of the Amended By-Laws of the Parent Company. The Securities and Exchange Commission issued its Certificate of Filing of Amended By-laws dated 13 October 2020 with the approved version of the Amended By-Laws of the Parent Company.

No other matter was submitted during the fourth quarter of the fiscal year covered by this Form 17-A (Annual Report) to a vote of security holders, through the solicitation of proxies or otherwise.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(1) Market information

The common stocks of the Company are traded at the Philippine Stock Exchange (PSE). For the year ended December 31 2020[6], the high and low market prices for each quarter are shown below:

	2020	
Quarter period	High	Low
January to March	₱ 2.18	₱ 0.90
April to June	₱ 1.27	₱ 1.01
July to September	₱ 1.66	₱ 0.86
October to December	₱ 1.84	₱ 1.44

(2) Shareholders

As of December 31, 2020, there were thirteen billion four hundred eighty nine million two hundred twenty six thousand and six hundred twenty three (13,489,226,623) issued and outstanding common shares of stock of the Parent Company.

Based on the report prepared by CHP's stock transfer agent, the total number of stockholders of record as of December 31, 2020, the top twenty (20) *stockholders of record* of the Parent Company, including the number and percentage of total common shares outstanding held by each as of December 31, 2020 were as follows:

Names of Stockholders of Record	No. of Shares Held	% to Total Outstanding Shares
PCD Nominee Corporation (Non-Filipino)[(a) (d)]	8,711,634,375	64.58%
CEMEX ASIAN SOUTH EAST CORPORATION[(b)]	2,857,467,493	21.18%
PCD Nominee Corporation (Filipino) [(c) (e)]	1,917,098,212	14.21%
Sysmart Corporation	1,000,000	nil
Cai Yu Xi	1,000,000	nil
Elvira M. Cruz or Bernardo A. Cruz	325,481	nil
Sysmart Corporation	215,200	nil
Bob Dy Gothong	208,600	nil
Tristan Q. Perper	100,000	nil
Miguelito C. De Guia &/Or Milagros D. De Guia	77,889	nil

[6] For the first quarter of 2021, the high and low market prices of the Company shares were ₱1.64 and ₱1.08, respectively.

Myra P. Villanueva	40,000	nil
Elvira M. Cruz or Bernardo A. Cruz	38,000	nil
Majograjo Development Corporation	10,000	nil
Anita Uy Mustera or Nicolas R. Mustera	2,700	nil
Milagros P. Villanueva	2,500	nil
Myrna P. Villanueva	2,500	nil
Jesus San Luis Valencia	1,259	nil
Marietta V. Cabreza	1,000	nil
Christine F. Herrera	1,000	nil
Victor Co and/or Alian Co	200	nil
Shareholders Association of the Philippines, Inc.	100	nil

[(a)] PCD Nominee Corporation is not related to the Parent Company. The beneficial owners of the shares held through a PDTC participant are the beneficial owners thereof to the extent of the number of shares registered under the respective accounts with the PDTC participant. Except for disclosures made in respect of Note [(b)] below, the Parent Company has no record relating to the power to decide how the shares by PCD Nominee Corporation (Filipino and Non-Filipino) are to be voted.

[(b)] Cemex Asian South East Corporation ("CASEC"), the majority stockholder of the Parent Company, is a corporation incorporated in the Philippines, but wholly-owned by a Netherlands company. In addition to the 2,857,467,493 shares indicated in the table above, CASEC owns in scripless form 7,643,157,169 shares recorded under *PCD Nominee Corporation (Non-Filipino),* inclusive of 5 shares held as of end of December 2020 by Sergio Mauricio Menendez Medina, Ignacio Alejandro Mijares Elizondo, Alejandro Garcia Cogollos, Antonio Ivan Sanchez and Maria Garcia Villan, respectively. As of December 31, 2020, the total number of shares owned by CASEC is 10,500,624,662 corresponding to 77.84% of the total issued and outstanding shares of the Parent Company.

[(c)] See Note [(a)]

[(d)] Based on the Top 100 PDTC Participants Report (consolidated) of the Philippine Depository & Trust Corporation as of the last trading day of December 2020, the *PCD Nominee Corporation (Non-Filipino)* and the *PCD Nominee Corporation (Filipino)* accounts included the following:

(1) BDO Securities Corporation – holding 5,710,694,680 shares
(2) The Hongkong and Shanghai Banking Corp. Ltd.- Clients' Acct – holding 2,439,484,208
(3) COL Financial Group, Inc. – holding 355,450,154 shares
(4) AB Capital & Investment Corp.- Trust & Investment Div. – holding 272,951,615 shares
(5) Deutsche Bank Manila-Clients A/C – holding 162,823,516 shares
(6) Citibank N.A. – holding 160,324,504 shares
(7) Philippine Equity Partners, Inc. – holding 157,132,270 shares
(8) Abacus Securities Corporation – holding 149,063,686 shares
(9) First Metro Securities Brokerage Corp – holding 139,943,838 shares
(10) Papa Securities Corporation – holding 109,445,124 shares

[(e)] See Note [(d)]

As of December 31, 2020, the total number of shares owned by Cemex Asian South East Corporation is 10,500,624,662 common shares corresponding to 77.84% of the total issued and outstanding shares of the Parent Company. As of December 31, 2020, an estimated 22.07% of the total outstanding shares of stock of the Parent Company was held by the public.

(3) Dividends declaration, if any

The Parent Company has not declared any dividends on its common equity from the time of its initial listing and any subsequent interim period for which financial statements are required to be presented by SRC Rule 68.

(4) Sales of Unregistered Securities within the last three (3) years

In January 2020, the Parent Company conducted a stock rights offering involving 8,293,831,169 common shares of stock pursuant to a Notice of Confirmation of Exempt Transaction of the Securities and Exchange Commission which was issued on December 11, 2019, confirming that the stock rights offering is exempt from the registration requirements of the Securities Regulation Code (SRC) under SRC Section 10.1 (e) and (i).

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the Company's consolidated financial condition and results of operations as at and for the years ended December 31, 2020, 2019, 2018 and 2017, and certain trends, risks and uncertainties that may affect the Company's business.

See Note 3 of the Notes to the Company's Consolidated Financial Statements as at December 31, 2020 and 2019 in the accompanying Audited Financial Statements filed as part of this Form 17-A (Annual Report) for the impact in adoption.

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2019

Results of Operations

Revenue
The consolidated revenue for the years ended December 31, 2020 and 2019 amounted to ₱19.7 billion and ₱23.6 billion, respectively. Revenue was generated mainly from sale of cement products as a result of the Company's ordinary activities.

The decrease in revenue of 16.5% in 2020 compared to 2019 was attributed to a 11% decline in domestic gray cement volumes mainly due to the impact of the COVID-19 Pandemic and 6% decline in our domestic cement prices driven by a higher proportion of pick-up sales, lower demand and competitive market dynamics.

The breakdown of revenue after elimination of transactions between consolidated entities for the year ended December 31, 2020 and 2019 were as follows:

	For the year ended December 31, 2020		For the year ended December 31, 2019	
Segment	***Amount****	***%Revenue***	***Amount****	***%Revenue***
Cement	₱19,669	100%	₱23,588	100%
Other business	38	0%	8	0%
Total	₱19,707	**100%**	**₱23,596**	**100%**

**Amounts in millions*

Cost of Sales
Consolidated cost of sales for the years ended December 31, 2020 and 2019, amounted to ₱11.6 billion and ₱13.9 billion, respectively. Costs arose mainly from power and fuel consumption, raw materials and supplies used during production, depreciation and other expenses directly attributable to the manufacturing of finished goods.

Decrease of 16.5% in 2020 compared to 2019 was attributable to lower sales volume, lower production cost per ton as well as an extraordinary benefit in shutdown costs in 2020 due to reduced scope and postponement of APO Cement plant major kiln shutdown.

Power and fuel represented approximately (i)19.2% and 22.8%, respectively, of cost of sales in 2020, and (ii) 19.1% and 20.6%, respectively, of cost of sales in 2019.

Gross Profit
As a result of the above conditions, gross profit for the years ended December 31, 2020 and 2019, reached ₱8.1 billion and ₱9.7 billion, respectively. Gross profit as a percentage of revenue for the year ended December 31, 2020 and 2019, represented 41.1% and 41.0%, respectively.

Operating Expense
Operating expenses amounted to ₱6.3 billion and ₱7.3 billion for the years ended December 31, 2020 and 2019, respectively. Operating expenses were composed of administrative, selling, and distribution expenses.

Administrative and selling expenses amounted to ₱2.8 billion and ₱3.1 billion, or 14.1% and 13.2% of revenue, in 2020 and 2019, respectively. These include: a) license fees amounting to ₱747.0 million and ₱865.4 million, respectively; b) insurance amounting to ₱209.2 million and ₱195.8 million, respectively; c) salaries and wages amounting to ₱727.5 million and ₱766.8 million, respectively; and d) administrative fees amounting to ₱620.9 million and ₱744.2 million, respectively. Total Administrative and selling expenses decreased by 10.6% due to lower license fees and strict measures to control costs by reducing discretionary expenses.

Distribution expenses amounted to ₱3.5 billion and ₱4.2 billion, which accounted for 17.8% and 17.9% of revenue, in 2020 and 2019, respectively. Total Distribution expenses decreased by 17.2% year-over-year for 2020, driven by initiatives to increase operational and cost efficiency.

Other expenses included in operating expenses cover utilities and supplies, taxes and license, depreciation, advertising and travel expenses, rental, and others.

Operating Income before Other Expenses, Net
For the reasons discussed above, operating income before other expenses - net amounted to ₱1.8 billion and ₱2.3 billion in 2020 and 2019, respectively. These comprised of 9.2% and 9.9% of revenue, respectively.

Other Income (Expenses), Net
Other income (expenses), net for the years ended December 31, 2020 and 2019 were (₱30.3) million and ₱8.5 million, respectively. Movement in *other income*, net in 2020 compared to other expenses, net in 2019 was primarily due to incremental costs incurred by the Company due to the COVID-19 Pandemic.

Financial and Other Financial Expenses, Net
Net financial expenses in 2020 and 2019 amounted to ₱626.4 million and ₱1,304.5 million, respectively. Decrease of 52.0% in 2020 compared to 2019 were attributable to lower outstanding loan balances and declining interest rates. The company disbursed around ₱7.9 billion for the repayment of debt owed to CEMEX Asia, B.V., during the first quarter of 2020.

Foreign Exchange Gain (Loss), Net
Foreign exchange gain of ₱170.2 million and ₱453.1 million were reported in 2020 and 2019, respectively.

Movement in *net foreign exchange gain* in 2020 compared to *net foreign exchange gain* in 2019 was mainly due to: (a) lower balances of deposit agreements between the Parent Company and its foreign subsidiaries; (b) realized foreign exchange loss from redenomination of revolving facility agreement between Solid Cement and CEMEX Asia, B.V. in the first quarter of 2020 compared to unrealized foreign exchange gain in 2019; and (c) appreciation of Philippine peso against U.S. dollar in 2020 from ₱50.64 exchange rate as at December 31, 2019 to ₱48.02 exchange rate as at December 31, 2020.

The Company entered into the following agreements which affected the movement in foreign exchange gains (losses):

- On 1 August 2016, the Parent Company signed deposit agreements with Falcon Re Ltd. and CEMEX Asia Research A.G., respectively, in which the mentioned subsidiaries may deposit and withdraw the amount placed at any time and date, according to the conditions established in the deposit agreement. The agreements shall be valid and binding until August 1, 2021. The

principal under the Falcon Re Ltd deposit agreement shall bear interest calculated daily at a rate equal to Western Asset Institutional Liquid Reserve Fund (WAILRF) minus 10 basis points. The principal under the CEMEX Asia Research A.G. deposit agreement was subject to an initial interest rate of 2.25%, which interest was subsequently increased to 2.5% per annum effective in July 2017 and then to 3% per annum starting March 2018.

- On November 21, 2018, Solid Cement signed a revolving facility agreement with CEMEX Asia, B.V. allowing Solid to withdraw in one or several installments a sum of up to U.S.$75,000, which was amended on February 2019, increasing the facility to U.S.$100,000. On November 28, 2019, further amendments were made to increase the facility to U.S.$160,000. The agreement, which was subject to initial interest rate of 8.2%, bears an interest based on the Company's leverage ratio. On January 3, 2020, the loan was redenominated from U.S.$ to Philippine Peso at ₱51.09 exchange rate. The loan amount was paid in full in March 2020.

Income Tax
As a result of operations, the Company's income tax expense in 2020 and 2019 amounted to ₱336.0 million and ₱219.2 million, respectively.

Increase of 53.3% in 2020 compared to 2019 was mainly due to the utilization of deferred tax assets during the second half of 2020 which reduced cash tax payments.

Net Profit (Loss)
As a result of the abovementioned concepts, net profit (loss) for the years ended December 31, 2020 and 2019 amounted to ₱985.1 million and ₱1,279.6 million, respectively.

Financial Position
Cash and Cash Equivalents
Cash and cash equivalents amounted to ₱6.1 billion and ₱1.4 billion as at December 31, 2020 and December 31, 2019, respectively. As at December 31, 2020, cash and cash equivalents of ₱6.1 billion include ₱1.9 billion cash in banks and ₱4.3 billion short-term investments which were readily convertible to cash. As at December 31, 2019, cash and cash equivalents of ₱1.4 billion include ₱1.2 billion cash in banks and ₱0.2 billion short-term investments which were readily convertible to cash. Net increase in cash and cash equivalents was mainly from the proceeds from the company's concluded Stock Rights Offering, net of payments of loans from related parties.

Trade Receivables - Net
Trade receivables amounted to ₱700.2 million and ₱893.0 million as at December 31, 2020 and December 31, 2019, net of allowance for impairment losses amounting to ₱26.7 million and ₱23.8 million, respectively, which mainly pertain to receivables from customers. Decrease was mainly driven by lower credit sales and increase in cash sales in 2020.

Due from Related Parties
Related party balances amounted to ₱3.8 million and ₱27.7 million as at December 31, 2020 and December 31, 2019, respectively. The decrease in the balances of receivables from related parties is attributable to the collection of receivables arising from the sale of goods, provision of back-office and other support services, advances, and foreign currency conversion.

Insurance Claims and Premium Receivables
Insurance premiums receivable, which amounted to ₱86.4 million and ₱437.0 million as at December 31, 2020 and December 31, 2019, respectively, is related to non-damage business interruption insurance receivable from third party insurance company. Premiums receivable represents premiums on written policies which are collectible within the Company's credit term. Claims from insurance amounted to ₱1.1 million and ₱8.5 million as at December 31, 2020 and December 31, 2019. Decrease was mainly from collection of December 31, 2019 premiums insurance receivables, net of unpaid premiums of insurance policies which were written during 2020.

Other Current Accounts Receivable
Other accounts receivables amounted to ₱43.7 million and ₱65.2 million as at December 31, 2020 and December 31, 2019, respectively. Movements primarily refer to receivable from contractors, short-term deposits, loan receivables, receivable from employees and others. Decrease mainly refers to assignment of a third party loan from other accounts receivable to receivable from a related party.

Inventories
Inventories amounted to ₱2.3 billion and ₱3.0 billion as at December 31, 2020 and December 31, 2019, respectively. Inventories consisting of raw materials, cement and work in process amounted to ₱1.4 billion and ₱1.9 billion as at December 31, 2020 and December 31, 2019, respectively, and the remaining balance pertains to spare parts. Decline in inventories in 2020 primarily refers to decrease in work-in-process and finished goods inventories due to production optimization initiatives.

Derivative assets
Derivative assets amounted to ₱24.0 million and nil as at December 31, 2020 and December 31, 2019, respectively. The Company entered an agreement with CEMEX to confirm that the company will bear all the risks and rewards arising out of the hedge contract that CEMEX has entered during 2020. Movement refers to mark-to-market valuation of the hedge instrument.

Prepayments and Other Current Assets
Other current assets amounted to ₱1.8 billion and ₱1.7 billion as at December 31, 2020 and December 31, 2019, respectively, which pertain primarily to prepayments of insurance, ₱628.6 million and ₱508.8 million, respectively, prepayment of taxes, ₱1,041.4 million and ₱645.0 million, respectively. Movement is primarily due to unamortized balance of prepaid NDBI and general liability insurance accounts.

Investment in an Associate and Other Investments
Investments in Associates cover minority equity investments in Greencrete Inc. and Calabar Aggregates Corporation.

Other Assets and Noncurrent Accounts Receivable
Other assets amounting to ₱782.4 million and ₱837.2 million as at December 31, 2020 and December 31, 2019, respectively, primarily consisted of long-term prepayments amounting to ₱27.9 million, long-term performance deposits of ₱266.4 million and ₱259.9 million, respectively, and debt reserve account and guarantee bonds used in operations amounting to ₱407.8 million and ₱480.8 million, respectively. The rest mainly referred to noncurrent portion of the unamortized transportation allowances of employees and other long-term prepayments. Movement mainly refers to lower debt service reserve account from the company's supplemental agreement with BDO.

Property, Machinery, Equipment and Assets for the Right-of-Use
Property, machinery and equipment had a balance of ₱19.9 billion and ₱18.0 billion as at December 31, 2020 and December 31, 2019, respectively. For the year ended December 31, 2020 and for the year ended December 31, 2019, ₱274.5 million and ₱659.4 million, respectively, were incurred for maintenance capital expenditures and ₱3.3 billion and ₱3.2 billion, respectively, for strategic capital expenditures.

Assets for the right-of-use amounted to ₱1.8 billion and ₱2.0 billion as at December 31, 2020 and December 31, 2019, respectively. For the year ended December 31, 2020 and December 31, 2019, additions to assets for the right-of-use amounted to ₱558.2 million and ₱362.4 million, respectively.

Advances to Contractors
In November 2018, the Company made a down payment amounting to ₱2.1 billion to a third party for the construction and installation of Solid Cement's new production line and is presented under noncurrent assets in the consolidated statements of financial position. As at December 31, 2020, and

December 31, 2019, the balance of this account amounted to ₱1.1 billion and ₱1.6 billion, respectively. Movement was due to the depletion of advances in line with the progress of the Solid Expansion Project.

Deferred Income Tax Assets - Net
The Company's deferred income tax asset amounted to ₱1.1 billion and ₱1.0 billion as at December 31, 2020 and December 31, 2019, respectively, which mainly represented pension, unrealized foreign exchange losses and future tax benefits from operating losses. Movement mainly refers to recognition of additional deferred tax assets from operating losses and Minimum Corporate Income Tax. Deferred tax liability amounted to ₱0.9 million and ₱1.6 million as at December 31, 2020 and December 31, 2019, respectively.

Goodwill
The Company's goodwill arose from the business combinations when the Parent Company acquired its subsidiaries in 2016. As of December 31, 2020, no impairment to goodwill is recognized.

Trade Payables
Trade payables as at December 31, 2020 and December 31, 2019 amounted to ₱4.2 billion and ₱4.8 billion, respectively. The decrease in trade payables is mainly due to the payment to various suppliers and settlement of various insurance with Pioneer.

Due to Related Parties
Short-term payable to related parties had a balance of ₱1.5 billion and ₱2.7 billion as at December 31, 2020 and December 31, 2019, respectively. Long-term payable to related parties amounted to nil and ₱5.4 billion as at December 31, 2020 and December 31, 2019, respectively. Movement primarily refers to repayment of loans with CABV.

Contract Liabilities, Unearned Income, Other Accounts Payable, Accrued Expenses, and Income Tax Payable
Contract liabilities, unearned income, other payables and accruals which amounted to ₱1.6 billion and ₱1.9 billion as at December 31, 2020 and December 31, 2019, respectively, pertained mainly to accruals, contract liabilities (which include advances from customers and unredeemed customer loyalty points), unearned income from insurance premium, provisions, and income tax payable. Movement is mainly due to lower accruals for freight cost, utilities and maintenance costs in 2020.

Lease Liabilities
Current portion of finance lease liabilities amounted to ₱628.3 million and ₱525.4 million as at December 31, 2020 and December 31, 2019, respectively. Noncurrent portion of finance lease liabilities amounted to ₱1.4 billion and ₱1.6 billion as at December 31, 2020 and December 31, 2019.

Retirement Benefit Liability
Retirement benefit liability amounting to ₱653.9 million and ₱794.2 million as at December 31, 2020 and December 31, 2019, respectively, pertains to the provision recognized by the Company associated with employees' defined benefit pension plans.

Long-term Bank Loan
The total outstanding balance of the BDO Refinancing Loan amounted to ₱10.8 billion and ₱11.4 billion as at December 31, 2020 and December 31, 2019, respectively. The unamortized debt issuance cost of this long-term bank loan, amounting to ₱80.1 million and ₱106.0 million, was deducted from the total loan liability as at December 31, 2020 and December 31, 2019, respectively. Short-term portion of the bank loan amounted to ₱140.1 million as at December 31, 2020 and December 31, 2019.

Other Noncurrent Liabilities
Other noncurrent liabilities of ₱20.6 million as at December 31, 2020 and December 31, 2019, pertains to provision for asset retirement obligation.

Common Stock
As at December 31, 2020 and December 31, 2019, the total authorized capital stock of the Parent Company consisted of 18,810,395,454 and 5,195,395,454 common shares at a par value of ₱1 per share, respectively and the total issued and outstanding capital stock was 13,489,226,623 and 5,195,395,454 common shares at a par value of ₱1 per share, respectively. Increase in common stock was due to the Stock Rights Offering.

Other Equity Reserves
The amount referred to the cumulative effects of items and transactions that were, temporarily or permanently, recognized directly to stockholders' equity which included share-based compensation, remeasurement of retirement benefits liability (net of tax) and cumulative currency translation of foreign subsidiaries.

Retained Earnings
Retained earnings of ₱3.2 billion and ₱2.3 billion as at December 31, 2020 and December 31, 2019 respectively, included the Company's cumulative net results of operations.

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017

Results of Operations

Revenue
The consolidated revenue for the years ended December 31, 2019, 2018 and 2017 amounted to ₱23.6 billion, ₱23.4 billion and ₱21.8 billion, respectively. Revenue was generated mainly from sale of cement products as a result of the Company's ordinary activities.

Increase of 7.5% in 2018 compared to 2017 was primarily due to a 6.8% increase in the volume of cement sold resulting from debottlenecking initiatives to increase production and supply chain throughput by approximately 500,000 tonnes, in addition to increased construction activity in both the public and private sectors, and a 0.9% increase in our average selling price for cement.

The breakdown of revenue after elimination of transactions between consolidated entities for the year ended December 31, 2019, 2018 and 2017 were as follows:

	For the year ended December 31, 2019		**For the year ended December 31, 2018**		**For the year ended December 31, 2017**	
Segment	***Amount****	***%Revenue***	***Amount****	***%Revenue***	***Amount****	***%Revenue***
Cement	₱23,588	100%	₱23,400	100%	₱21,571	99%
Other business	8	0%	18	0%	213	1%
Total	**₱23,596**	**100%**	₱23,418	**100%**	₱21,784	**100%**

**Amounts in millions*

Cost of Sales
Consolidated cost of sales for the years ended December 31, 2019, 2018 and 2017, amounted to ₱13.9 billion, ₱14.2 billion and ₱12.3 billion, respectively. Costs arose mainly from power and fuel consumption, raw materials and supplies used during production, depreciation and other expenses directly attributable to the manufacturing of finished goods.

Increase of 15.4% in 2018 compared to 2017 was attributable to higher sales volume, increased raw materials costs resulting from the September 2018 Naga Landslide and higher fuel and power costs.

Power and fuel represented approximately (i)19.1% and 20.6%, of cost of sales in 2019, respectively, (ii) 21.4% each, of cost of sales in 2018, and (iii) 21.5% and 22.1%, respectively, of cost of sales and services in 2017.

Gross Profit
As a result of the above conditions, gross profit for the years ended December 31, 2019, 2018 and 2017, reached ₱9.7 billion, ₱9.2 billion and ₱9.5 billion, respectively. Gross profit as a percentage of revenue for the year ended December 31, 2019, 2018 and 2017, represented 41.0%, 39.3% and 43.4%, respectively.

Operating Expense
Operating expenses amounted to ₱7.3 billion, ₱7.7 billion and ₱7.3 billion for the years ended December 31, 2019, 2018 and 2017, respectively. Operating expenses were composed of administrative, selling, and distribution expenses. Administrative and selling expenses amounted to ₱3.1 billion, ₱3.0 billion and ₱3.1 billion, or 13.2%, 12.8% and 14.1% of revenue, in 2019, 2018 and 2017, respectively. These include: a) license fees amounting to ₱865.4 million, ₱883.5 million and ₱827.8 million, respectively; b) insurance amounting to ₱195.8 million, ₱226.8 million and ₱154.1 million, respectively; c) salaries and wages amounting to ₱766.8 million , ₱653.0 million and ₱590.9 million, respectively; and d) administrative fees amounting to ₱744.2 million, ₱656.9 million and ₱878.6 million, respectively. Distribution expenses amounted to ₱4.2 billion, ₱4.7 billion and ₱4.3 billion, which accounted for 17.9%, 19.9% and 19.6% of revenue, in 2019, 2018 and 2017, respectively.

Other expenses included in operating expenses cover utilities and supplies, taxes and license, depreciation, advertising and travel expenses, rental, and others.

Operating Income before Other Expenses, Net
For the reasons discussed above, operating income before other expenses - net amounted to ₱2.3 billion, ₱1.5 billion and ₱2.1 billion in 2019, 2018 and 2017, respectively. These comprised of 9.9%, 6.5% and 9.7% of revenue, respectively.

Other Income (Expenses), Net
Other income (expenses), net for the years ended December 31, 2019, 2018 and 2017 were ₱8.5 million, (₱42.7) million and (₱226.2) million, respectively. Movement in *other income*, net in 2019 compared to other expenses, net in 2018 was primarily due to one-off Naga landslide losses in 2018 amounting to ₱71.7 million. Lower *other expenses*, net in 2018 compared to 2017 was attributable to the one-off asset impairment losses amounting to ₱175.2 million in 2017.

Financial and Other Financial Expenses, Net
Net financial expenses in 2019, 2018 and 2017 amounted to ₱1,304.5 million, ₱1,113.5 million and ₱1,048.2 million, respectively. Increase of 17.2% in 2019 compared to 2018 and increase of 6.2% in 2018 compared to 2017 were attributable to higher debt level to fund our Solid Cement plant expansion project and higher benchmark rates.

Foreign Exchange Gain (Loss), Net
Gain (loss) of ₱453.1 million, (₱381.4) million and (₱70.9) million were reported in 2019, 2018 and 2017, respectively.

Movement in *net foreign exchange gain* in 2019 compared to *net foreign exchange loss* in 2018 was mainly due to: (a) deposit agreements between the Parent Company and its foreign subsidiaries; (b) revolving facility agreement between Solid Cement and CEMEX Asia, B.V.; and (c) appreciation of Philippine peso against U.S. dollar in 2019 from ₱52.58 exchange rate as at December 31, 2018 to ₱50.64 exchange rate as at December 31, 2019.

Increase in *foreign exchange loss* of 438.4% in 2018 from 2017 was primarily due to depreciation of the Philippine peso against the U.S. dollar.

The Company entered into the following agreements which affected the movement in foreign exchange gains (losses):

- On 1 August 2016, the Parent Company signed deposit agreements with Falcon Re Ltd. and CEMEX Asia Research A.G., respectively, in which the mentioned subsidiaries may deposit and withdraw the amount placed at any time and date, according to the conditions established in the deposit agreement. The agreements shall be valid and binding until August 1, 2021. The principal under the Falcon Re Ltd deposit agreement shall bear interest calculated daily at a rate equal to Western Asset Institutional Liquid Reserve Fund (WAILRF) minus 10 basis points. The principal under the CEMEX Asia Research A.G. deposit agreement was subject to an initial interest rate of 2.25%, which interest was subsequently increased to 2.5% per annum effective in July 2017 and then to 3% per annum starting March 2018.
- On February 1, 2017, the Parent Company signed a senior unsecured peso long-term loan facility with BDO Unibank, Inc. ("BDO") for an amount of up to the Philippine Peso equivalent of U.S.dollar 280 million ("BDO Refinancing Loan"), to refinance a majority of the Parent Company's outstanding long-term loan facility with New Sunward Holding B.V. ("NSH"), a subsidiary of CEMEX. During the first quarter of 2017, the foregoing long-term loan with NSH was fully repaid.
- On November 21, 2018, Solid Cement signed a revolving facility agreement with CEMEX Asia, B.V. allowing Solid to withdraw in one or several installments a sum of up to U.S.$75,000, which was amended on February 2019, increasing the facility to U.S.$100,000. On November 28, 2019, further amendments were made to increase the facility to U.S.$160,000. The agreement, which was subject to initial interest rate of 8.2%, bears an interest based on the Company's leverage ratio.

Income Tax
As a result of operations, the Company's income tax expense in 2019, 2018 and 2017 amounted to ₱219.2 million, ₱953.7 million and ₱130.8 million, respectively.

Decrease of 77.0% in 2019 compared to 2018 was mainly due to the recognition of previously unrecognized deferred income tax assets. Increase of 629.3% in 2018 compared to 2017 was attributable primarily to intra-group dividends received from foreign subsidiaries and write-downs of previously recognized deferred income tax assets.

Net Profit (Loss)
As a result of the abovementioned concepts, net profit (loss) for the years ended December 31, 2019, 2018 and 2017 amounted to ₱1,279.6 million, (₱970.7 million) and ₱638.3 million, respectively.

Financial Position
Cash and Cash Equivalents
Cash and cash equivalents amounted to ₱1.4 billion, ₱1.8 billion and ₱1.1 billion as at December 31, 2019, 2018 and 2017, respectively. As at December 31, 2019, cash and cash equivalents of ₱1.4 billion, include ₱1.2 billion cash on hand and in banks and ₱0.2 billion short-term investments which are readily convertible to cash. As at December 31, 2018, cash and cash equivalents of ₱1.8 billion include ₱1.7 billion cash on hand and in banks and ₱0.1 billion short-term investments which are readily convertible to cash. As at December 31, 2017, cash and cash equivalents of ₱1.1 billion include ₱0.6 billion cash on hand and in banks and ₱0.5 billion short-term investments which are readily convertible to cash.

Decrease of 22.9% in 2019 cash and cash equivalents from 2018 was primarily due to ₱3.0 billion cash provided by operating activities, ₱3.1 billion used in investing activities and ₱0.3 billion used in financing activities. Increase of 71.4% in 2018 cash and cash equivalents from 2017 was due to to ₱2.3 billion cash provided by operating activities, ₱3.3 billion used in investing activities and ₱1.7 billion provided by financing activities.

Trade Receivables - Net
Accounts receivables amounted to ₱893.0 million, ₱708.9 million and ₱818.8 million as at December 31, 2019, 2018 and 2017, respectively, net of allowance for impairment losses amounting to ₱23.8 million, ₱24.1 million and ₱36.1 million, respectively, which mainly pertained to receivables from customers.

Increase of 26.0% in 2019 compared to 2018 was attributable to a lower proportion of cash sales to overall sales while the decline of 13.4% in 2018 compared to 2017 was primarily due shorter collection period in 2018.

Due from Related Parties
Related party balances amounted to ₱27.7 million, ₱30.3 million and ₱26.4 million as at December 31, 2019, 2018 and 2017, respectively. Movements in *due from related parties* were primarily from the sale of goods, invoicing of administrative fees, and advances between related parties.

Insurance Claims and Premium Receivables
Premiums receivable, which amounted to ₱437.0 million, ₱604.9 million and nil as at December 31, 2019, 2018 and 2017, respectively was related to non-damage business interruption insurance receivable from third party insurance company. Premiums receivable represents premiums on written policies which are collectible within the Company's credit term.

Insurance claims amounted to ₱8.5 million, ₱345.1 million and nil as at December 31, 2019, 2018 and 2017, respectively. As at December 31, 2018, outstanding insurance claims refer to the loss incurred during the September 2018 Naga Landslide.

Decline in 2019 insurance claims and premium receivables was attributable to the receipt of 2018 outstanding insurance claims during 2019. The increase in 2018 from 2017, in addition to the insurance claims from the September 2018 Naga Landslide, was due to premiums receivables outstanding as at December 31, 2018, which the Company did not have as at December 31, 2017.

Other Current Accounts Receivable
Other accounts receivables amounted to ₱65.2 million, ₱73.1 million and ₱74.6 million as at December 31, 2019, 2018 and 2017, respectively, which mainly pertained to short term deposits, receivables from contractors and employees and loan receivables. Decline in 2019 was primarily due to the decrease in short-term deposits and receivable from employees.

Inventories
Inventories amounted to ₱3.0 billion, ₱3.5 billion and ₱3.3 billion as at December 31, 2019, 2018 and 2017, respectively. Inventories consisting of raw materials, cement and work in process amounted to ₱1.9 billion, ₱1.8 billion and ₱1.7 billion as at December 31 2019, 2018 and 2017, respectively, and the remaining balance referred to spare parts. Inventories are measured at cost or net realizable value, whichever is lower.

Decline of 13.6% in 2019 from 2018 was mainly attributable to ₱0.6 billion decline in materials and spareparts while the increase of 7.1% in 2018 from 2017 was attributable mainly to ₱0.4 billion increase in inventory in transit.

Prepayments and Other Current Assets
Other current assets amounted to ₱1.7 billion, ₱1.7 billion and ₱1.4 billion as at December 31, 2019, 2018 and 2017, respectively, which referred primarily to prepayments of insurance, ₱508.8 million, ₱529.8 million and ₱542.7 million, respectively, and prepayment of taxes, ₱645.0 million, ₱525.3 million and ₱548.9 million, respectively, and advances to suppliers, ₱367.8 million, ₱444.9 million and ₱116.8 million, respectively. Increase in 2018 prepayments from 2017 was primarily attributable to the increase in advance payments for clinker and raw materials.

Investment in an Associate and Other Investments
As of December 31, 2019, 2018 and 2017, investments in an associate and other investments cover minority equity investments in Greencrete Inc., Calabar Aggregates Corporation and others. In 2018, the Company sold its rights pertaining to a proprietary membership share which caused the decline of 8.5% from 2017.

Other Assets and Noncurrent Accounts Receivable
Other assets amounting to ₱837.2 million, ₱818.2 million and ₱716.7 million as at December 31, 2019, 2018 and 2017, respectively, primarily consisted of long-term prepayments amounting to ₱27.9 million, ₱41.7 million and ₱47.8 million, respectively, long-term performance deposits of ₱259.9 million, ₱115.7 million and ₱122.4 million, respectively, and debt reserve account and guarantee bonds used in operations amounting to ₱480.8 million, ₱601.2 million and ₱485.5 million, respectively. The rest mainly referred to noncurrent portion of the unamortized transportation allowances of employees. Increase in 2018 from 2017 was primarily attributable to the increase in debt service reserve account with BDO.

Advances to Contractors for Plant Construction
In November 2018, the Company made a downpayment to a third party for the construction and installation of Solid's new production line and is presented under noncurrent assets in the consolidated statements of financial position amounting to $40.7 million (approximately ₱2.1 billion). As at December 31, 2019 and 2018, the balance of this account amounted to ₱1.6 billion and ₱2.1 billion, respectively. Movement was due to the depletion of advances in line with the progress of the Solid Cement plant expansion project.

Property, Machinery and Equipment and Assets for the Right-of-use - Net
Property, machinery and equipment had a balance of ₱18.0 billion, ₱15.6 billion and ₱15.6 billion as at December 31, 2019, 2018 and 2017, respectively. As at December 31, 2019, 2018 and 2017, ₱0.7 billion, ₱1.1 billion and ₱0.8 billion, respectively, were incurred for maintenance capital expenditures and ₱3.2 billion, ₱0.3 billion and ₱0.5 billion, respectively, for strategic capital expenditures. Increase in 2019 from 2018 was primarily attributable to the capital expenditures on Solid Cement plant expansion project.

Assets for the right-of-use as at December 31, 2019, 2018 and 2017 amounted to ₱2.0 billion, ₱2.2 billion and ₱2.2 billion, respectively.

Deferred Income Tax
The Company's deferred income tax asset amounted to ₱1.0 billion, ₱774.4 million and ₱1.1 billion, while deferred income tax liability amounted to ₱1.6 million, ₱147.4 million and ₱95.8 million, as at December 31, 2019, 2018 and 2017, respectively. Deferred income tax asset includes temporary tax differences which have future tax benefits. Movements in *deferred income tax* for the comparative periods are mainly related to NOLCO, excess MCIT over RCIT and unrealized foreign exchange gains and losses.

Goodwill
As of December 31, 2019, the Company's goodwill arose from the business combinations when the Parent Company acquired its subsidiaries.

Trade Payables
Trade payables as at December 31, 2019, 2018 and 2017 amounted to ₱4.8 billion, ₱4.9 billion and ₱2.3 billion, respectively, which were related to purchases of raw materials and other goods, and services provided by third parties. Increase in 2018 from 2017 was attributable to longer payment terms with suppliers, purchase of imported clinker and cement due to the September 2018 Naga Landslide landslide, and costs related to the initial stages of SOLID Cement plant expansion project.

Due to Related Parties
Short-term payable to related parties had a balance of ₱2.7 billion, ₱2.7 billion and ₱2.3 billion as at December 31, 2019, 2018 and 2017, respectively. Long-term payable to related parties amounted to ₱5.4 billion, ₱2.5 billion and ₱1.1 billion as at December 31, 2019, 2018 and 2017, respectively. The increase in payable to related parties for the comparative periods was mainly due to additional drawdowns in revolving facility agreement of the Company with CEMEX Asia, B.V.

Contract Liabilities, Unearned Income, Other Accounts Payable and Accrued Expenses, and Income Tax Payable
Contract liabilities, unearned income, other payables and accruals which amounted to ₱1.9 billion, ₱2.3 billion and ₱2.1 billion as at December 31. 2019, 2018 and 2017, respectively, pertained mainly to accruals, contract liabilities (which include advances from customers and unredeemed customer loyalty points) unearned income from insurance premium, provisions, and tax payables.

Decrease in contract liabilities, unearned income, other accounts payable and accrued expenses, and income tax payable of 16.4% in 2019 from 2018 was attributable to: a) accrued expenses; b) unearned income from reinsurance premiums; c) taxes payable such as VAT, withholding taxes and others; d) advances from customers; and e) income tax payable. Increase in contract liabilities, unearned income, other accounts payable and accrued expenses, and income tax payable of 8.5% in 2018 from 2017 was primarily attributable to accrued expenses.

Lease Liabilities
The current portion of lease liabilities amounted to ₱525.4 million, ₱453.7 million and ₱264.0 million as at December 31, 2019, 2018 and 2017, respectively. The noncurrent portion of lease liabilities amounted to ₱1.6 billion, ₱1.9 billion and ₱2.1 billion as at December 31, 2019, 2018 and 2017, respectively. Decline in 2019 from 2018 was attributable to lower lease additions and remeasurement from lease termination during the year.

Retirement Benefit Liability
Retirement Benefit Liability amounting to ₱794.2 million, ₱715.2 million and ₱761.0 million as at December 31, 2019, 2018 and 2017, respectively, pertained to the provision recognized by the Company associated with employees' defined benefit pension plans.

Increase of 11.0% in 2019 as against 2018 was attributable to the actuarial losses amounting to ₱165.8 million, net off actual plan contributions amounting to ₱105.0 million. Decrease of 6.0% in 2018 compared to 2017 was primarily due to actuarial gains amounting to ₱196.1 million, net off ₱88.5 million retirement obligation acquired from transferred employees.

Long-term Bank Loan
The total outstanding balance of the Parent Company's unsecured peso long-term facility with BDO Unibank, Inc. was ₱11.4 billion, ₱13.8 billion and ₱13.9 billion as at December 31, 2019, 2018 and 2017, respectively. The debt issuance cost of this long-term bank loan, corresponding to ₱106.0 million, ₱138.2 million and ₱166.6 million, on unamortized basis, was deducted from the total loan liability as at December 31, 2019, 2018 and 2017, respectively. Short-term portion of the bank loans amounted to ₱140.1 million each as at December 31, 2019, 2018 and 2017. In 2019, the Company made partial pre-payments under this bank loan amounting to ₱2.2 billion.

Other Noncurrent Liabilities
Other noncurrent liabilities of ₱20.6 million as at December 31, 2019, 2018 and 2017 referred to provision for asset retirement obligation.

Common Stock
As at December 31, 2019, 2018 and 2017, the total authorized capital stock of CHP consisted of 5,195,395,454 common shares at a par value of ₱1 per share, and the total issued and outstanding capital stock was 5,195,395,454 common shares at a par value of ₱1 per share.

Other Equity Reserves
The amount referred to the cumulative effects of items and transactions that were, temporarily or permanently, recognized directly to stockholders' equity which included share-based compensation, remeasurement of retirement benefits liability (net of tax), cumulative currency translation of foreign subsidiaries and unrealized gains and losses arising from fair value changes on derivative asset designated as a hedging instrument.

Decrease in 2019 from 2018 was attributable to: a) currency translation loss of foreign subsidiaries amounting to ₱243.0 million; and b) loss on remeasurement on retirement benefit liability amounting to ₱116.0 million. Increase in 2018 from 2017 was attributable to: a) currency translation gain of foreign subsidiaries amounting to ₱238.9 million; and b) gain on remeasurement on retirement benefit liability amounting to ₱137.3 million.

Retained Earnings
Retained earnings of ₱2.3 billion, ₱981.3 million and ₱2.0 billion as at December 31, 2019, 2018 and 2017, respectively, included the Company's cumulative net results of operations.

Company Performance Indicators and Liquidity

Key Performance Indicators
As of December 31, 2020, the Company sets certain performance measures to gauge its operating performance periodically and to assess its overall state of corporate health. Listed below are the major performance measures, which the Company has identified as reliable performance indicators. Analyses are employed by comparisons and measurements on a consolidated basis based on the financial data as at December 31, 2020, 2019, 2018 and 2017.

Key Financial Indicators	**Formula**	**2020**	**2019**	**2018 (As restated)**	**2017 (As restated)**
Current Ratio	Current Asset/Current Liabilities	**1.4 : 1**	**0.7 : 1**	**0.8 : 1**	**0.9 : 1**
Solvency Ratio	Profit + Depreciation and Amortization/Total Liabilities	**0.2 : 1**	**0.1 : 1**	**0.0 : 1**	**0.1 : 1**
Net debt to Equity Ratio	Debt*/Total Equity	**0.3 : 1**	**0.9 : 1**	**1.0 : 1**	**0.8 : 1**
Asset to Equity Ratio	Total Assets/Total Equity	**1.5 : 1**	**2.0 : 1**	**2.0 : 1**	**1.8 : 1**

**The debt is net of cash and cash equivalents.*

Key Financial Indicators	**Formula**	**2020**	**2019**	**2018 (As restated)**	**2017 (As restated)**
Interest Rate Coverage Ratio	Operating income before other income (expenses) – net/ interest	**3.6 : 1**	**1.9 : 1**	**1.4 : 1**	**2.1 : 1**
Profitability Ratio	Operating income before other income (expenses) – net/ Revenue	**0.1 : 1**	**0.1 : 1**	**0.1 : 1**	**0.1 : 1**

As of December 31, 2020, the Company does not have any off-balance sheet arrangements that are reasonably likely to have a material effect on its financial condition, operating results and liquidity or capital resources.

Liquidity
The Company's operations are exposed to risks from changes in price, interest rates, inflation, foreign exchange, governmental spending, social instability and other political, economic and/or social

developments in Philippines, any one of which may materially impact its net income and cash from operations. Consequently, in order to meet liquidity needs, the Company relies on cost-efficiency, profitability management and operating improvements to optimize capacity utilization and maximize profitability, as well as advances or borrowing under credit facilities, proceeds of debt and proceeds from asset sales. The Company also participates in liquidity management program pursuant to which it invests excess liquidity and has certain flexibility to undertake borrowings (intragroup or with CEMEX) to meet its own liquidity needs. Amounts that are invested or borrowed under this liquidity management program are often denominated in U.S. dollars.

Material Commitments for Capital Expenditures for 2021

The Company has budgeted for 2021 about ₱7,030 million for capital expenditures and investments which substantially consist of the following: ₱1,350 million – maintenance and other CAPEX and ₱5,680 million - Solid Cement's new cement production line. The Company expects to fund these capital expenditures through the use of proceeds raised during the Stock Rights Offering conducted in January 2020 and revenue or cashflow from operations.

Bank Loan

On February 1, 2017, the Parent Company signed a Senior Unsecured Philippine peso Term Loan Facility with BDO Unibank, Inc. (BDO") for a loan amount of up to the Philippine peso equivalent of US$280 million, the proceeds of which were applied to refinance its borrowings from New Sunward Holding B.V., which is an indirect subsidiary of CEMEX. The term loan provided by BDO has a tenor of seven years from the date of the initial drawdown on the facility and consists of a fixed rate and a floating rate tranche based on market rates plus spread. On December 8, 2017, the Parent Company, together with APO Cement and Solid Cement, entered into a supplemental agreement to the facility agreement with BDO pursuant to which it was agreed that (i) the commencement date for compliance with certain financial covenants under the facility agreement would be in June 2020; (ii) debt service reserve accounts were created; and (iii) additional debt incurrence restrictions be put in place. One of these debt incurrence restrictions agreed is based on a financial ratio that measures, on a consolidated basis, the Company's ability to cover its interest expense using its Operating EBITDA (as defined in the facility agreement) and is measured by dividing Operating EBITDA by the financial expense for the last twelve months as of the calculation date. On December 14, 2018, the Company and BDO entered into another supplemental agreement to the facility agreement that provides an option, only for certain potential events of default under the facility agreement, for the Company's ultimate parent company, CEMEX or any of CEMEX's subsidiaries which is not a direct or indirect subsidiary of the Company, to pay all amounts outstanding under the facility agreement before they become due and payable prior to their maturity in certain events.

On May 15, 2019, the Company entered into an agreement with BDO to amend further the facility agreement to, among others, (i) conform the facility agreement with certain changes required due to PFRS 16 taking effect as of January 1, 2019, (ii) exclude from certain financial covenants in the facility agreement any principal and interest from certain subordinated loans and advances incurred in relation with the new cement line being built by Solid Cement that have been made or are to be made to the Parent Company or its subsidiaries by any subsidiary of CEMEX, and (iii) allow for certain loans taken by the Parent Company and its subsidiaries with any CEMEX subsidiary to be paid with proceeds from any equity fundraising activity conducted by us without having to pay a prepayment fee to BDO under the facility agreement. On June 30, 2020, the Parent Company reached an agreement with BDO further amending their facility agreement so that the Parent Company is required to comply with certain financial covenants commencing on June 30, 2021.

None of the foregoing amendments and supplements has the effect of increasing the debt level, maturity date, or interest cost under the facility agreement.

As of December 31, 2020, the Parent Company is in compliance with the applicable restrictions and covenants of the facility agreement; however, the Parent Company cannot give assurance that it will be able to comply with the restrictions and covenants contained in the said facility agreement, as supplemented. The Parent Company may need to seek waivers, amendments and/or further supplement the facility agreement in the future. Even though the Parent Company has been able to supplement the facility agreement in the past, there is no assurance that that any future waivers, amendments and/or supplements, if requested, will be obtained or entered into.

Trend, Events or Uncertainties Affecting Recurring Revenues and Profits

The various measures imposed to date by the Philippine Government and those that will be additionally implemented as a result of the COVID-19 Pandemic have and may further adversely affect the Company's workforce deployment and operations and the operations of the Company's customers, distributors, suppliers and contractors, and may negatively impact the Company's financial condition, results of operations and cash flows. The Company faces significant uncertainties arising from the impacts of the COVID-19 Pandemic that may include restrictions on access to the Company's manufacturing facilities, on its operations or workforce, or similar limitations for the Company's customers, distributors, suppliers and contractors, which could limit customer demand and/ or the Company's capacity to meet customer demand, any of which could have a material adverse effect on the Company's financial condition and results of operations. The degree to which the COVID-19 Pandemic affects the Company's financial condition and results of operations will depend on future developments of the coronavirus situation in the country, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, government policy, and how quickly and to what extent normal economic and operating conditions can resume. On March 27, 2021, the government announced that in order to slow down the surge in COVID-19 cases, stop further spread of COVID-19 variants, allow the health system to cope, and protect more lives, several cities and provinces (which included the Province of Rizal and Metro Manila) will be under enhanced community quarantine effective from March 29, 2021 until April 11, 2021.

The Company implemented, and continues to implement, strict hygiene protocols in all its operations and modified its manufacturing, sales, and delivery processes to implement physical distancing, so as to protect the health and safety of its employees and their families, customers and suppliers; and drastically reduce the possibility of contagion of the COVID-19 Pandemic. The Company has undertaken and continues to explore temporary measures to address the adverse impact of the COVID-19 Pandemic on its workforce and operations with the objective of re-aligning the organization's resources with the evolving conditions in the different markets in which the Company operates. These measures include (but are not limited to) the reduction of plant production and inventory levels, the suspension, deferment or reduction in capital expenditures and budgeted operating expenses (including sales and administration expenses) and the implementation of changes in work-deployment schedules. The Company plans to continue to focus its efforts on managing the impact of the COVID-19 Pandemic on its production, commercial, and financial activities. It will continue to carefully monitor this overall situation and expects to take additional steps, as could be required.

The consequences resulting from the COVID-19 Pandemic have negatively affected the Company. During the year ended December 31, 2020, consolidated revenues decreased by 16% against the previous year, caused mainly by the decrease in sales volumes from reduced operations. This decrease in revenues was partially offset by a reduction in cost of sales and operating costs and expenses, which decreased 17% and 14%, respectively, during the same period, because of reduced operations but also considering the strict control of expenditures. For the year ended December 31, 2020, additional expenses were incurred by the Company associated with measures designed to address the adverse impact of COVID-19 pandemic amounting to ₱49.8 million presented under "Other income (expenses) - net".

The Company considers that, as the effects and duration of such pandemic may extend, there could be significant adverse effects in the future mainly in connection with: (i) increases in estimated credit losses on trade accounts receivable; (ii) impairment of long-lived assets including goodwill; (iii) further disruption in supply chains; and (iv) liquidity effects to meet the Company's short-term obligations.

Other than as disclosed elsewhere in this Form 17-A (Annual Report) or in the Company's Consolidated Financial Statements as at December 31, 2020 and 2019 in the accompanying Audited Financial Statements filed as part of this Form 17-A (Annual Report), the Parent Company is not aware of any trends, uncertainties, demands, commitments or events for the year ended December 31, 2020 that are reasonably likely to have a material and adverse effect on the Company's net sales, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial conditions, or that would trigger direct or contingent financial obligation, including any default or acceleration of an obligation.

Refer to the discussion on major risks affecting the business in ITEM 1 of PART I of this Form 17-A (Annual Report).

ITEM 7. FINANCIAL STATEMENT

The Company's Consolidated Financial Statements as at December 31, 2020 and 2019 and the Parent Company's separate Financial Statements as at December 31, 2020 and 2019 in the accompanying Audited Financial Statements are filed as part of this Form 17-A (Annual Report).

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

(A) External Audit Fees and Services

The external auditor of the Company is R.G. Manabat & Co. (RGM&Co.).

The fees billed for professional services rendered to the Company by R.G. Manabat & Co. (exclusive of out-of-pocket expenses) consisted of the following:

Nature of Work	2020	2019	2018	2017
(a)(1) Audit of annual financial statements or services that are normally engaged by external auditor in connection with statutory and regulatory filings or engagements	₱6,058,500	₱ 6,058,500	₱ 6,058,500	₱ 6,100,700
(a)(2) Other audit-related services	₱6,748,000	₱ 4,095,000	₱ 2,469,000	₱ 2,619,000
(b) Other non-audit related services (eg. for tax accounting, compliance, advice, planning and other form of tax services)	₱ -	₱ -	₱ -	₱ 465,078

(B) Changes in and disagreements with accountants on accounting and financial disclosures

The accounting policies adopted in the preparation of the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2020 have been applied consistently to all years presented therein, except that certain amendments to accounting standards have been adopted

as at January 1, 2018 and applied in the preparation of the consolidated financial statements. A brief discussion of these changes is found in Note 3 of the Notes to the Company's Consolidated Financial Statements as at December 31, 2020 and 2019 in the accompanying Audited Financial Statements filed as part of this Form 17-A (Annual Report).

There were no disagreements with accountants on accounting and financial disclosures.

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF CEMEX HOLDINGS PHILIPPINES, INC.

(1) Directors and Executive Officers

Basic information and a brief description of the business experience of each of the Directors and Executive Officers of the Parent Company as of December 31, 2020 including directorships held in reporting companies, if any, are provided below.

Members of the Board of Directors

The *independent* directors are: Pedro Roxas, Alfredo S. Panlilio and Eleanor M. Hilado. The *non-executive* directors are Sergio Mauricio Menéndez Medina, Antonio Ivan Sanchez Ugarte and Maria Garcia Villan. The *executive* directors are Ignacio Alejandro Mijares Elizondo and Alejandro Garcia Cogollos.

A. Independent Directors

Pedro Roxas. 64 years old, Filipino citizen. Pedro Roxas holds a B.S. Degree in Business Administration from the University of Notre Dame in Indiana, USA. Mr. Roxas is the Chairman of the Board of Directors of Roxas Holdings Inc., Roxas and Company, Inc., Roxas Land Corporation. Mr. Roxas has extensive experience serving as an independent director for companies such the Philippine Long Distance Telephone Company, Manila Electric Co., BDO Private Bank, Mapfre Insular Insurance Corporation, and Brightnote Assets Corporation. He is the President of the Philippine Sugar Millers Association. He is also member of the Board of Fundacion Santiago and Chairman of Club Punta Fuego. Mr. Roxas serves as an independent member of the Board of Directors of the Parent Company. He was initially elected to the Board on June 3, 2016 and assumed office effective from July 14, 2016. He was re-elected as independent member of the Board during the Parent Company's annual stockholders' meetings held on June 7, 2017, June 6, 2018, June 6, 2019 and on June 24, 2020. Mr. Roxas is the Chairman of the Parent Company's Audit Committee and a Member of the Nomination Committee.

Alfredo Panlilio. 57 years old, Filipino citizen. Alfredo Panlilio holds a B.S. degree in Business Administration in 1984 from San Francisco State University in California and a Master of Business Administration degree from the J.L. Kellogg School of Management at Northwestern University in Illinois, USA and from The Hong Kong University of Science and Technology in 2009. From 1992 to 1997, Mr. Panlilio worked at IBM as an executive lead in various industries, including manufacturing, transportation, travel, and utilities. He then spent two years with ABS CBN, the Philippines' biggest TV network, where he marshaled synergies among the network's various subsidiaries. In 1999, Mr. Panlilio became the Senior Vice President and head of the Corporate Business Group of the Philippine Long Distance Telephone Company ("PLDT"), the Philippines' leading telecommunications firm, a role he served until 2002. In 2003, he was appointed to lead PLDT's Carrier Business Group, where he managed the formulation and implementation of domestic and international inter-carrier requirements. In 2004, Mr. Panlilio became the President and CEO of PLDT Global Corporation to grow the international retail business and maximize

revenue potential of the PLDT Group of Companies. In 2010, PLDT acquired the Philippines' largest distribution utility, Manila Electric Company ("Meralco"), and Mr. Panlilio was appointed as Senior Vice President of Meralco and served as Meralco's Head of Customer Retail Services and Corporate Communications**.** On July 1, 2019, he assumed the role of EVP and Chief Revenue Officer of PLDT and was appointed President and CEO of Smart Communications, Inc. in August 2019. He is the Chairman of the Board of Directors or the President and board member, respectively of various companies affiliated with of PLDT and Smart Communications, Inc. Mr. Panlilio also serves as president of the MVP Sports Foundation, the umbrella sports advocacy organization of the Metro Pacific Group, the President of Samahang Basketbol ng Pilipinas and the PBA Governor for the Meralco Bolts. He is the Treasurer of the National Golf Association of the Philippines and Manila Golf, Inc. Mr. Panlilio is also a Trustee of Philpop Musicfest Foundation, Inc. Mr. Panlilio is an independent director on the Board of Directors of the Parent Company. He was initially elected to the Board on June 3, 2016 and assumed office effective from July 14, 2016. He was re-elected as independent member of the Board during the Parent Company's annual stockholders' meetings held on June 7, 2017, June 6, 2018, June 6, 2019 and on June 24, 2020. Mr. Panlilio is the Chairman of the Parent Company's Nomination Committee and a member of the Audit Committee.

Eleanor M. Hilado. 57 years old, Filipino citizen. Eleanor M. Hilado earned her Bachelor of Arts degree in Economics, Cum Laude, from the University of the Philippines. A former banker by profession, Ms. Hilado's 32-year banking career had its beginnings at the Far East Bank and Trust Company. Thereafter, Ms. Hilado joined the Development Bank of the Philippines as Sector Head of its Institutional Banking Group and was primarily responsible for professionalizing and revitalizing the corporate lending business of the institution immediately following its financial rehabilitation. In 1991, she joined the Corporate Banking Group of PCIBank and served as Assistant Vice President and Division Head until March 1997. In October 1997, Ms. Hilado's banking career was further broadened when she assumed senior management positions at PCI Capital Corporation, then the country's preeminent investment bank. In June 2007, she became First Vice President of BDO Capital & Investment Corporation, and was subsequently promoted to Senior Vice President in February 2009, a position she held until February 2018. At BDO Capital & Investment Corporation, Ms. Hilado led industry advocacy efforts to deepen the domestic bond markets by actively working with the Securities and Exchange Commission and the Philippine Dealing and Exchange Corporation to simplify registration requirements for issuers of public securities, on the one hand, and promoting investor education for publicly-issued debt and equity securities, on the other. Throughout her investment banking career, Ms. Hilado was instrumental in expanding the breadth and depth of issuer names and types of capital markets securities available in the domestic bond and equity markets. As Senior Vice President of BDO Capital & Investment Corporation, Ms. Hilado was involved in the implementation of certain capital markets transactions which were pursued with the participation of BDO Capital & Investment Corporation during the period 2016-2017. Concurrent with her position and responsibilities at BDO Capital & Investment Corporation, Ms. Hilado also served as President of Armstrong Securities, Inc. and a member of its Board of Directors, a member broker of the Philippine Stock Exchange and one of three stock brokerage firms of the BDO Unibank Group from 2008-2018. Ms. Hilado is affiliated with the Canadian American School Manila, being a member of its Board of Advisors since 2016. She is also a member of the Board of Governors of the Home for Alternative Learning and Motivational Strategies (a division of the Birthright Educators Foundation). Ms. Eleanor was initially elected as an independent member of the Board of Directors during the Parent Company's annual stockholders' meeting on June 6, 2019 and as member of the Parent Company's Audit Committee and Nomination Committee during the organizational meeting of the Board of Directors held on the same day. She was re-elected as an independent member of the Board of Directors during the Parent Company's annual stockholders' meeting on June 24, 2020. She remains a member of the Audit Committee and the Nomination Committee.

B. Other Directors[7]

Sergio Mauricio Menéndez Medina. 50 years old, Mexican citizen. Sergio Mauricio Menéndez Medina holds a Master of Business Administration degree from Stanford University and a degree in Bachelor of Science in Industrial Engineering from Instituto Tecnologico y de Estudios Superiores de Monterrey. He joined CEMEX in 1993 and has held various key management positions. Mr. Menéndez was the President of CEMEX's operations in the Philippines from 2008 to 2009, the Vice President for Strategic Planning for CEMEX's operations in Europe, Middle East, Africa & Asia region from 2009 to 2011 and, thereafter, the President for CEMEX's operations in Egypt until 2014. He subsequently assumed senior Vice President positions in the commercial department for CEMEX Mexico until 2019, when he was appointed as the President for CEMEX's operations in Europe and became a member of the Executive Committee of CEMEX, S.A.B.de C.V. Mr. Menéndez is currently the President of CEMEX's operations in Europe, Middle East, Africa & Asia region. In view of the resignation of Mr. Joaquin Miguel Estrada Suarez from the Board of Directors of the Corporation, the Board of Directors elected Mr. Menéndez as a member and the Chairman of the Board of Directors on April 2, 2020 at a meeting during which all incumbent board members were present. He was re-elected as a member of the Board during the Parent Company's annual stockholders' meetings held on June 24, 2020, and was elected as Chairman of the Board of Directors during the organizational meeting of the Board of Directors held on the same day.

Ignacio Alejandro Mijares Elizondo. 46 years old, Mexican citizen. Ignacio Alejandro Mijares Elizondo holds a Bachelor's degree in Industrial Engineering from Instituto Tecnológico y de Estudios Superiores de Monterrey, and obtained a Master of Business Administration degree from Stanford Graduate School of Business in 2000. Mr. Mijares joined CEMEX in 2001 and has held several management positions, including President of CEMEX Puerto Rico (2010-2011) and Vice President for Planning and Administration for CEMEX Mexico (2011-2017). He also served as a member of the Executive Committee and Board member of ABC Capital (2011-2017) and was a member of the Executive Committee and Board member of Grupo Cementos Chihuahua (2013-2017). Mr. Mijares was appointed as country head for CEMEX in the Philippines effective from July 1, 2017. On July 4, 2017, he was initially elected to the Board and elected as the Company's President and Chief Executive Officer. He was re-elected as a member of the Board during the Parent Company's annual stockholders' meetings held on June 6, 2018, June 6, 2019 and on June 24, 2020. Mr. Mijares is also the Chairman of the Board of Directors of the following subsidiaries: APO Cement Corporation, Solid Cement Corporation, Triple Dime Holdings, Inc., Edgewater Ventures Corporation, Sandstone Strategic Holdings, Inc., Bedrock Holdings, Inc., Ecocrete, Inc., Enerhiya Central Inc., Ecocast Builders, Inc., Ecopavements, Inc., and Newcrete Management, Inc. Mr. Mijares is the Chairman of the Board of Directors and President of Cemex Asian South East Corporation (the majority stockholder of the Parent Company) and Cemex Strategic Philippines, Inc., an affiliate of the Parent Company which is in the process of winding-up. He is also a member of the board of directors of Impact Assets Corporation and Albatross Holdings, Inc.

Alejandro Garcia Cogollos. 46 years old, Spanish citizen. Alejandro Garcia Cogollos holds a Bachelor's degree in Management and Business Administration from the Universidad Carlos III de Madrid, and obtained an MBA from Escuela de Administración de Empresas (EAE) (Barcelona). Mr. Garcia joined CEMEX Spain in 1999. He became the Controllership Manager of various subsidiaries of the CEMEX Group based in the Netherlands in 2001, a position he held until 2006 when he was assigned to assume the position of Controllership Manager of the CEMEX operations in the United Arab Emirates. Since 2011, he was the Planning & Administration Director for

[7] The following individuals were members of the Board of Directors at the beginning of 2020 but resigned during the year: (a) Mr. Joaquin Miguel Estrada Suarez – who was the Chairman of the Board of Directors –resigned as the Chairman/ member of the Board of Directors effective on March 27, 2020; (b) Mr. Larry Jose Zea Betancourt resigned as member of the Board of Directors (and member of the Audit Committee), effective on October 26, 2020 upon acceptance thereof by the Board of Directors.

CEMEX UAE. In view of the retirement of Mr. Hugo Losada from the organization and his resignation from our Board of Directors and as an executive officer of the Company on April 25, 2018 at a meeting during which a majority of the members were present, Mr. Garcia was elected as a member of the Parent Company's Board of Directors and as Vice President for Planning and Administration. He was re-elected as a member of the Board during the Parent Company's annual stockholders' meetings held on June 6, 2018, June 6, 2019 and on June 24, 2020.

Antonio Ivan Sanchez Ugarte. 50 years old, Spanish citizen. Antonio Ivan Sanchez Ugarte holds a law degree from Deusto University (Bilbao, Spain) and obtained a Master of Laws (Executive LLM) degree with honors from the Northwestern University Pritzker School of Law (Chicago, USA). After several years of private law practice, Mr. Sanchez joined CEMEX as International Legal Counsel in 2001 based in Madrid, Spain. In September 2017, he was appointed as the Head of CEMEX Legal for Asia, Middle East and Africa Region. On December 6, 2017, he was elected as a member of the Board, in view of the retirement of Mr. Vincent Paul Piedad from the organization. The election of Mr. Sanchez as a member of the Board of Directors was effective on January 1, 2018. He was re-elected as a member of the Board during the Parent Company's annual stockholders' meetings held on June 6, 2018, June 6, 2019 and on June 24, 2020. Mr. Sanchez is a member of the Parent Company's Nomination Committee.

Maria Garcia Villan. 48 years old. Spanish citizen. Maria Garcia Villan holds a Master of Business Administration degree from the University of Navarra (Barcelona, Spain) and degrees in Bachelor of Science in Mechanical Engineering from the Universite de Technologie de Compiegne (Compiegne, France) and University of Zaragoza (Zaragoza, Spain). She joined CEMEX in 1998 and has held various management positions. She is currently Strategic Planning Director (CEMEX Corporate Strategic Planning), a position she has held since July 2017. Ms. García was Vice President for Strategic Planning of the CEMEX's operations in Egypt from 2006 to 2008, Strategic Planning-Sustainability Director for CEMEX's operations in Spain & Mediterranean and the Sustainability Construction Director for CEMEX's operations in Europe, Middle East, Africa & Asia region from 2009 to 2011. Ms. García also held positions in the CEMEX Global Trading group from 2012 to 2017. In view of the resignation of Mr. Larry Jose Zea Betancourt from the Board of Directors of the Parent Company (and member of the Audit Committee), the Board of Directors elected Ms. Garcia as a member of the Board of Directors and member of the Audit Committee on December 2, 2020 at a meeting during which all incumbent board members were present.

All members of the Board of Directors hold office for a term of one (1) year until their successors are elected and qualified.

Other Principal Executive Officers[8]

Irma D. Aure. 45 years old, Filipino citizen. Irma D. Aure holds a Bachelor of Arts degree in Behavioral Science and a Master in Business Administration degree. She was the Asia Region Head—HR Services and Solutions of Procter & Gamble (P&G) from June 2017 until June 30, 2019, responsible for the organization's HR technology and operations for the Asia region. Prior to assuming the regional position, Ms. Aure was the Country HR Head, Associate Director of P&G Philippines from August 2013 to May 2017. On July 24, 2019, the Board of Directors appointed Ms. Aure as Vice President for Human Capital and Organization effective July 15, 2019.

[8] The following individuals were among the principal executive officers at the beginning of 2020 but resigned during the year (a) Mr. Arturo Manrique Ramos resigned as Vice President for Cement Operations and Technical, which resignation took effect on February 10, 2020; the Board of Directors elected in his place Mr. Carlos Alberto Palero Castro. (b) Mr. Chito S. Maniago resigned as Director for Corporate Communications and Public Affairs effective on April 13, 2020.

Adrian V. Bancoro. 43 years old, Filipino citizen. Adrian V. Bancoro is a licensed attorney and a certified public accountant. He holds a Bachelor of Laws degree and Bachelor of Science degree in Accountancy. Prior to joining CEMEX, Mr. Bancoro worked as Tax Manager with PricewaterhouseCoopers—Manila from 2003 to 2008. In 2008, he became the Tax and Corporate Counsel of Filinvest Land, Inc., a position he held until 2012. He has participated in CEMEX's Achieve Leadership Program and the Management Development Program of the Asian Institute of Management. He is a member of the Integrated Bar of the Philippines, Philippine Institute of Certified Public Accountants and Tax Management Association of the Philippines. In 2012, Mr. Bancoro became the Tax Director of the CEMEX Philippines group of companies. Mr. Bancoro serves as the Tax Director, a position he has held since February 29, 2016.

Pierre Ignatius C. Co. 31 years old, Filipino Citizen. Pierre Ignatius C. Co holds a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University. He completed the CEMEX Management Development Program at the Asian Institute of Management in 2017. He joined CEMEX Philippines in 2011 as Executive Assistant to the Regional President for Asia, and, in 2014, assumed the role of Financial Planning Manager under the Strategic Planning Department. In 2016, he became Investor Relations Manager of the Parent Company. On June 6, 2019, he was appointed by the Board of Directors as Investor Relations Director of the Parent Company effective on June 7, 2019.

Ma. Virginia Lacson-Del Rosario. 52 years old, Filipino citizen. Ma. Virginia Lacson-Del Rosario obtained a Bachelor of Science degree in Commerce, Major in Business Management and a Master of Business Administration degree. She completed the Management Development Programs of the Asian Institute of Management and Training Institute for Managerial Excellence, Inc. She joined CEMEX Philippines in 2001 as Commercial Administration Manager, and her major responsibilities since then included among others, the design and implementation of credit processes and procedure and managing the team of credit analysts responsible for evaluation transactional risks. On October 24, 2017, Ms. Del Rosario was appointed by the Board of Directors as the Company's Customer Experience Director.

Jose Mauro Gallardo Valdes. 36 years old, Mexican citizen. Jose Mauro Gallardo Valdes holds a Bachelor's degree in Business Administration and Marketing and a Diploma in International Marketing. In 2005, Mr. Gallardo he joined operations of CEMEX in Mexico and assumed responsibilities in various areas in sales administration, information management, customer service, commercial strategy and development. In June 2014, he was Financial Planning Manager and supported the operations of CEMEX Mexico. On June 6, 2018, Mr. Valdes was appointed as the Parent Company's Enterprise Risk Management (ERM) Manager.

Kristine G. Gayem. 40 years old, Filipino citizen. Kristine G. Gayem holds a Bachelor of Science degree in Management and a Master's degree in Business Administration. She completed the Management Development Program of the Asian Institute of Management. She joined CEMEX Philippines in 2007 as a Planning Analyst and supported key projects of CEMEX Philippines and other operations in Asia. In 2013, she was promoted to Energy Manager. On July 24, 2018, she was appointed by the Board of Directors to serve as Energy Director. Ms. Gayem is a member of the Board of Directors of the following subsidiaries: APO Cement Corporation, Solid Cement Corporation, Triple Dime Holdings, Inc., Edgewater Ventures Corporation, Sandstone Strategic Holdings, Inc., Bedrock Holdings, Inc., Enerhiya Central, Inc., Ecocast Builders, Inc., and Ecopavements, Inc. and Ecocrete, Inc.

Edwin P. Hufemia. 49 years old, Filipino. Edwin P. Hufemia holds a degree in Bachelor of Science (Chemical Engineering) and a Master of Engineering (Industrial Systems Engineering) degree. He joined CEMEX Philippines in 2001 when he was appointed as Logistics Planning Manager and has since held several management positions, including Vice President for Commercial and Logistics for CEMEX Philippines from 2004 to 2010, and Managing Director for CEMEX Bangladesh. On October 24, 2017, he was appointed as the Company's Vice President for Supply Chain. He is also a member of the Board of Directors of the following subsidiaries—APO Cement Corporation, Solid Cement Corporation, Triple Dime Holdings, Inc., Edgewater Ventures

Corporation, Sandstone Strategic Holdings, Inc., Bedrock Holdings, Inc., and a member of the Board and President of the other subsidiaries—Ecocast Builders, Inc., Ecocrete, Inc., Enerhiya Central Inc., Ecopavements, Inc. and Newcrete Management, Inc. Mr. Hufemia is a member of the Board of Directors of Cemex Asian South East Corporation (the majority stockholder of the Parent Company) and Cemex Strategic Philippines, Inc., an affiliate of the Parent Company which is in the process of winding-up. He is also a member of the Board of Directors of Impact Assets Corporation and Albatross Holdings, Inc.

Roberto Martin Z. Javier. 46 years old, Filipino citizen. Roberto Martin Z. Javier holds a degree in Bachelor of Science and Commerce, Major in Marketing Management. Throughout his career of over 15 years with CEMEX, Mr. Javier has accumulated extensive experience in sales, marketing, commercial administration and commercial strategy. Mr. Javier has participated in the CEMEX Global Leadership programs and other executive programs from the Asian Institute of Management. In 2014, Mr. Javier became the Vice President for Commercial (Cement) for the CEMEX Philippines group of companies. On February 29, 2016, Mr. Javier was appointed as the Company's Vice President for Commercial and, on October 24, 2017, he assumed the new position of Vice President for Commercial—Institutional Segment. He is also a member of the Board of Directors of the following subsidiaries: APO Cement Corporation, Solid Cement Corporation, Triple Dime Holdings, Inc., Edgewater Ventures Corporation, Sandstone Strategic Holdings, Inc., Bedrock Holdings, Inc., Ecocast Builders, Inc., Ecocrete, Inc., Enerhiya Central Inc., Ecopavements, Inc. and Newcrete Management, Inc. Mr. Javier is also a member of the Board of Directors of Cemex Asian South East Corporation (the majority stockholder of the Parent Company) and Cemex Strategic Philippines, Inc., an affiliate of the Parent Company which is in the process of winding-up.

Erlinda Cari Lizardo, 54 years old, Filipino citizen. Erlinda Cari Lizardo holds a Bachelor of Arts in Communication Arts from the University of Santo Tomas and took Masteral Units in Broadcast Journalism from the University of the Philippines. She joined CEMEX Philippines in 2003 as Corporate Communications Manager supporting the communication and reputation management requirements of CEMEX Philippines. She is also directly involved in the implementation of social responsibility initiatives of the company. She completed CEMEX's Management Development Program at the Asian Institute of Management. Prior to joining CEMEX, she worked at the Office of the Press Secretary in Malacañang handling presidential coverages and media relations. She also served as Legislative Officer at the House of Representatives handling legislative research and government affairs. She was also part of the public relations team at USAID which handled communications requirements for energy and environmental projects. On June 24, 2020, she was appointed by the Board of Directors of the Parent Company as Corporate Communications Director.

Carlos Alberto Palero Castro[9]. 45 years old, Mexican citizen. Carlos Alberto Palero Castro holds a Master of Business Administration degree from the Monterrey Institute of Technology, Mexico and a degree in Bachelor of Science in Electromechanical Engineering from the Panamerican University, Mexico. Mr. Palero joined CEMEX in 1999 and has held positions in various areas including: Process Manager, Quality Manager and Plant Director in several plants in Mexico. In addition, Mr. Palero participated in multiple projects for CEMEX, including various due diligence processes in South America and efficiency increasing efforts in the region. From August 2014 until 2016, Mr. Palero was appointed to the Board of Trinidad Cement Limited. He was CEMEX's Cement Operations Director for Panama and Cartagena, and he was also the Plant Director at Caracolito plant in Colombia. In October 2018, he was appointed as the Cement Operations & Technical Vice President for CEMEX Colombia. On February 10, 2020, Mr. Palero was appointed by the Board of Directors as Vice President for Cement Operations and Technical.

[9] Mr. Carlos Alberto Palero Castro resigned as Vice President of Cement Operations and Technical, effective on 7 January 2021.

Everardo Sánchez Banuet. 47 years old, Mexican citizen. Everardo Sánchez Banuet, holds a Bachelor's degree in Electronic Engineering and Master's Degree in Electronics and Telecommunications and obtained an MBA specializing in Global eManagement. Mr. Sánchez joined CEMEX in 1998 and assumed key positions in operations, planning and commercial areas. In 2011, he assumed the position of Director of Distribution Channel Development for CEMEX's operations in Mexico and later took on the role of Director of Commercial Development – Builders Segment. In 2016, he was promoted to Vice President for Commercial and Logistics of CEMEX Egypt. On January 30, 2019, the Board of Directors appointed Mr. Sanchez as Vice President for Commercial (Distribution Segment) effective on February 15, 2019.

Dino Martin W. Segundo. 49 years old, Filipino citizen. Dino Martin Wilson Segundo obtained his Bachelor of Arts Degree in Economics in 1993 and, thereafter, his Bachelor of Laws Degree in 1998. After passing the 1999 Philippine bar exams, he immediately joined the Soo, Gutierrez, Leogardo & Lee Law Offices as Associate Attorney, focusing on Labor Law, Civil Law, and Criminal Law. Between 2001 and 2007, he was a Senior Associate Attorney at the Carag, Caballes, Jamora & Somera Law Offices, adding Intellectual Property Law and Maritime Law to his fields of specialization. Mr. Segundo joined CEMEX in 2007 as Senior Legal Manager and currently serves as the Company's Legal Director, a position to which he was appointed on June 6, 2018. He participated in CEMEX's Management Development Program at the Asian Institute of Management in 2017. Mr. Segundo is a member of the Board of Directors of the following subsidiaries: APO Cement Corporation, Solid Cement Corporation, Triple Dime Holdings, Inc., Edgewater Ventures Corporation, Sandstone Strategic Holdings, Inc., Bedrock Holdings, Inc., Enerhiya Central, Inc., Ecocast Builders, Inc., and Ecopavements, Inc. He is also a member of the Board of Directors of Cemex Asian South East Corporation (the majority stockholder of the Parent Company) and Cemex Strategic Philippines, Inc., an affiliate of the Parent Company which is in the process of winding-up.

Jannette Virata Sevilla. 58 years old, Filipino citizen. Jannette Virata Sevilla obtained her Bachelor of Laws and Bachelor of Arts (cum laude) degrees in 1987 and 1983, respectively. She was admitted to the Philippine Bar in 1988 and the New York State Bar in 1996. She is currently engaged in the private practice of law, and is also an external legal consultant of CEMEX Asia Pte. Ltd.—Philippine Headquarters. She was previously employed as Regional Legal Counsel for Asia and Vice President for Legal for the CEMEX Philippines group of companies until November 2008. She was formerly a Senior Associate Attorney at Carpio Villaraza & Cruz Law Offices; a Director in the Office of the Chief Presidential Legal Counsel, Office of the President of the Republic of the Philippines; an associate attorney at Bautista Picazo Buyco Tan & Fider Law Offices; and a Law Clerk/Confidential Attorney, Office of Associate Justice Irene R. Cortes, Supreme Court of the Philippines. Ms. Sevilla is the Parent Company's Corporate Secretary and Compliance Officer, positions she has held since September 17, 2015 and August 24, 2016 respectively. She also serves as Corporate Secretary of various subsidiaries. She is a member of the Board of Directors of Solid Cement Corporation. Ms. Sevilla is also a member of the Board of Directors and the Corporate Secretary of Cemex Asian South East Corporation (the majority stockholder of the Parent Company) and Cemex Strategic Philippines, Inc., an affiliate of the Parent Company which is in the process of winding-up.

Juan Carlos Soto Carbajal. 45 years old, Spanish citizen. Juan Carlos Soto Carbajal, holds a Bachelor's degree in Engineering. He joined CEMEX in the United Arab Emirates in 2007. From the operations area, Mr. Soto moved to the procurement area and eventually assumed the position of Procurement Manager in 2010. After a few years, he was promoted to Supply Chain Director heading the logistics and supply chain area. In January 2019, he was designated as the Procurement Director of CEMEX for the Asia, Middle East and Africa (AMEA) region. On January 30, 2019, the Board of Directors appointed Mr. Soto as the Company's Procurement Director effective on January 30, 2019.

Rolando S. Valentino. 46 years old, Filipino citizen. Rolando S. Valentino is a certified public accountant and a certified enterprise-wide risk manager. He obtained a Master of Business Administration in 2016 and holds a Bachelor of Science degree in Accountancy. In 1995, Mr. Valentino worked as an associate with Punongbayan and Auraullo (Grant Thornton International) before joining Solid Cement in 1997. Throughout his career of over 20 years with CEMEX, Mr. Valentino held various positions in Accounting, Process and Continuous Improvement, Logistics, Internal Control, and Risk Management. In 2011, he was appointed Regional Internal Control Manager for the CEMEX Philippines group of companies. Mr. Valentino has received management training from the Asian Institute of Management (honorable mention) and in 2015, he obtained his CERM certification from Asia Risk Management Institute—Singapore. He is a member of the Institute of Internal Auditors—Philippines. In 2015, Mr. Valentino was appointed Regional Internal Control and Risk Manager for the CEMEX Philippines group of companies. Mr. Valentino serves as the Internal Auditor of the Parent Company, a position he has held since August 24, 2016.

Steve Kuansheng Wu. 54 years old, Taiwan citizen. Steve Kuansheng Wu holds an MBA (Finance), an MBA (Accounting), and a Bachelor's degree in Business Mathematics. He has participated in CEMEX's Achieve Leadership Program and its International Management Program, and, since 2001, he has held positions in the accounting areas for several business units of CEMEX in Asia. In 2011 he became Asia Management Financial Service Manager based in CEMEX Philippines. On December 6, 2017, he was appointed as the Parent Company's Treasurer, Chief Financial Officer and Business Services Organization Director. He is also Treasurer, Chief Financial Officer and Business Services Organization Director of the various subsidiaries of the Parent Company, Cemex Asian South East Corporation (the majority stockholder of the Parent Company), and Cemex Strategic Philippines, Inc. an affiliate of the Parent Company which is in the process of winding-up.

(2) Significant Employees

As of December 31, 2020, no single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all of the Company's employees as instrumental to the overall success of the Company's performance.

(3) Family Relationships

As of December 31, 2020, there are no family relationships among the members of the Board of Directors and Executive Officers up to the fourth civil degree of consanguinity or affinity.

(4) Involvement in Certain Legal Proceedings of Directors and Executive Officers

As of December 31, 2020, and to the best of the Parent Company's knowledge and belief, during the past five (5) years, none of the members of the Board of Directors, nor any of the Executive Officers of the Parent Company, (i) has filed any bankruptcy petitions or have had bankruptcy petitions filed against them; (ii) has been convicted by final judgment of any offense punishable by the laws of the Republic of the Philippines or of any other nation or country (excluding minor offenses); (iii) has been or is are subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; or (iv) has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

ITEM 10. COMPENSATION

(1) Directors' Compensation

Under the Parent Company's by-laws, the members of the Board shall receive compensation for the discharge of the duties of supervision and collegiate decision-making proper to said management body. The Board of Directors approved in a special meeting held on June 3, 2016 the following honorarium fee/per diem for independent directors of the Parent Company: (i) an honorarium fee/ per diem equivalent to ₱450,000.00 (computed on an annual basis) for acting as director and (ii) an honorarium fee/per diem equivalent to ₱ 90,000.00 (computed on an annual basis) per Committee membership.

(2) Executives' Compensation

The following table summarizes the aggregate compensation of the President/Chief Executive Officer ("CEO") and the four most highly compensated Executive Officers (the "NEOs") of the Parent Company, as well as the other executive officers of the Parent Company during the last three completed fiscal years and the ensuing fiscal year are as follows:

Name and Principal Position	Year	Salary *(in millions of Philippine Pesos)*	Bonus[10] *(in millions of Philippine Pesos)*	Other Compensation *(in millions of Philippine Pesos)*
CEO and NEOs 1.Ignacio Alejandro Mijares Elizondo (current President and CEO), Pedro Jose Palomino (former President and CEO who resigned during the 3rd quarter of 2017) 2. Paul Vincent Arcenas - Investor Relations Officer and Vice President for Communications, Marketing and Investor Relations 3. Edwin P. Hufemia - Vice President for Supply Chain 4. Hugo Losada Barriola - Vice President for Strategic Planning 5. Maria Virginia Ongkiko Eala - Vice President for Human Resources	Actual 2017	₱50.5	₱29.4	₱32.6
CEO and NEOs 1. Ignacio Alejandro Mijares Elizondo - President and CEO 2. Arturo Manrique Ramos - Vice President for Cement Operations & Technical 3. Edwin P. Hufemia - Vice President for Supply Chain 4. Antonio Desmay Jimenez - Procurement Director 5. Steve Kuan-Sheng Wu - BSO Director	Actual 2018	₱56.4	₱27.0	₱42.2

[10] Bonus includes the value of benefits received in connection with variable compensation or long-term incentive plans applicable to eligible executives.

CEO and NEOs 1. Ignacio Alejandro Mijares Elizondo - President and CEO 2. Arturo Manrique Ramos - Vice President for Cement Operations & Technical 3. Alejandro Garcia Cogollos - Vice President for Planning & Admin. 4. Edwin P. Hufemia - Vice President for Supply Chain 5. Everardo Sanchez Banuet - Vice President for Commercial – Distribution Segment	Actual 2019	₱57.2	₱26.3	₱42
CEO and NEOs 1. Ignacio Alejandro Mijares - Elizondo President and CEO 2. Carlos Alberto Palero Castro - Vice President for Cement Operations & Technical 3. Alejandro Garcia Cogollos - Vice President for Planning & Admin. 4. Edwin P. Hufemia - Vice President for Supply Chain 5. Everardo Sanchez Banuet - Vice President for Commercial – Distribution Segment	Actual 2020	₱ 70.7	₱ 32.4	₱ 19.5
CEO and NEOs 1. Ignacio Alejandro Mijares Elizondo - President and CEO 2. . Edwin P. Hufemia - Vice President for Supply Chain 3. Everardo Sanchez Banuet Vice President for Commercial – Distribution Segment 4. Alejandro Garcia Cogollos Vice President for Planning & Admin. 5. Irma Aure – Vice President for Human Resources & Capital Organization	Projected 2021	₱ 60 estimated	₱ 35.6 estimated	₱ 21.3 estimated
All other executive officers as a group unnamed.	Actual 2017	₱36.5	₱6.9	₱15.9
	Actual 2018	₱61.4	₱20.5	₱30.25
	Actual 2019	₱65.9	₱18.9	₱24.38
	Actual 2020	₱ 65.9	₱ 18.1	₱ 17
	Projected 2021	₱ 63 estimated	₱ 18.4 estimated	₱ 18.7 estimated

Certain executive officers of the Parent Company or its subsidiaries have received compensation in the form of CEMEX S.A.B. de C.V.'s restricted CPOs pursuant to the terms of variable compensation plan applicable to these executives under which the eligible executives are allocated annually with a specific number of restricted CPOs as a long-term incentive compensation to be vested over a specific period of time.

Beginning in 2018, certain executive officers of the Parent Company or its subsidiaries received compensation in the form of cash pursuant to the terms of a variable long-term incentive plan approved

by the Parent Company's Board of Directors on April 25, 2018 under which the eligible executives are allocated cash amounts (to be released in four annual installments) which shall be used by these executives to purchase a specific number of shares of the Parent Company from the market.

(3) Employment Contracts Between the Parent Company and CEO and NEOs

As of December 31, 2020, the Parent Company has no special employment contracts with CEO and NEOs.

(4) Warrants and Options Outstanding

As of December 31, 2020, the Parent Company has not issued any warrants or options which are held by the CEO, the NEOs, and all officers and directors as a group.

(5) Employee Restricted Stock and Other Incentive Plans

As of December 31, 2020, the Parent Company has not established an employee restricted stock or other incentive stock plan of its shares or otherwise linked to the value of its shares.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(1) Security Ownership of Certain Record and Beneficial Owners

The Parent Company is not aware of any person or entity who beneficially owns in excess of 5% of the Parent Company's common shares as of December 31, 2020, except as set forth in the table below:

Record Owners	Names of beneficial owner	Nationality	No. of Shares Held	% to Total Outstanding Shares
CEMEX ASIAN SOUTH EAST CORPORATION[(a)]	Same as record holder	Non-Filipino (incorporated in the Philippines but wholly owned by a Netherlands company)	2,857,467,493	21.18%
PCD Nominee Corporation (Non-Filipino) [(b)]	CEMEX ASIAN SOUTH EAST CORPORATION	Non-Filipino	7,643,157,169[(c)]	56.66%
PCD Nominee Corporation (Non-Filipino) [(c)]	PCD Participants and clients	Non-Filipino	1,068,477,206	7.92%
PCD Nominee Corporation (Filipino) [(d)]	PCD Participants and clients	Filipino	1,917,098,212	14.21%

[(a)] CEMEX ASIAN SOUTH EAST CORPORATION ("CASEC"), the majority stockholder of the Parent Company, is a corporation incorporated in the Philippines, but wholly-owned by a Netherlands company.

[(b)] PCD Nominee Corporation is not related to the Parent Company. The beneficial owners of the shares held through a PDTC participant are the beneficial owners thereof to the extent of the number of shares registered under the respective accounts with the PDTC participant. The Parent Company has no record relating to the power to decide how the shares by PCD Nominee Corporation (Filipino and Non-Filipino) are to be voted.

[(c)] Based on several SEC Forms 23-B filed by CASEC in 2020, in addition to the 2,857,467,493 shares indicated in the table above, CASEC owns in scripless form 7,643,157,169 shares recorded under *PCD Nominee Corporation (Non-Filipino),* inclusive of 5 shares held as of end of December 2020 by Sergio Mauricio

Menendez Medina, Ignacio Alejandro Mijares Elizondo, Alejandro Garcia Cogollos, Antonio Ivan Sanchez and Maria Garcia Villan, respectively. As of December 31, 2020, the total number of shares owned by CASEC is 10,500,626,662 corresponding to 77.84% of the total issued and outstanding shares of the Parent Company.

[(d)] See Note [(b)]

(2) Security Ownership of Management

As of December 31, 2020, the number of shares owned of record and/or beneficially owned as of December 31, 2020 by the Directors, the CEO and NEOs are set forth below:

Title of Class	Name of Record Owner	Name of Beneficial Owner	Amount	Nationality	% to Total Shares
Common	Pedro Roxas	Same as record owner	51,001	Filipino	nil
Common	Alfredo Panlilio	Same as record owner	1,001	Filipino	nil
Common	Eleanor Hilado	Same as record owner	776,700	Filipino	nil
Common	Sergio Mauricio Menendez Medina	CEMEX ASIAN SOUTH EAST CORPORATION	1 (director's qualifying share)	Mexican	nil
Common	Ignacio Alejandro Mijares Elizondo	Same as record owner (except 1 share beneficially owned by CEMEX ASIAN SOUTH EAST CORPORATION)	3,322,546 (includes 1 director's qualifying share)	Mexican	nil
Common	Alejandro Garcia Cogollos	Same as record owner (except 1 share beneficially owned by CEMEX ASIAN SOUTH EAST CORPORATION)	769,943 (includes 1 director's qualifying share)	Spaniard	nil
Common	Antonio Ivan Sanchez Ugarte	CEMEX ASIAN SOUTH EAST CORPORATION	1 (director's qualifying share)	Spaniard	nil
Common	Maria Garcia Villan	CEMEX ASIAN SOUTH EAST CORPORATION	1 (director's qualifying share)	Spaniard	nil
Common	Edwin P. Hufemia	Same as record owner	1,313,914	Filipino	nil
Common	Everardo Sanchez Banuet	Same as record owner	852,488	Mexican	nil
Common	Irma del Mundo Aure	Same as record owner	348,911	Filipino	nil

(3) Voting Trust Holders of 5% or More

As of December 31, 2020, the Parent Company is not aware of any voting trust or similar arrangement among persons holding more than 5% of the shares.

(4) Changes in Control

Cemex Asian South East Corporation ("CASEC") beneficially owned 55% and 66.78% of the outstanding capital stock of the Parent Company at the beginning of 2019 and at the end of 2019, respectively. By the end of 2020, CASEC beneficially owned 77.84% of the outstanding capital stock of the Parent Company. The Parent Company is not aware of the existence of any change in control agreements.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Framework Agreement with CEMEX

On March 9, 2016, the Parent Company entered into a Framework Agreement with CEMEX and its majority shareholder, CEMEX ASIAN SOUTH EAST CORPORATION ("CASEC"), to avoid conflicts of interest between the Parent Company and CEMEX. The Framework Agreement became effective upon commencement of trading of the Parent Company's shares on the PSE last July 2016, and may be amended by written agreement between CEMEX, CASEC and the Parent Company, provided that any modification by the Parent Company shall be authorized by the Parent Company's independent directors. In addition, the Framework Agreement will cease to be in effect if the Parent Company is no longer a subsidiary of CEMEX or if CEMEX ceases to account for its investment in the Parent Company on a consolidated basis or under the participation method for accounting purposes (or any other method that applies similar principles).

The Framework Agreement shall be construed and governed by the laws of the Republic of the Philippines and governs, among other things, the Parent Company's ability to undertake certain actions including, but not limited to, the incurrence of indebtedness above certain levels, the disposition and acquisition of assets in excess of certain amounts and the making of capital expenditures in excess of certain amounts.

In addition, the Framework Agreement contains provisions relating to competition, solicitation of employees, corporate opportunities, compliance with CEMEX's debt agreements, financial information, regulatory status, compliance with policies and procedures, share transfer rights, equity purchase rights, litigation, dispute resolution, and further actions and assurances.

Other Transactions

Transactions with affiliated companies or other related parties of the Parent Company (including subsidiaries of CEMEX) are mentioned or referenced to in the Company's Consolidated Financial Statements as at December 31, 2020 and 2019 contained in the accompanying Audited Financial Statements filed as part of this Form 17-A (Annual Report).

These transactions include, among others, the following:

- *Services Agreement*

  a) On January 1, 2017, Solid Cement entered into the *Business Support Services Agreement* with CEMEX Central, S.A. de C.V. now CEMEX Operaciones México, S.A. de C.V.[11] ("CEMEX Operaciones"), pursuant to which CEMEX Operaciones provides Solid Cement, whether performed directly by CEMEX Operaciones or through its contractors, with various services necessary for the operation of the Solid Cement business (the "Solid Services"). These Solid Services were previously performed by CEMEX Operaciones pursuant to a certain service agreement dated June 1, 2009 entered into by Solid Cement with CEMEX Asia Pte. Ltd. (through its regional headquarters in the Philippines) which agreement was terminated effective on December 31, 2017. This services agreement has an initial term of five years, subject to renewal by mutual agreement of the parties and may be terminated at any time by either party upon service of written notice of termination to the other party at least 30 days prior to the intended termination date. Additionally, either party may terminate the agreement if (i) a material breach is committed by the other party, or (ii) the other party goes into winding-up, voluntary or involuntary liquidation or other similar process. CEMEX Operaciones has the right to terminate the agreement in the event that Solid Cement ceases to be a direct or indirect

[11] CEMEX Operaciones, S.A. de C.V., a CEMEX subsidiary organized and existing under the laws of Mexico, was merged with CEMEX Central, S.A. de C.V., whereby CEMEX Operaciones was the surviving entity pursuant to an agreement with respect to such merger dated August 1, 2019

subsidiary of CEMEX. Solid Cement pays CEMEX Operaciones a service fee that is calculated according to market practices based on the cost incurred to provide the Solid Services plus an arm's length markup. CEMEX Operaciones calculates periodically the service fee and prepares its invoices in U.S. dollars. The service fees are determined exclusive of taxes.

b) On January 1, 2017, APO Cement entered into the *Business Support Services Agreement* with CEMEX Central, S.A. de C.V. now CEMEX Operaciones, pursuant to which CEMEX Operaciones provides APO Cement, whether performed directly by or through its contractors, with various services necessary for the operation of the APO Cement business (the "APO Services"). These APO Services were previously performed by CEMEX Operaciones pursuant to a certain service agreement dated June 1, 2009 entered into by APO Cement with CEMEX Asia Pte. Ltd. (through its regional headquarters in the Philippines) which agreement was terminated effective on December 31, 2017. This services agreement has an initial term of five years, subject to renewal by mutual agreement of the parties, and may be terminated at any time by either party upon service of written notice of termination to the other party at least 30 days prior to the intended termination date. Additionally, either party may terminate the agreement if (i) a material breach is committed by the other party, or (ii) the other party goes into winding-up, voluntary or involuntary liquidation or other similar process. CEMEX Operaciones has the right to terminate the agreement in the event that APO Cement ceases to be a direct or indirect subsidiary of CEMEX. APO Cement pays CEMEX Operaciones a service fee that is calculated according to market practices based on the cost incurred to provide the APO Services plus an arm's length markup. CEMEX Operaciones calculates periodically the service fee and prepares its invoices in U.S. dollars. The service fees are determined exclusive of taxes.

- *License Agreements*

Pursuant to separate license agreements[12] entered into by the Parent Company's subsidiary, CEMEX Asia Research AG ("CAR"), with CEMEX and CEMEX Research Group AG ("CRG"), respectively, the Parent Company's subsidiaries are allowed the non-exclusive use in the Philippines of different trademarks, names and intellectual property assets owned and developed by CEMEX, such as the name "CEMEX" and brands "APO", "Island" and "Rizal", and other related names and trademarks, processes and information technology, software, industrial models, procurement, commercial and distribution systems. These license agreements became effective with retroactive effect to 1 January 2016 upon completion of the IPO, and have an initial term of five years, automatically renewable for subsequent five-year terms unless terminated by either of the parties thereto by providing one-month written notice prior to the end of the applicable term. These agreements may also be terminated if CAR would cease to be a direct or indirect subsidiary of CEMEX. As consideration for the use of these trademarks, names and intellectual property assets, CAR pays to the licensors a royalty fee determined at an arm's length basis.

- *Loan Facility Agreements*

a) On November 21, 2018, Solid Cement, as borrower, entered into a revolving credit facility agreement with CEMEX Asia, B.V. for a principal amount of up to US$75.0 million (the "Solid Expansion Facility Agreement"). The borrowings under this Solid Expansion Facility Agreement consisted of a tenor of six (6) years and carried a fixed interest rate depending on our consolidated debt to EBITDA leverage ranging from 8.2% to 10.2% per annum.

[12] "Trademark License Agreement" between CEMEX, S.A.B. de C.V., as Licensor, and *CEMEX Asia Research A.G.*, as Licensee, effective as of January 1, 2016 (as from time to time amended and/or restated), and the "Non-Exclusive Use, Exploitation and Enjoyment of Assets License Agreement" between CEMEX Research Group (a subsidiary of CEMEX) as "Licensor", and *CEMEX Asia Research A.G.*, as "Licensee", effective as of January 1, 2016 (as from time to time amended and/or restated)

In February 2019, the parties signed an amendment agreement to this facility increasing the available principal amount to US$100.0 million. In November 2019, Solid Cement further amended the Solid Expansion Facility Agreement to increase the amount available to it under the facility from US$100.0 million to US$160.0 million. The Solid Expansion Facility Agreement was further amended in December 2019 to (i) convert any unpaid interest as of January 3, 2020 (or such other date on which the Offer Price for the Offer Shares in the Rights Offer is determined) (such date, the "SEFA Reference Date") on account of any borrowings made under this Solid Expansion Facility Agreement from U.S. dollar-denominated indebtedness to Philippine peso-denominated indebtedness, (ii) convert any outstanding balances owed by Solid Cement under this facility agreement (including any accrued but unpaid interest) that have been accrued in connection with a draw down by Solid Cement under the facility within an 80-calendar day period following the SEFA Reference Date from U.S. dollar-denominated indebtedness to Philippine peso-denominated indebtedness, and (iii) for the fixed interest to be paid under the Solid Expansion Facility Agreement to range from 8.2% to 10.2% per annum for U.S. dollar-denominated indebtedness and from 10.3% to 12.3% for Philippine peso-denominated indebtedness (depending on our consolidated debt to EBITDA leverage).

On March 5, 2020, Solid Cement fully paid and settled the outstanding balances under the Solid Expansion Facility Agreement which amounted to ₱6,784 million. As of December 31, 2020, there are no unpaid balances under the Solid Expansion Facility Agreement.

b) On October 1, 2014, APO Cement, as borrower, entered into a master loan agreement with CEMEX Hungary KFT (now CEMEX España, S.A.)[13], as lender, with a principal amount of up to US$40.0 million, which was assigned by CEMEX Hungary KFT to CEMEX Asia, B.V. on January 2016 (the "APO Operational Facility Agreement"). In September 2017, the parties agreed to change the denomination of the outstanding principal of the loan to ₱2,046.8 million and to revise the prescribed interest rate to a fixed annual rate equal to 7.68%. On October 1, 2019, this APO Operational Facility Agreement was further amended to extend the maturity date to April 1, 2020 and changed the interest rate to 8.43% annually. On March 5, 2020, APO Cement fully paid and settled the balances under the APO Operational Facility Agreement which amounted to ₱1,090 million. The APO Operational Facility Agreement was not extended or renewed by the parties.

- *General Commercial Arrangements*

The Company (whether directly or indirectly through any of its operating subsidiaries) engaged with affiliated companies or other related companies in various commercial arrangements in the ordinary course and on arm's-length terms, including:

- supply agreements or spot purchases of cement or other construction materials;
- freight contracts pursuant to which said related companies transport to the Company any products or goods purchased by the Company from related companies or third parties but using vessels owned or contracted by said related companies;
- spot purchases of carbon, petroleum coke or other fuels required by us and offered or arranged by said related companies or offered by the Company to said related companies, such as the coal supply contract with Transenergy, Inc. (a CEMEX subsidiary that sources coal, petroleum coke and other products), as well as any hedges for such transactions; and
- the sale or purchase or lease of construction equipment, including machinery, vehicles used for construction, etc., between related companies and the Company.

[13] CEMEX Hungary K.F.T. was merged into CEMEX España, S.A. effective 31 October 2017. As a result of the merger, CEMEX Hungary K.F.T. ceased to exist.

Notably, APO Cement and Solid Cement purchase the majority of their respective limestone, pozzolan and clay requirements from ALQC[14] and IQAC[15] pursuant to long-term supply agreements effective as of January 1, 2016. These supply agreements each have 20-year terms and automatic renewals of two years. All of the principal manufacturing installations of APO Cement and Solid Cement are located on land owned by ALQC or IQAC. Under the lease agreements, ALQC and IQAC have various customary rights as landlord. Each of these lease agreements expires in December 2040 and is extendable for another 25 years.

For further information on related party transactions, including outstanding advance balances, see Note 13 of the Notes to the Company's Consolidated Financial Statements as at December 31, 2020 and 2019 in the accompanying Audited Financial Statements filed as part of this Form 17-A (Annual Report).

Save for transactions with affiliated companies or other related parties of the Parent Company (including subsidiaries of CEMEX) mentioned or referenced to in herein discussions or in the Company's Consolidated Financial Statements as at December 31, 2020 and 2019 contained in the accompanying Audited Financial Statements filed as part of this Form 17-A (Annual Report), there has been no other material related party transactions during the last three years with the Parent Company or any of its subsidiaries in which a Director or Executive Officer of the Parent Company, or a security holder owning at least ten percent (10%) or more of the outstanding shares of stock of the Parent Company, and members of their respective immediate family had or is to have a direct or indirect material interest

PART IV – CORPORATE GOVERNANCE

ITEM 13. BASIC CORPORATE GOVERNANCE POLICIES

(1) *Manual of Corporate Governance*

The Parent Company adopted its Manual of Corporate Governance (the "Manual") on March 7, 2016. This Manual was amended on October 25, 2016 and May 10, 2017. The Parent Company's policy of corporate governance is principally based on the Manual. The Manual lays down the principles of good corporate governance in the entire organization. The Manual provides that it is the Board's responsibility to initiate compliance to the principles of good corporate governance, to foster long-term success and to secure sustained competitiveness in a manner consistent with the Board's fiduciary responsibility. Upon favorable endorsement of the Audit Committee, the Board of Directors approved to amend the Revised Manual of Corporate Governance on February 6, 2018 and, thereafter, on March 22, 2018.

There are currently three independent directors on the Board of Directors of the Parent Company namely, Eleanor M. Hilado, Pedro Roxas and Alfred S. Panlilio. During the organizational meeting of the Board of Directors held on June 24, 2020, Mr. Roxas was designated as the Lead Independent Director, whose functions shall include, among others, serving an intermediary between the Board Chairman and other independent directors, when necessary, and shall chair meetings among non-executive directors.

The Manual embodies the policies on disclosure and transparency, and mandates the conduct of communication and training programs on corporate governance. The Manual further provides for the

[14] APO Land & Quarry Corporation is not a direct or indirect subsidiary of the Parent Company and is not a member of the Company. ALQC is an entity that is wholly-owned by Impact Assets Corporation, a corporation in which CASEC owns a 40% equity interest.

[15] Island Quarry and Aggregates Corporation is not a direct or indirect subsidiary of the Parent Company and is not a member of the Company. IQAC is an entity that is wholly-owned by Albatross Holdings, Inc., a corporation in which CASEC owns a 40% equity interest.

rights of all shareholders and the protection of the interests of minority shareholders. Any violation of the Manual is punishable by a penalty ranging from reprimand to dismissal, depending on the frequency of commission as well as the gravity thereof.

The Manual expressly provides that any material amendment or revision to the provisions defining the (i) royalty/license fee or service fee, as applicable, payable to CEMEX pursuant to, or (ii) the duration or term of, any of the Company's license agreements involving the trademark and other intellectual properties of CEMEX or the service agreements with CEMEX shall require the affirmative vote of two independent directors.

The Manual recognizes the authority of the Board of Directors to create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in the Manual. The Board of Directors adopted on January 30, 2019 a *Framework for a Self-Rating Performance System* which requires, among others, that every January of each year, separate performance assessments of the Board of Directors and the board committees shall be conducted using the criteria and rating system presented in the circulated questionnaires. The members of the Board of Directors and board committees completed their internal assessments for 2018 and 2019. For the Board of Directors, the criteria focused on the following key areas: composition and competencies of board members, decision-making effectiveness, relevance & timeliness of information and management of shareholders. For the board committees, the criteria focused on the following areas: composition & competencies of committee members, decision-making effectiveness, appropriateness of committee recommendations and availability of information & resources. For the assessment of 2020's performance of the board and the committees, the Corporation engaged the services of the Institute of Corporate Directors ("ICD") to perform the evaluation exercise which was conducted in January through February 2021. The Third-Party Board Evaluation intervention by ICD involves a methodology including Board Performance Self-Assessment and Individual Director Interviews. The Directors' Self-Assessment employed survey questionnaires designed by ICD and accomplished by the CHP Board. The questionnaires are for the Board, the Committees, the Chairperson, and the Individual Directors. Meanwhile, the Individual Director Interviews allowed the directors to share his or her own insights, comments, and ideas on how the CHP Board governs the company. In formulating the parameters and question guides for these interviews, ICD used the Tricker++ Model for Board Functions (Strategy, Policy, Accountability and Oversight) enhanced with three other functions of the Board (Ethics, Social Responsibility and Sustainability): (a) Strategy – This includes the review of the strategic plan, setting the company direction, discussing future trends, and determining the strategy in the short term, medium term and long term; (b) Policies – This covers budget approval, executive compensation, corporate policies, and corporate culture; (c) Oversight – This discusses the effectiveness of the Board in reviewing results, assessing and managing risks, and measuring Board performance and the impact of Board decisions to the shareholder value and key stakeholders; (d) Accountability – This is about transparent reporting to the shareholders, reviewing Audit reports, and legal & regulatory compliance; (e) Ethics – This is practicing ethical business behavior and the company core values; (f) Sustainability – This includes protecting the environment, integrating the 17 UN Sustainable Development Goals and ensuring the long-term success of the company; (g) Social Responsibility – This is about the desire to integrate environmental and social impact to the Board; (h) Other Areas – This is to supplement the questionnaire responses related to Board Dynamics and Processes, Board and Committee Composition.

The organization has a performance rating system for executives and employees.

Through the Investor Relations team and the Corporate Communications team, the Company communicates with its stockholders and other stakeholders and keeps the Company's investors and relevant stakeholders regularly informed of developments in the Company's business. The Company's Sustainability Report identifies the channels through which feedback and communications with various stakeholders are received by the Company. These include social media platforms. The Investor Relations team conducts on a quarterly basis conference calls and webcast presentations which are accessible to its stockholders, during which time the President & Chief Executive Officer presents the

operational and financial quarter results of the Company and responds to questions raised by attendees. In 2020, the relevant conference calls and webcast presentations were held on February 13, May 4, July 28 and October 29. The Corporate Communications team conducted in November 2020 the annual stakeholders' meetings with community leaders and representatives in Antipolo City, Rizal and Naga City, Cebu, which are the principal areas in which the Company operates. The Corporate Communications team also participated in barangay dialogues and council sessions in impacted communities, and took part in quarterly multi-partite monitoring activities with relevant government agencies, which provided the forum for assessing the progress of Company-led or supported initiatives or social and community programs and addressing concerns of its stakeholders.

To the best of the Parent Company's knowledge and belief, the Company has substantially complied with and has not violated the provisions of the Manual.

The Parent Company undertakes to further improve its corporate governance practices as may be required by law or the exigency of the business.

On July 28, 2020, the Parent Company disclosed its Integrated Corporate Governance Report for 2019 (SEC Form I-ACGR) with the corresponding attestation on the organization's internal audit, control and compliance system.

(2) *CEMEX Code of Ethics and Business Conduct and Other Global Policies*

The Company adheres to the Code of Ethics and Business Conduct of CEMEX ("Code") which was established to ensure that all employees of CEMEX worldwide abide by the same high standards of conduct in their daily interactions. This Code is designed to govern the Company's relationships with all of its stakeholders, workplace safety, health, environmental responsibility, protection of confidential information, conflicts of interest, financial controls and records, and preservation of assets. Through the organization's ethics committees, training programs, and secure internal communications channels, the Company ensures awareness and enforcement of this Code. Among several implementing global policies of CEMEX being observed by the Company are the Global Anti-Trust Compliance Policy, CEMEX Anti-Bribery/Anti-Corruption Policy and CEMEX Insider Trading Policy. The Code and the various implementing global policies of CEMEX are periodically evaluated and, where deemed necessary or appropriate, updated.

In 2020, the employees of the Company received training on various topics governed by the Code, dedicating more than 9,700 training manhours related to Anti-Corruption and Anti-Bribery, Competition and Anti-Trust, Corporate Governance, Safety, Health & Wellness, Code of Ethics and Business Conduct, and Labor Education. Training programs for employees were also conducted for other functional and technical topics and focus areas.

(3) *Material Related Party Transactions Policy*

The Company adheres to a *Policy on Material Related Party Transactions* (the "MRPT Policy") which was adopted and approved by the Board of Directors on September 3, 2019. The purpose of MRPT Policy is to (a) define the framework for the procedures and processes for the review, approval or ratification, monitoring and recording of Related Party Transactions (as defined in this Policy) of the Corporation; (b) provide guidance to management and employees on the governance guidelines for Related Party Transactions and disclosure requirements; and (c) supplement the *CEMEX Policy and Procedures with Respect to Related Person Transactions*, which is the general policy promulgated by the Board of Directors of CEMEX, S.A.B. de C.V. and applicable to the international group of companies of which the Parent Company is a member.

In compliance with SEC Memorandum Circular No. 10, Series of 2019, the Parent Company submitted on March 4, 2020 to the Securities and Exchange Commission an *Advisement Report* dated March 3, 2020 containing the terms and conditions of the Revolving Master Loan Facility Agreement dated March 3, 2020 between the Parent Company and one of its subsidiaries, SOLID Cement.

(4) ***Board Committees***

The Parent Company's Board has constituted two committees to more effectively manage the operations: (i) the Audit Committee and (ii) the Nomination Committee.

(a) The Audit Committee will carry out, among other things, the following functions: (i) assist the Board of Directors in the performance of its oversight responsibility for: the company's financial reporting process; its system of internal control; its audit process and the monitoring of compliance with applicable laws, rules and regulations; (ii) supervise the effectiveness of its internal control procedures and corporate risk management systems; (iii) perform oversight functions over its internal and external auditors, ensuring that the internal and external auditors act independently from each other, and that each are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; (iv) review the annual internal audit plan to ensure its conformity with the company's objectives; (v) organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; (vi) monitor and evaluate the adequacy and effectiveness of its internal control system, including financial reporting control and information technology security; (vii) review the reports submitted by the internal and external auditors; (viii) review the quarterly, half-year and annual financial statements before their submission to the Board of Directors; (ix) coordinate, monitor and facilitate compliance with laws, rules and regulations; (x) evaluate and determine non-audit work, if any, required of the external auditor, and periodically review the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the company's overall consultancy expenses; and (xi) establish and identify the reporting line of the internal auditor to enable them to properly fulfill their duties and responsibilities.

Following the favorable endorsement of the Audit Committee, the Board of Directors approved the Charter for the Audit Committee on October 25, 2016 and approved the Internal Audit Charter on February 6, 2018.

The Audit Committee is currently comprised of four members, three of whom are the independent directors. The Audit Committee reports directly to the Board of Directors.

During the organizational meeting of the Board of Directors held on June 24, 2020, the Board of Directors appointed the following board members as members of the Audit Committee: Pedro Roxas (Chairman), Alfredo S. Panlilio, Eleanor M. Hilado and Larry Jose Zea Betancourt. Following the resignation of Mr. Zea as member of the Board of Directors and member of the Audit Committee, the Board of Directors on December 2, 2020 appointed Maria Garcia Villan as member of the Audit Committee to occupy the vacancy resulting from the resignation of Mr. Zea.

The members of the Audit Committee and the Board of Directors of the Parent Company are informed about the internal controls and procedure observed by the Company, and are regularly updated about and have reviewed the results/ findings of the audit and monitoring processes. The Audit Committee and the Board of Directors have not detected weaknesses in the internal controls and risk management system currently in place which have had a material adverse impact on the operations or financial condition of the Parent Company. In support of the oversight function of the Board of Directors, the Audit Committee is tasked to consider improvements to further enhance the effectiveness of the internal controls and risk management system of the Company.

(b) The Nomination Committee will carry out, among other things, the following functions: (i) be responsible for providing shareholders with an independent and objective evaluation of and assurance that the members of the Board of Directors are competent and will foster the company's long-term success and secure its competitiveness; (ii) review and evaluate the qualifications of persons nominated to the Board of Directors as well as other appointments that require the approval of the Board of Directors; and (iii) assess the effectiveness of the processes and procedures of the Board of Directors in the election or replacement of directors.

The Nomination Committee reports directly to the Board of Directors. Following the favorable endorsement of the Nomination Committee, the Board of Directors approved the Charter for the Nomination Committee on October 25, 2016

The Nomination Committee is currently comprised of four members, three of whom are the independent directors. During the organizational meeting of the Board of Directors held on June 24, 2020, the Board of Directors appointed the following board members as members of the Nomination Committee: Alfredo S. Panlilio (Chairman), Pedro Roxas, Eleanor M. Hilado and Antonio Ivan Sanchez Ugarte.

ITEM 14. SUSTAINABILITY REPORT

The Company's Sustainability Report for 2020 is attached as an Annex to this Annual Report (SEC Form 17-A).

ITEM 15. ATTENDANCE OF DIRECTORS

Members of the Board of Directors (only incumbent members as at end December 2020)	Date of Election [initial date / re-election date(s)]	No. of Board Meetings Held during the Director's effective tenure in 2020	No. of Board Meetings Attended
Sergio Mauricio **Menendez** Medina (Chairman)	2 April 2020/24 June 2020	6	4
Pedro **Roxas** (Lead Independent Director)	3 June 2016 /7 June 2017/ 6 June 2018/ 9 June 2019/ 24 June 2020	8	8
Alfredo S. **Panlilio** (Independent Director)	3 June 2016 /7 June 2017/ 6 June 2018/ 6 June 2019/24 June 2020	8	7
Eleanor M. **Hilado** (Independent Director)	6 June 2019/24 June 2020	8	8
Ignacio Alejandro **Mijares** Elizondo	4 July 2017/6 June 2018 / 6 June 2019/ 24 June 2020	8	8
Alejandro **Garcia** Cogollos	25 April 2018/ 6 June 2019/ 24 June 2020	8	8
Antonio Ivan **Sanchez** Ugarte	6 December 2017 (effective on 1 January 2018)/ 6 June 2018/6 June 2019/ 24 June 2020	8	8
Maria **Garcia** Villan	2 December 2020	N/A	N/A

Members of the Audit Committee (only incumbent board members as at end December 2020)	No. of Audit Committee Meetings Held during the Member's tenure in 2019	No. of Committee Meetings Attended
Pedro **Roxas** (Chairman)	6	6
Alfredo S. **Panlilio**	6	5
Eleanor M. **Hilado**	6	6
Maria **Garcia** Villan	N/A	N/A

Members of the Nomination Committee (only incumbent board members as at end December 2020)	No. of Nomination Committee Meetings Held during the Member's tenure in 2020	No. of Committee Meetings Attended
Alfredo S. Panlilio (Chairman)	3	3
Pedro Roxas	3	3
Eleanor M. Hilado	3	3
Alejandro **Garcia** Cogollos[16]	2	2
Antonio Ivan **Sanchez** Ugarte[17]	1	1

PART V - EXHIBITS AND SCHEDULES

ITEM 16. EXHIBITS AND REPORTS ON SEC FORM 17-C

(a) Exhibits

A - Audited Consolidated Financial Statements of the Company (with consolidated statements of financial position as at December 31, 2020 and 2019, and consolidated comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2020, 2019 and 2018) and Schedules

B -Audited Separate Financial Statements of CHP (with separate statements of financial position as at December 31, 2020 and 2019, and separate statements of comprehensive income (loss), separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2020 and 2019).

C - SEC Form 17-Q for Quarter Ended March 31, 2020 (1st Quarter 2020)

D - SEC Form 17-Q for Quarter Ended June 30, 2020 (2nd Quarter 2020)

E - SEC Form 17-Q for Quarter Ended September 30, 2020 (3rd Quarter 2020)

(b) Reports on SEC Form 17-C

List of Disclosures under SEC Form 17-C for the period from 1 January 2020 to 31 December 2020:

SUBJECT MATTER	DATE
Use of SRO Proceeds with Letter to PSE (14th Report)	December 29, 2020
Use of SRO Proceeds with Letter to PSE (13th Report)[18]	December 23, 2020
Use of SRO Proceeds with Letter to PSE (12th Report)	December 15, 2020
Use of SRO Proceeds with Letter to PSE (11th Report)	December 14, 2020
SEC Approval of the Amended By-Laws pursuant to SEC Certificate of Filing of Amended By-Laws dated 13 October 2020	December 4, 2020 *(date of receipt of SEC Certificate)*
Election of Maria Garcia Villan as new member of the Board of Directors and Audit Committee	December 2, 2020
Investors' Briefing Materials for 3rd Quarter 2020	October 29, 2020
Resignation of a member of the Board of Directors	October 26, 2020
Use of SRO Proceeds with Letter to PSE (10th Report)[19]	October 22, 2020
Notice of Investors' Briefing for 3rd Quarter 2020	October 22, 2020

[16] In 2020, Alejandro Garcia Cogollos was a member of the Nomination Committee for the period beginning 2020 until the Annual Stockholders' Meeting which was held on June 24, 2020.

[17] Antonio Ivan Sanchez Ugarte was appointed as a member of the Nomination Committee during the Organizational Meeting of the Board of Directors which was held on June 24, 2020.

[18] Amended by SEC Form 17-C dated 14 January 2021

[19] Amended by SEC Form 17-C dated 14 January 2021

Use of SRO Proceeds – Third Quarterly Progress Report	October 14, 2020
Use of SRO Proceeds with Letter to PSE (9th Report)	September 30, 2020
Use of SRO Proceeds with Letter to PSE (8th Report)	September 30, 2020
Use of SRO Proceeds with Letter to PSE (7th Report)	August 28, 2020
Investors' Briefing Materials for 2nd Quarter 2020	July 28, 2020
Notice of Investors' Briefing for 2nd Quarter 2020	July 22, 2020
Use of SRO Proceeds – Second Quarterly Progress Report	July 15, 2020
Amendment to the Facility Agreement between CHP and BDO Unibank, Inc.	June 30, 2020
Results of the Organizational Meeting of the Board of Directors	June 24, 2020
Results of the Annual Meeting of Stockholders	June 24, 2020
Use of SRO Proceeds with Letter to PSE (6th Report)	June 19, 2020
Use of SRO Proceeds with Letter to PSE (5th Report)	May 29, 2020
Amended Notice to the 2020 Annual Meeting of Stockholders	May 22, 2020
Resumption of Operations at SOLID Cement Plant	May 20, 2020
Notice to the 2020 Annual Meeting of Stockholders	May 12, 2020
Investors' Briefing Materials for 1st Quarter 2020	May 4, 2020
Notice of Investors' Briefing for 1st Quarter 2020	April 25, 2020
Use of SRO Proceeds – First Quarterly Progress Report	April 15, 2020
Resignation of an officer	April 15, 2020
Extension of time to file Annual Report/Form 17-A for 2019	April 8, 2020
Board Authorization for the postponement of Annual Meeting of Stockholders	April 8, 2020
Use of SRO Proceeds (4th Report)	April 3, 2020
Election of Sergio Mauricio Menendez Medina as new Chairman/ member of the Board of Directors	April 2, 2020
Details on the Annual Meeting of Stockholders to be held on 24 June 2020 and Amendment of the Amended By-Laws	April 2, 2020
Use of SRO Proceeds (3rd Report)	March 31, 2020
Resignation of the Chairman of the Board of Directors	March 25, 2020
Update on SOLID Cement Plant	March 19, 2020
Use of SRO Proceeds (2nd Report)	March 18, 2020
Assessment of risks associated with COVID-19 pandemic	March 16, 2020
Use of SRO Proceeds (1st Report)	March 5, 2020
Revolving Master Loan Facility Agreements with Subsidiaries	March 3, 2020
Press Release on the SRO Listing Date	March 2, 2020
SEC Approval of the Increase in Authorized Capital Stock and Amended Articles of Incorporation	February 27, 2020
Investors' Briefing Materials for 4th Quarter 2019	February 13, 2020
Appointment of Vice President	February 10, 2020
Notice of Investors' Briefing for 4th Quarter 2019	February 6, 2020
Press Release on CHP's Stock Rights Offering	January 29, 2020
Update on CHP's Stock Rights Offering	January 29, 2020
Pricing of CHP's Stock Rights Offering	January 6, 2020

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code, this Annual Report (SEC Form 17-A) for 2020 is signed on behalf of CEMEX HOLDINGS PHILIPPINES, INC. by the undersigned, thereunto duly authorized, in the City of Makati on APR 21 2021.

CEMEX HOLDINGS PHILIPPINES, INC.

By:

IGNACIO ALEJANDRO MIJARES ELIZONDO
President and Chief Executive Officer

STEVE KUANSHENG WU
Treasurer and Chief Financial Officer

JANNETTE VIRATA SEVILLA
Corporate Secretary

SUBSCRIBED AND SWORN to before me on APR 21 2021 in Makati City, Metro Manila, affiant(s) exhibiting to me the following documents:

NAMES	IDENTIFICATION DOCS	PLACE/DATE OF ISSUE
Ignacio Alejandro Mijares Elizondo	Mexican Passport No. G23177265	Mexico/18 November 2016
Steve Kuansheng Wu	Republic of China Passport No. 360012125	Taipei City /8 February 2021
Jannette Virata Sevilla	Philippine Passport No. P4664442B	Manila, Philippines/ 3 February 2020

Doc. No. 141;
Page No. 30;
Book No. 97;
Series of 2021.

ATTY. GEORGE DAVID D. SITON
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-382 UNTIL DEC. 31, 2021
ROLL NO. 68402/ MCLE COMPLIANCE NO. VI-0021936/3-29-2019
IBP O.R No.2275859-LIFETIME MEMBER MAY. 8, 2017
PTR No.8533088- JAN 04, 2021- MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE., COR., JUPITER ST., MAKATI CITY

CEMEX HOLDINGS PHILIPPINES, INC.
SUPPLEMENT TO SEC FORM 17-A (ANNUAL REPORT) FOR 2020

The term "Parent Company" used in this Form 17-A (Annual Report) refers to CEMEX HOLDINGS PHILIPPINES, INC. without its subsidiaries. The term "Company" refers to CEMEX HOLDINGS PHILIPPINES, INC. together with its consolidated subsidiaries.

Dividends and Dividend Policy

The Parent Company's Board of Directors is authorized to declare dividends only from its unrestricted retained earnings, and the Board of Directors may not declare dividends which will impair its capital. Dividends may be payable in either cash, shares or property, or a combination thereof, as the Board of Directors determines. The approval of stockholders representing at least 2/3 of the total issued and outstanding shares of stock of the Parent Company is required for the payment of stock dividends. As a holding company, the Parent Company's ability to declare and pay dividends to its shareholders will depend on whether it has received sufficient dividends from its subsidiaries that can be distributed to the shareholders by way of dividend. As such, the Parent Company's Board of Directors, may, at any time, evaluate whether it has sufficient cash available for distribution of cash dividends.

Dividends may be declared whenever there are unrestricted retained earnings available subject to a number of factors including restrictions that may be imposed by current and prospective financial covenants, overall level of indebtedness, projected levels of operating results of the Parent Company's subsidiaries, working capital needs and long-term capital expenditures of these subsidiaries, and regulatory requirements on dividend payments, among others. In view of the Company's substantial long-term capital expenditure needs, which include the project cost for pursuing the expansion project of SOLID Cement Corporation's plant located in Antipolo City consisting of the installation of a 1.5 million metric tons per year integrated cement production line, and level of indebtedness of the Company, no dividends have been declared by the Board of Directors in 2020 and previous years.

Total Compensation of the Members of the Board of Directors for 2020

To supplement the information provided in Item 10(1) of PART III (CONTROL AND COMPENSATION INFORMATION), the total director's compensation received by each of the members of the Board of Directors for fiscal year 2020 is as follows:

Name of Board Member	Total Director's Compensation (honorarium/per diem)
1. Pedro **Roxas** *(independent director)*	₱ 630,000.00
2. Alfredo S. **Panlilio** *(independent director)*	₱ 630,000.00
3. Eleanor M. **Hilado** (independent director)	₱ 630,000.00
4. Sergio Mauricio **Menéndez** Medina	0
5. Ignacio Alejandro **Mijares** Elizondo	0
6. Alejandro **Garcia** Cogollos	0
7. Antonio Ivan **Sanchez** Ugarte	0
8. Maria **Garcia** Villan	0
9. Joaquin Miguel **Estrada** Suarez (former Board Chairman whose resignation took effect on March 27, 2020)	0
10. Larry Jose **Zea** Betancourt (former Board member whose resignation took effect on October 26, 2020)	0
GRAND TOTAL	₱ 1,890,000.00