

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-A**

**ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE  
OF THE PHILIPPINES**

1. For the Fiscal Year ended: **December 31, 2019**
2. Commission Identification No.: **133828**
3. BIR Tax Identification No.: **420-000-188-756**
4. Exact Name of Issuer as specified in its Charter: **PRIMEX CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization: **Metro Manila**
6. Industry Classification Code: (SEC use only)
7. Address of Issuer's Principal office & postal code:  
**Ground Floor, Richbelt Terraces, 19 Annapolis St., Greenhills, San Juan 1502**
8. Issuer's Telephone number, including area code: **(632) 722-80-78**
9. Securities registered pursuant to Sec. 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of shares issued and outstanding
<b>Common shares</b>	<b>1,661,666,665</b>

Amount of Debt Outstanding  
1,764,175,544.00

10. Are any or all of these securities listed on a Stock Exchange?  
Yes ( ) No ( x )

Stock Exchange: **Philippine Stock Exchange**  
Securities listed: **1,661,666,665 Common Shares**

11. Check whether the Issuer:  
(a) has filed reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12)



## **PART 1 - BUSINESS AND GENERAL INFORMATION**

### **Item 1. Business**

#### **A. Background Information**

##### **1. Brief Company History**

Primex Corporation was incorporated under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission on July 17, 1986 with the primary purpose of engaging in real estate development.

##### **2. Listing in Stock Exchange**

The shares of stock of Primex Corporation was listed at the Philippine Stock Exchange on August 10, 2001. The company has an authorized capital stock of Four Billion Five Hundred Million pesos (Php 4,500,000,000), divided into Three Billion Five hundred million (3,500,000,000) common shares with a par value of Php 0.20 per share and One Billion (1,000,000,000) preferred shares with a par value of Php 0.20 per share. Listed common shares of stock at the Philippine Stock Exchange as of December 31, 2018 stands at One Billion Six hundred Sixty one million Six hundred Sixty Six thousand Six hundred Sixty Five (1,661,666,665) shares while Issued and Outstanding common shares is also One Billion Six Hundred Sixty One Million Six hundred Sixty Six thousand Six hundred Sixty Five (1,661,666,665) shares. On November 24, 2015, the Board of Directors of the Company approved a resolution for the change in the Par Value of the shares of stock of the corporation from P 1.00/share to P 0.20/share. The resolution was approved by two-thirds of the shareholders of the company in a Special Stockholders meeting held on January 29, 2016.

##### **3. Nature of Operations**

The Company is authorized to engage in the real estate business in all its aspects, to purchase, lease, or in any matter dispose of or deal with lands and other real property and any interest therein.

Its completed projects include two high-end residential projects, namely: (1) Goldendale Village located in Malabon; and (2) The Richdale, situated along Sumulong Highway, Antipolo City. Both projects are being marketed on a lots-only basis. The Company has also completed the

development of Goldendale II, a 4.6 hectare mixed-use project. Also marketed on a lots-only basis, the company has commenced marketing of the property. The company has completed the development of the Tresor Residences, a mid-rise residential condominium along Gov. Pascual Ave., Malabon City and the turn-over of units to buyers has commenced. In 2015, the Company acquired a majority stake in an affiliate, Primex Realty Corporation, whose real estate development project, The Stratosphere, is already completed and is now turning over the units to the homeowners . On January 17, 2018, the Company acquired full ownership and control of Primex Realty Corporation, thereby making it a wholly-owned subsidiary. Presently, Primex Realty Corporation has started the development of Primex Tower, a 50-storey prime office building at the corner of EDSA and Connecticut in Greenhills, San Juan.

Consolidated Total Revenues totaled Php 115.439 M for the year, a drop of 60 % from the Php 290.135 M of the previous year and 57 % decline from the Php 268.399 M of 2017. Real estate sales revenues from The Richdale Subdivision amounted to Php 3.913 M, no sales from the Goldendale Subdivision while Php 229.594 M was attributable to revenues from the Stratosphere. These revenues earned from real estate sales, in turn accounted for 22 % of all revenue sources. There are no seasonal aspects that will have a material effect on the financial condition or results of operation of the company. There are no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operations. There are no significant elements of income or loss that did not arise from continuing operations. The company does not foresee any effect on its business from existing or probable governmental regulations.

#### Business Competition/Risks

The real estate industry is highly dependent on the state of the national economy as the growth of the industry has a direct correlation with the state of the national income and the effective disposal income of the people. An increase in disposal income shall correspond to a proportionate increase in expenditures on housing.

There are no major risks involved in the businesses of the Company. Transfer of Titles are effected only after payments are made in full, thereby ensuring no bad accounts.

There is a need for real estate companies to secure government approval such as Development Permit, Certificate of Registration and License to Sell before the commencement of any development. The Company has complied with all appropriate government regulations, including environmental laws and has secured all necessary licenses prior to the development and marketing of its Goldendale and Richdale projects.

The company does not own nor does it depend on any patents, trademarks, copyrights, franchises, concessions and/or royalty agreements for its operations. For its development activities, the company spent Php 1,469.026 M. in 2018 and Php 1,566.634 M in 2017, which is 506 %, and 584 % , respectively of their respective yearly's total revenues.

The Company is not aware of any pending legislation or governmental regulation which is expected to materially affect its business.

Expenses incurred by the Company for purposes of compliance with environmental laws consist primarily of payments for government regulatory fees which are standard in the industry and are minimal.

As of December 31, 2019, the Company and its subsidiary, Primex Realty Corporation, both have the same number of full-time employees and positions, broken down as follows:

<u>Department</u>	<u>No. of Employees</u>
Administrative & Personnel	3
Marketing	1
Operations & Engineering	3
Finance	<u>2</u>
	9

There are no supplemental benefits or incentive arrangements with the afore-mentioned employees, aside from what is provided for by law.

The Company engages the services of outside personnel (sales coordinators, brokers, independent contractors, engineers, etc.) to provide the marketing, operations, and engineering services to the company.

The contracting out of engineering services is mostly on a per project or contract basis. The number of personnel involved depends on the requirements of the particular project.

## **Item 2. Properties**

Investment in real properties as of December 31, 2019 are as follows:

<u>Particular</u>	<u>Location</u>	<u>Total area in sq. m.</u>	<u>Description</u>
1. Land	Annapolis, Greenhills	1,000	This property is bounded by Annapolis, Florida and Columbia Sts. Most ideal for a first-class, high-rise residential condominium
2. Land	Sumulong Highway Antipolo City Laguna de Bay and the whole of Metro Manila. With Notice of lis pendens.	140,029	This property has a panoramic view of
3. Land	National Highway Tagaytay City famed Taal Lake and Taal Volcano.	69,599	This property provides a scenic view of the

4. Land	Gov. Pascual Ave. Malabon City	29,391	Site of the planned Primex Business Park. It lies along the main transportation link connecting the town's center of commerce industrial hub.	w i t h i t s
5. Land	Meycauayan Bul.	11,508	Located in Bo. Saluysoy, Meycauayan, Bulacan	
6. Land	Richdale Subd.	22,287	Located along Sumulong Highway, Antipolo	
7. Land	Goldendale Village	31,744	Located in Bo. Tinajeros, Malabon	
8. Land	Naic, Cavite	49,295	Located in Naic, Cavite	
9. Building	Valero St., Makati	11,925	The Stratosphere, Makati City	

\* There are no mortgage, lien or encumbrance over any of the abovementioned properties nor any limitations on ownership or usage over the same.

### **Item 3. Legal Proceedings**

The following cases represent the actions now pending before various fora:

1. Civil Case No. 93-2918, Savino Penaflor vs. NHA, Primex Corporation, et. al., Branch 73 Antipolo Regional Trial Court. - This suit, instituted on October 2, 1993, is essentially an action to claim ownership of The Richdale Subdivision and other parts of Antipolo, based on an alleged handwritten authority given by a long-deceased Philippine President to the complainant to cultivate the property with no definitive description of its boundaries. A Motion to Dismiss was filed by the Company as far back as March 07, 1994. The Company was eventually ordered to, and did, file its Answer with Counterclaim. Handling counsel for the company is Atty. Agustin S. Sundiam.
2. Civil Case No. 60754, Branch 71 of the Pasig City Regional Trial Court entitled Primex Corporation vs. Marcelino E. Lopez, et. al., - an action filed by Primex Corporation on April 29, 1991 for injunction and specific performance (and breach of warranty after the case was filed) against Marcelino E. Lopez, et. al., due to delays in delivering peaceful possession and valid title, and for breach of warranty that there was no pending cases when the property was originally contracted for sale to Primex Corporation. Primex filed a Motion to Reset Pre-trial which was denied. Primex was declared non-suited and its complaint was dismissed. Defendants' evidence on their counterclaim was received ex-parte. On August 11, 1995, the RTC rendered a decision granting the counterclaims of Defendants against Primex. Primex

filed a Motion for New Trial which was denied by the RTC in its order dated November 7, 1995 on the ground that the motion was not timely filed. Primex appealed both the August 11 and November 7, 1995 orders of the RTC to the Court of Appeals (CA). The CA, in its decision dated April 8 1999, set aside both orders and remanded the case to the RTC to conduct a trial de novo. Case pending appeal under CAGR No. CV-163959 and CAGR No. SP-82865.

3. HLURB Case no. TPZNCR-043004-007 - The Richdale Homeowners Association, Inc. and Primex Corporation vs. Goldloop Properties, Inc. This case filed with the Housing and Land Use Regulatory Board (HLURB) involves a boundary dispute and violation of the Zoning ordinance, New Civil Code and other incidents. The case was filed to stop the construction of the project of the Goldloop Properties, Inc. which had mainly affected Lot-16, Block-1 of The Richdale Subdivision. The principal complainant is The Richdale Homeowners Association, Inc. with Primex Corporation as its co-plaintiff. Evidence for the plaintiff is essentially the certificates of title of the plaintiffs, the Zoning Code of Antipolo City, PD 957, the New Civil Code and its rules and regulations. The case is being set for pre-trial. The probable outcome is that the HLURB shall uphold the provisions of the Zoning Code, New Civil Code and PD 957.

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

A change in the Par Value of the stock of the Company, from Php 1.00/share to Php 0.20/share, was approved by two-thirds of the shareholders of the company in a Special Stockholders meeting held on January 29, 2016.

### **PART II - OPERATIONAL AND FINANCIAL INFORMATION**

#### **Item 5. Market for Registrant’s Common Equity and Related Stockholders Matters**

##### Market Information

The Company’s shares of common stock are traded on the Philippine Stock Exchange. Below is a history of the trading prices of said shares for each quarter of the past three years.

			<u>Low</u>	<u>High</u>
2017	First Quarter	Php	3.53	5.05
	Second Quarter		3.80	4.86
	Third Quarter		3.86	6.37
	Fourth Quarter		5.21	7.41
2018	First Quarter	Php	3.78	5.89
	Second Quarter		2.48	4.70

	Third Quarter		2.92	4.58
	Fourth Quarter		2.99	4.05
2019	First Quarter	Php	2.65	3.70
	Second Quarter		1.89	2.89
	Third Quarter		1.98	2.59
	Fourth Quarter		2.00	2.31
2020	First Quarter	Php	1.71	2.31

\* The par value of the Company's common stock was changed from Php 1.00 per share to Php 0.20 per share during the 3<sup>rd</sup> quarter of 2016. The price of the company's common shares that was last traded on the First board of the Philippine Stock Exchange was transacted at Php 1.44 per share on June 26 , 2020.

#### Holders

As of December 31, 2019, there were 14 holders of the Company's shares of Common stock. Below is a List of the Top twenty holders of the Company's shares of Common stock as of the above date.

<u>Name of Stockholder</u>	<u>Number of Shares</u>	<u>Percentage of ownership</u>
PCD NOMINEE CORP.(FIL)	681,839,864	41.033 %
HIGHVALUE HOLDINGS, INC.	255,782,330	15.392 %
5 CALIBRE HOLDINGS, INC.	198,618,330	11.953 %
EXCELLAR HOLDINGS INC.	193,235,000	11.629 %
HIGH INTEGRITAS HOLDINGS INC.	159,895,000	9.623 %
EA HOK KI HOLDINGS CORP.	137,778,335	8.292 %
PCD NOMINEE CORP (NON-FILIPINO)	18,409,301	1.104 %
CHAN, JOSSIE O.	6,750,000	0.406 %
DY, GONZALO C.	3,250,000	0.196 %
DY, GLORIA A.	3,250,000	0.196 %
CO, KATHRYN	2,500,000	0.150 %
GOCHECO, DORIS	325,000	0.020 %
BORJA, GEORGE C.	20,000	0.001 %
GARCIA, LEIGH LAUREN P.	13,500	0.001 %
GAN, RUBEN M.	5	0.000 %

\* Highvalue Holdings, Inc. is owned and controlled by Mr. Ernesto O. Ang, President and CEO and Chairman of the Board of the Company.



- \* 5 Calibre Holdings, Inc. is owned and controlled by Atty. Ericson O. Ang, VP-Legal and Director of the Company.
- \* Excellar Holdings Inc. is owned and controlled by Edgard O. Ang, CFO and Director of the Company.
- \* High Integritas Holdings Inc. is owned and controlled by Emilio O. Ang, Vice Pres. And Director of the Company.
- \* EA Hok Ki Holdings Corp. is owned and controlled by Eduardo O. Ang, Director of the Company.

## Dividends

It is the Company's current intention to periodically declare a portion of its unrestricted retained earnings as dividend either in the form of cash or stock. The Company declared a Cash Dividend equivalent to P 0.055 for every share of common stock payable in August 10, 2018 and in 2019, again, declared a Cash Dividend equivalent to Php 0.026 for every share of common stock, payable also in August..

The payment of dividends depends upon the company's earnings, cash flow and financial condition, among other factors. The Company may declare dividends only out its unrestricted retained earnings. These represent the net accumulated earnings of the Company, with its capital unimpaired, which are not appropriated for any other purpose.

The Company may pay dividends in cash, by the distribution of property, or by the issue of shares of stock. Dividends paid in cash are subject to the approval of the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and at least two-thirds (2/3) of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose.

A cash dividend of Php 0.055 for every common share of stock was declared in 2018 and a Php 0.026 for every common share in 2019. However, in lieu of cash, the company's Board of Directors have previously approved the payment of the cumulative dividends of its preferred shares in the form of common shares. The same preferred shares have since been converted to common shares.

The Corporation Code prohibits stock corporations from retaining surplus profits in excess of one hundred percent (100%) of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividends without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

## **Recent Sales of Unregistered or Exempt Securities**

On December 08, 2003, the company's Board of Directors approved the conversion of 100,000,000 shares of Preferred stock to Common shares. In lieu of cash, the Board of Directors also approved the issuance of 6,333,333 shares of Common stock exclusively to existing Preferred shareholders as payment for the accumulated cash dividends. A Certification from the Corporate Finance Department of the Securities and Exchange Commission was issued on December 12, 2003, certifying that the issuance are exempt transactions under Section 10.1 (e) and (g) of the Securities Regulation Code. On August 15, 2014, the Company issued 17,000,000 shares of common stock in favor of a private placement investor. On October 10, 2016, the Company accepted an offer for private placement of 45,000,000 common shares at P 4.00/share. The aforesaid shares are already listed at the Philippine Stock Exchange.

#### **Item 6. Management's Discussion and Analysis**

Please see Exhibit "1" hereof.

#### **Item 7. Financial Statements**

Please see Exhibit "2" hereof.

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

There are no disagreements with the accountants on accounting and financial disclosures.

### **PART III - CONTROL AND COMPENSATION INFORMATION**

#### **Item 9. Directors and Executive Officers**

The NINE (9) members of the Company's Board of Directors were elected during the company's Annual Stockholders Meeting held on June 28, 2019 at the Verbena Function Room A and B of the Marco Polo Hotel Ortigas and they shall hold office until their successors have been duly elected and qualified.

#### **Directors and Executive Officers**

Listed below are the business experience of the company's Directors and Executive Officers covering the past five (5) years.

**Ernesto O. Ang**, 73 years old, Filipino, President and Chairman of the Board of Directors of the Company since its inception. He is concurrently a Director of the following corporations: Omega Lumber Corporation, Primex Development Corporation, Primex Domains, Inc., Omega Fish Farm Corporation, Primex Realty Corporation, Primex Land, Inc., Meycauayan Market Corporation, and Richville Development Ltd. He graduated Cum Laude from the Mapua

Institute of Technology with a Bachelor's Degree in Mathematics and was a Gold Medalist as well as a recipient of the Don Tomas Mapua Memorial Scholarship Award. He also took Graduate studies in Management Engineering at the Adamson University where he was a former Professor in Mathematics.

**Eduardo O. Ang**, 76 years old, Filipino, has been a Director of the Company since 1986. He is concurrently a Director of Omega Lumber Corporation, Primex Development Corporation, Primex Realty Corporation, and Primex Land, Inc. Mr. Ang is also the General Manager of Omega Lumber Corporation. He holds a Bachelor's Degree in Mechanical Engineering from the Mapua Institute of Technology.

**Emilio O. Ang**, 67 years old, Filipino, Exec. Vice President, has been a Director of the Company since 1986. He is the Managing Director of Farmlake Corporation and Omega Fisheries Corporation. He also holds Directorship in Omega Lumber Corporation, Primex Development Corporation, Primex Domains, Inc., Primex Realty Corporation and Primex Land, Inc. Mr. Ang graduated from the University of Santo Tomas with a Bachelor's Degree in Banking and Finance.

**Jossie O. Chan**, 64 years old, Filipino, has been a Director of the Company since 1995. Ms. Chan is concurrently a Director of Omega Lumber Corporation, Primex Domains, Inc., Primex Realty Corporation, and Primex Land, Inc. She is a holder of a Bachelor's of Science Degree, major in Business Administration from the University of Santo Tomas.

**Edgard O. Ang**, 60 years old, Filipino, is the Treasurer and Chief Financial Officer of the Company. He has been a Director of the Company for the past 8 years. A Marketing Graduate of the De la Salle University, Mr. Ang is also a Director of Primex Domains, Inc., Primex Realty Corporation, Primex Land, Inc. and Primex Development Corporation.

**Ericson O. Ang**, 57 years old, Filipino, Vice President-Legal, has been a Director of the Company since 1998. He is concurrently a Director of Primex Domains, Inc., Primex Realty Corporation, Primex Land, Inc. and Primex Development Corporation. Mr. Ang is a Management graduate of the Ateneo de Manila University. He also completed his Bachelor of Laws at the Ateneo Law School and is a member of the Integrated Bar of the Philippines (Rizal Chapter).

**Karlvin Ernest L. Ang**, 39 years of age, Filipino, Corporate Secretary, he is the Chairman and President of Novelty Specialist, Inc. and Chairman of the Board of Headhigh Venture Holdings Corporation. He is an alumnus of the De la Salle University where he graduated with a Bachelor's Degree in Business Management.

**Benito Chua Co Kiong**, 67 years of age, Filipino, he is the President of BNC Ingredients Corporation and the former Vice President for Sales of Malabon Longlife Trading Corporation. He holds a Bachelor of Science degree Major in Chemical Engineering from Adamson

University. He is also a member of various prestigious business/professional associations, including the American Chamber of Commerce, Canadian Chamber of Commerce, Management Association of the Philippines and the Makati Business Club.

**Willy G. Ong**, 55 years old, Filipino, is concurrently the President of Willex Printing and also the Vice President of Sureprint Packaging Corporation. Mr. Ong holds a Bachelor of Science degree in Industrial Management Engineering from the De La Salle University. He was previously the Production head, Desktop Publishing Division (1988-1992) of Microprint, a large printing company in San Francisco, California, USA.

\* There are no other persons, other than the executive officers, who is expected by the Registrant to make significant contributions to the business.

#### Family Relationship

The following directors/executive officers of the Company are siblings: Ernesto O. Ang, Eduardo O. Ang, Emilio O. Ang, Edgard O. Ang, Ericson O. Ang and Jossie O. Chan while Mr. Karlvin Ernest L. Ang is the eldest son of Mr. Ernesto O. Ang.

#### **Involvement in Legal Proceedings of any of the Directors and Executive Officers during the past five years**

There were no bankruptcy petition filed by or against any business of which any director or executive officer of the company was a general partner or executive officer either at the time of bankruptcy or within two years prior to that time.

No director or executive officer were convicted by final judgement, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses.

No director or executive officer were the subject to any order, judgement, 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.

No director or executive officer were found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation and the judgement has not been reversed, suspended, or vacated.

#### **Item 10. Compensation of Executive Officers and Directors**

##### A. EXECUTIVE OFFICERS

NAME	POSITION
Ernesto O. Ang	President, CEO
Emilio O. Ang	Vice Pres.
Edgard O. Ang	Treasurer, CFO
Ericson O. Ang	Vice-Pres.-Legal
Karlvin Ernest L. Ang	EVP Corporate Secretary

	<u>Year</u>	<u>Salary</u>	<u>Bonus</u>	<u>Others</u>	<u>Total</u>
All executive Officers as a Group	2018	5,458,069	236,146		5,694,215
	2019	5,458,069	236,146		5,694,215
	2020*	5,458,069	236,146		5,694,215

\*Estimated for 2020

#### B. DIRECTORS

	<u>Year</u>	<u>Directors Fee</u>	<u>Total</u>
Directors' Per Diem As a Group	2018	90,000	90,000
	2019	90,000	90,000
	2020*	90,000	90,000

- Estimates for the year 2020
- There were no standard or other arrangements for which the directors of the registrant are to be compensated.

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

Security Ownership of 5%+ Beneficial Owners as of December 31, 2019

<u>Title of Class</u>	<u>Name, address of Record owner and relationship to Issuer</u>	<u>Name of beneficial owner and relationship with record owner</u>	<u>Citizenship</u>	<u>No. of shares held</u>	<u>Percent</u>
Common	Ernesto O. Ang # 6 Young St. Corinthian Gardens Quezon City Chairman/President	Ernesto O. Ang	Filipino	378,948,330	22.805
Common	Eduardo O. Ang 1109 Narra St., Mla.	Eduardo O. Ang	Filipino	167,778,335	10.097

Director

Common	Emilio O. Ang 51 Flamengo St. Green Meadows Subd. Quezon City Director/Exec. Vice-Pres.	Emilio O. Ang	Filipino	159,895,000	9.623
Common	Ericson O. Ang Ph-B, Richbelt Terraces 19 Annapolis St. Greenhills San Juan Director/Vice-Pres.	Ericson O. Ang	Filipino	198,618,330	11.953
Common	Edgard O. Ang 14-A, Greenrich Mansion Lourdes St., Ortigas Ctr. Pasig City Director/Treasurer	Edgard O. Ang	Filipino	193,235,000	11.629

Voting Trust holders of 5% or more

The Company has no knowledge of any person/s holding more than five percent (5%) of the Company's shares of common stock under a voting trust or similar agreement.

Security Ownership of Management as of December 31, 2019

<u>Title of Class</u>	<u>Name of Beneficial owner</u>	<u>Amount and Nature of beneficial ownership</u>	<u>Citizenship</u>	<u>Percent of Class</u>
Common	Ernesto O. Ang	378,948,330 - Indirect	Filipino	22.805 %
Common	Eduardo O. Ang	30,000,000 - Direct	Filipino	0.018 %
Common	Eduardo O. Ang	137,778,335 – Indirect	Filipino	8.292 %
Common	Emilio O. Ang	159,895,000 – Indirect	Filipino	9.622 %
Common	Ericson O. Ang	198,618,330 - Indirect	Filipino	11.953 %
Common	Edgard O. Ang	193,235,000 - Indirect	Filipino	11.629 %
Common	Jossie O. Chan	6,750,000 - Direct	Filipino	0.406 %
Common	Willy G. Ong	20,000 - Direct	Filipino	0.001 %
Common	Karlvin Ernest L. Ang	400,000 - Direct	Filipino	0.024 %
Common	Benito Chua Co Kiong	5,000 - Direct	Filipino	0.0003 %

\* The total number of shares owned by all directors and officers as a group is 1,105,649,995 shares, which is equivalent to 66.539 % of the total issued and outstanding capital stock of the Registrant.

\* Registrant has no knowledge of any arrangement which may result in a change in control of the registrant.

## **Item 12. Certain Relationships and Related Transactions**

In the normal conduct of business, the Company has transactions with its stockholders and related parties consisting of principally non interest-bearing advances without definite call dates.

## **PART IV – CORPORATE GOVERNANCE**

### **Item 13. Corporate Governance**

The Company’s Board of Directors and Management believe that good corporate governance is a necessary component of sound strategic business management.

In 2002, a Manual on Corporate Governance was adopted by the Company to institutionalize the principles of good corporate governance in the entire organization. As contained in the Manual, the Nomination, Compensation and Remuneration and Audit committees were created. Each committee has three (3) voting members, one of whom is an independent director. The Company’s Manual on Corporate Governance was revised and adopted on Feb. 15, 2011 to incorporate additional provisions promulgated by the Securities and Exchange Commission. An amended Manual on Corporate Governance was again filed with the Securities & Exchange Commission on April 08, 2015. An amended Manual on Good Corporate Governance was filed with the Securities and Exchange Commission on May 31, 2017.

The Company has designated a Compliance Officer who is tasked with monitoring compliance with the provisions and requirements of the Manual. No violations or sanctions have been imposed on any director, officer or employee for non-compliance with the Manual.

The Company’s Manual on Corporate Governance also requires that the Company’s External Auditor be rotated or the Handling partner be changed every five (5) years or earlier. Starting with the audit of year 2015, a new partner-in-charge, Ms. Jennifer D. Ticlao, was appointed. All the Directors of the Company have already attended their annual seminar on Corporate Governance.

## **PART V - EXHIBITS AND SCHEDULES**

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

Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
1	Management’s Discussion and Analysis

2	Consolidated Financial Statements of Primex Corp. and Subsidiary, Primex Realty Corporation.
3	Audited Financial Statement of Primex Corp.
4	Sustainability Report

#### Report on SEC Form 17-C

During the last six-month period covered by this report, the Company filed the following reports on SEC Form 17-C.

DATE	DISCLOSURES
June 28, 2019	Election of Directors and officers, Appointment of Committee members.
Jan. 07, 2020	Cert. on compliance with Manual on Corporate Governance
Jan. 07, 2020	Certification on the attendance of Directors



**SIGNATURES**

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned, thereunto authorized, in the City of San Juan on      day of June, 2020.

**PRIMEX CORPORATION**

Company

By:

**ERNESTO O. ANG**

President

**EDGARD O. ANG**

Treasurer

**LOURDES P. MAMERTO**

Principal Accounting Officer

**KARLVIN ERNEST L. ANG**

Corporate Secretary

SUBSCRIBED AND SWORN to before me this ... day of , 2020, affiants exhibiting to me their Taxpayer Identification nos. as follows:

<u>NAMES</u>	<u>TIN NO.</u>
Ernesto O. Ang	108-929-290
Edgard O. Ang	109-929-273
Karlvin Ernest L. Ang	212-621-196
Lourdes P. Mamerto	108-929-249

Doc. No.\_\_\_\_  
Page No.\_\_\_\_  
Book No.\_\_\_\_  
Series of 2020

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION FOR EACH OF THE LAST THREE FISCAL YEARS

**2019**

For the year 2019 ended December 31, the Company had a total of Php 25.029 M in consolidated real estate sales, in which Php 6.067 M is from real estate sales in Richdale, Php 18.962 M is from Stratosphere sales while no sales were reported in Goldendale Subdivision. This total in real estate sales represents a decline of 89% from sales of both the previous year and 2017. Total Rental Income for the year amounted to Php 17.507 M, which is 55% higher than the Php 11.083 M last year and 15 times more than the Php 1.049 M earned in 2017. Interest earned from real estate sales reached Php 42.988 M for the year, which is a little more than double the Php 19.639 M in 2018 and three and a half times over the Php 9.391 M in 2017. Miscellaneous income contributed Php 29.915 M, as compared with the Php 25.903 M of last year and the Php 24.129 M in 2017. Cost of real estate sales was down to Php 14.605 M, from Php 130.491 M the previous year and Php 99.054 M in 2017 on account of significant decline in real estate sales.

General and administrative expense increased by 29% over the amounts incurred for the past two prior years, Php 49.388 M over the Php 38.604 M of 2018 and the Php 38.971 M of 2017. Taxes and Licenses expense doubled to Php 18.551 M from the Php 9.637 M last year and the Php 6.463 M of the previous year due to the accrual of unpaid fees. Depreciation expense reached Php 8.834 M., almost double the Php 4.615 M of last year and the Php 5.604 M of 2017. Salaries, wages and employee benefits climbed to Php 8.435 M, from the Php 6.751 M last year and 2017's Php 5.989 M on account of increased wages. The Php 3.407 M spent for Light, Water and Dues was more than double those incurred for the past prior two years due to system loss of water arising from broken and deteriorated water distribution system in Goldendale and Richdale. Commission paid out dropped to Php 1.789 M as compared with Php 5.691 M and Php 3.783 M, respectively of the past two years due to decreased real estate sales. Insurance expense jumped to Php 0.802 M, as compared with the Php 0.239 M of 2018 and the Php 0.362 M in 2017 due to insurance premiums for the construction of the Primex Tower. The 50% rise in Retirement expense over the past two years is attributable to additional employees of both parent and wholly owned subsidiary. The decrease in Gas and Oil expense to Php 0.383 M was due to lower petroleum prices and less utilization of company heavy equipments and vehicles.

Communication and transportation expense rose to Php 0.483 M due to the start of marketing and promotional activities for the Primex Tower. Security, Messengerial and Janitorial Expense was down to Php 0.343 M on account of reduced number of security guards deployed. Repairs and Maintenance was significantly reduced to Php 0.072 M was due to less repairs and maintenance of heavy equipment on account of minimal utilization. Training and Development expense was down to Php 0.045 M because of fewer seminars. Miscellaneous expense rose to Php 4.470 M, up from the Php 2.937 M in 2018 and the Php 4.536 M of 2017 due to higher cost of office supplies and the purchase of new office uniforms.

The Company's Balance Sheet reflects a very significant change as of December 31, 2019. Total Assets, which stood at Php 2,143,373.038 M as of yearend 2018 rose to Php 2,716,277,052 M as of December 31, 2019. Cash, which was Php 42.093 M as of yearend 2018 was up to Php 69.792 M. Receivables decreased by 65 %, from Php 217.447 M to Php 74.314 M, solely on account of maturity and payment of receivables of the affiliate. On the other hand, the 39 % rise in Real estate held for sale was on account of completed units of the Stratosphere.

In summation, although the 50% reduction in cost and expense made a significant contribution to the company's income performance, the almost 90% downturn in real estate sales for the year reflects basically the 76 % decline in Net Income, which was down to Php 19.904 M as compared with the Php 82.387 M the previous year and the Php 89.077 M earned in 2017.

## **2018**

For the year 2018 ended December 31, the Company recorded consolidated real estate sales of Php 233.508 M. This is composed of Php 3.913 M. from the Richdale while Php 229.594 M. was attributable to real estate sales from the Stratosphere project of its majority-controlled affiliate, Primex Realty Corporation. This total sales amount is almost identical to the Php 233.829 of 2017 and is 58 percent less than the Php 554.850 M in 2016. Total rental Income reached Php 11.083 M., a 950 % rise from the Php 1.049 M. of the previous year and 200% more than that the no rental earned in 2016. Interest Income reached Php 19.639 M. more than twice the Php 9.391 M. in 2017 and 2016's Php 9.251 M. Cost of Real Estate sales ballooned to Php 130.178 M., of which only Php 7.649 M. was spent by the parent company, as against the Php 99.054 M. incurred in 2017 and the Php 294.369 M. in 2016. Expenses in operation for the year amounted to Php 25.903 M., with the Company recording its expense account at Php 13.425 M. This was 14% and 12.6% more than the Php 24.129 M. and Php 25.674 M. of the two prior years. Salaries, wages and employee benefit expense amounted to Php 6.6751 M., of which the parent Company spent Php 2.887 M., which is almost the same as the Php 5.989 M. in 2017 and the Php 5.694 M. in 2016. The Php 4.928 M. in Depreciation expense drop by 12 % from the previous year's level of Php 5.604 M. and by 9% from 2016 level of Php 5.413 M. on account of construction equipment involved in the development of the Stratosphere project. From Php 0.719 and Php 1.745 M the two previous years, Interest expense rose to Php 3.128 M. on account of bank loans of the two companies. Rent expense, which amounted to Php 3.412 M. was due to lease payment for the showroom of the Stratosphere. Taxes and licenses amounted to Php 9.637

M, which is 50 % more than the Php 6.463 M in 2017 and 90 % more than the Php 5.062 M in 2016. Broker's Fee paid out for the year amounted to Php 5.691 M., 92% of which was paid out for the sale of units of the Stratosphere. Light, water and dues jumped to Php 1.434 M. from Php 1.250 M the previous year but 43 % less than the Php 2.545 M in 2016 was primarily due to development activities of the Stratosphere. Gas & Oil expense increased by 46% and double from 2017 and 2016 amounts due to higher petroleum product prices. Retirement rose to Php 0.390 M. since this expense covers employees from both companies. Selling and Marketing expense was nil as compared with the Php 3.037 M the previous year and Php 0.299 M in 2016 The previous 2 years' Selling and Marketing expense was due to the selling of units of the Stratosphere. Professional Fees reached Php 1.026 M., up 12 and 16 %, respectively, from the two previous years due to audit fees, actuarial and legal consultation fees incurred by the two companies starting in 2016. Security, messengerial & janitorial services was higher by 16 % in 2018 on account of the deployment of additional security guards. Repairs & Maintenance continues to increase, 46 % from 2017 amounts and more than double from 2016 levels due to additional equipments that requires more maintenance.. Communication and transportation expense drop by 39 % to Php 0.164 M. from 2017's Php 0,272 M. and by 36 % from the Php 0.256 M in 2016, due to scale down of operations of the affiliate company. Entertainment, amusement and recreation decreased to Php 0.238 M, from Php 2.958 M the previous year and Php 0.162 M. in 2016. Insurance expense was up by 27% from the Php 0.187 M. of 2016, with the difference attributable to the affiliate company. Training and Development was down by 30% on account of lower seminar fees.

The Company's Balance Sheet reflects a very significant change as of December 31, 2018. Total Assets, which stood at Php 2,223,327.175 M as of yearend 2017 declined to Php 2,143.373 M as of December 31, 2018. Cash, which was Php 16.008 M as of yearend 2017 was up to Php 42.093 M. Receivables decreased by 11 %, from Php 218.759 M to Php 194.688 M, solely on account of maturity and payment of receivables of the affiliate Likewise, the 6 % drop in Real estate held for sale was on account of units sold of the Stratosphere..

In summation, although real estate sales for 2018 and 2017 remains basically at the same Php 233 M level, the increased cost of real estate sales and services and higher operating expenses caused the 9.3 % decline in income for 2018.

## **2017**

For the year 2017 ended December 31, the Company recorded a consolidated real estate sales of Php 233.829 M. This is composed of Php53.071 M. from sales of the Goldendale, Php 5.374 M. from the Richdale, Php 80.357 M from the sale of its Panghulo property while Php 66.454 M. was attributable to real sales from the Stratosphere project of its now wholly-owned affiliate, Primex Realty Corporation. This 2017 real estate sales represents a 58 % decline from the Php 554.850 M. registered in 2016 and a 20 % increase from the Php 195.272 M. in 2015. The decrease in real estate sales can be attributed to a temporary self-imposed moratorium on real estate sales at Goldendale until prices stabilizes due to the continued significant rise in real

estate prices and on account of still unrecognized sales of units of the Stratosphere based on prescribed accounting standards. Total rental Income reached Php 25.126 M., almost unchanged from the Php 25.157 M. earned of the previous year but 62 % more than those earned in 2015. Interest Income from banks remained basically unchanged. Cost of Real Estate sales and services amounted to Php 99.054 M., as against the Php 294.369 M. incurred in 2016 and the Php 98.084 M. in 2015. Operating expenses for the year amounted to Php 38.971 M. This was 31 % and 52 % more than the Php 29.720 M. and Php 25.596 M. of the two prior years. Salaries, wages and employee benefits expense amounted to Php 5.989 M., which is almost the same as the Php 5.694 M. in 2016 and 28 % higher than the Php 4.681 M. in 2015. The Php 5.604 M. in Depreciation expense was almost the same as the previous year's level of Php 5.413 M. and by 19 % more from 2015 level of Php 4.921 M. on account of construction equipment involved in the development of the Stratosphere project. Interest expense amounted to Php 0.719 M., down from the Php 1.745 M in 2016 and 2015's Php 1.220 M on account of the pre-payment of loans. Rent expense amounted to Php 3.412 M. due to lease payment for the showroom of the Stratosphere. The amount is 5 % lower from 2016 levels and 32 % higher than those in 2015. The Php 6.463 M under Taxes and licenses was 27 % higher for the year than the Php 5.062 M of the previous year. Commission paid out for the year amounted to Php 0.745 M., which is 24 % of the Php 3.106 M paid in 2016 and 40 % of the Php 1.882 M in 2015. Light, water and dues decreased to Php 1.250 M. from the Php 2.545 M in 2016 but 10 % higher from 2015 levels. Gas & Oil expense ballooned to Php 1.826 M from the Php 0.145 M. of the previous year and the Php 1.596 M in 2015. Retirement expense remained at the Php 0.300 level for both 2017 and 2016. Selling and Marketing expense incurred amounted to Php 3.037 M from the Php 0.299 M in 2016 and the Php 1.434 M. in 2015 due to advisory and research fees. Professional Fees incurred amounted to Php 0.914 M. from the Php 0.879 M of the previous year and the Php 1.161 M. of 2015 due to audit fees, actuarial and legal consultation fees incurred by the two companies starting in 2015. Security, messengerial & janitorial services was lower by 15 % and 23 % respectively from the two previous years on account of the decreased number of security guards deployed. Repairs & Maintenance grew 30 % from 2016 amounts and 39 % from 2015 levels due to additional maintenance and repairs. Communication and transportation expense reflects minimal changes at the Php 0.270 level. Entertainment, amusement and recreation jumped to Php 2.958 M., from Php 0.162 M the previous year, with Primex Realty Corporation accounting for almost all of the increase. Insurance expense was up by 94% from the Php 0.187 M. of 2016, with the difference attributable to the affiliate company. Training and Development was up by 89 % on account of additional seminar fees.

The Company's Balance Sheet reflects significant changes as of December 31, 2017. Total Assets, which stood at Php 1,874.071 M as of yearend 2016 jumped to Php 2,223.327 M as of December 31, 2017. Cash, which was Php 46.117 M as of yearend 2016 was down to Php 16.008 M. Receivables increased by 50 %, from Php 144.132 M to Php 217.155 M, majority on account of receivables of the affiliate Likewise, the 25 % rise in Real estate held for sale and the 7-fold increase in other current assets, respectively was attributable to the Company's stake in Primex Realty Corporation..

In summation, the 58 % decline in real estate sales attributed to a temporary self-imposed moratorium on real estate sales at Goldendale until prices stabilizes due to the continued significant rise in real estate prices and several still unrecognized sales of units of the Stratosphere based on prescribed accounting standards resulted in the 52 % reduction in Net Income of the Company, from Php 185 M in 2016 to Php 89 M this year.

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

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There are no material commitments for capital expenditures.

#### EXTERNAL AUDIT FEES

The aggregate fees billed for the last two (2) fiscal years for professional services rendered by company's external auditors for the audit of its annual financial statements or for services that are normally provided in connection with statutory and regulatory filings are:

Year 2019 = Php 803,572.00

Year 2018 = Php 803,572.00

The Company's Top key performance indicators:

#### 1.Sales Volume Growth

The Company registered a consolidated Real Estate sales of Php 25,029 M., as compared with the Php 233.508 M. for the twelve months of 2018 and the Php 233.829 M of 2017. This translates to an almost identical 89 % drop from that of the past two prior years.

#### 2. Revenue Growth

Total revenues for the twelve month period ended December 31, 2019 amounted to Php 115.439 M as compared with the Php 290.135 M in the twelve months period of 2018 and 2017's Php 268.399 M., or 60% and 57% decline changes from 2018 levels and 2017 levels, respectively.

### 3. Realized Gross Profit on Sales

For its sales efforts, the Company was able to realize Gross Profit on sales of Php 10.379 M as compared with the Php 130.178 M of 2018 and the Php 134.775 M. of 2017. This is the amount of real estate sales less the cost of development.

### 4. Operating Margin

For the twelve month period of 2019, the Company incurred operating expenses of Php 49.388 M as compared with last year's Php 38.604 M, and the Php 38.971 M spent in 2017. This resulted in an operating loss from sales of Php 60.812 M as compared with the Php 61.284 M in operating income in 2018 as well as with the Php 95.085 M operating income of 2017.

### 5. Asset Growth

Over the twelve months of 2019, total assets increased from Php 2,143.373 M. to Php 2,716.277 M in December 31, 2019.

## **STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The management of **Primex Corporation** is responsible for the preparation and fair presentation of the financial statements including the schedule attached therein, for the years ended 2017, 2018 and the year ended December 31, 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Sycip, Gorres, Velayo & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

ERNESTO O. ANG  
Chairman of the Board

ERNESTO O. ANG  
Chief Executive Officer

EDGARD O. ANG  
Chief Financial Officer/Treasurer