



CIRTEK HOLDINGS PHILIPPINES CORPORATION

Php 6,000,000,000.00 Commercial Paper Program

Initial Issuance: Php 2,000,000,000.00
Commercial Paper
182 and 364 days Tenor

Issue Price: Discount to face value

Cirtek Holdings Philippines Corporation ("TECH", the "Company" or the "Issuer") is authorized by the Securities and Exchange Commission to issue Php 6,000,000,000 worth of commercial papers (the "CP Program"). The Initial Issuance of Series D and E in the aggregate principal amount of up to PhP 2,000,000,000.00 will carry Discount Rates 4.00%, and 4.25%, respectively, calculated on a true-discount basis (the "CPs"). (See "Terms and Description of the CPs – Discount Rate"). The Initial Issuance will have the following tenors: 182 days, and 364 days for Series D and E, respectively.

The CPs shall be offered to the public (the "Offer") at discount to face value and in one lump sum or in tranches through the Underwriter and the Selling Agents as may be designated subject to certain conditions in the Issue Management and Underwriting Agreement executed between the Issuer and the Issue Manager and Underwriter/Arranger. The CPs are intended to be listed at the Philippine Dealing & Exchange Corp. (PDEx) for secondary trading of the CPs and upon such listing, all secondary trading may be coursed through eligible PDEx Trading Participants. The Issuer has been assigned a credit rating of PRS A (corp.) with a Stable Outlook by the Philippine Ratings Services Corporation ("PhilRatings") on March 3, 2021. A credit rating is not a recommendation to buy, sell, or hold the securities and may be subject to revision, suspension, or withdrawal at any time by PhilRatings.

Issue Manager and Underwriter/Arranger

Multinational Investment Bancorporation

March 26, 2021

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

Cirtek Holdings Philippines Corporation
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Tel.nos. +632 729 6206 and +6349 541 2317
Corporate Website: www.cirtekholdings.com

CIRTEK HOLDINGS PHILIPPINES CORPORATION (the “Issuer” or the “Company”) is offering the aggregate principal amount of up to PhP PhP2,000,000,000.00 as the Initial Issuance (the “Offer”), which will be issued in lump sum or in tranches and shall have an interest rate fixed prior to issuance. The succeeding tranches, if any, may be issued within three (3) years from the date of effectiveness of the Registration Statement.

After the close of the Offer and within three (3) years from the date of effectiveness of the Registration Statement, the Company may, at its sole discretion, offer any or all of the remaining balance of the face value of the CPs covered by such Registration Statement, in one or more subsequent series under Rule 8.1.2 of the Implementing Rules and Regulations of the Securities Regulation Code. Such registration provides the Company with the ability to take advantage of opportunities in a volatile debt capital market, as these occur, and to issue CPs depending on its financing needs. Subsequent issuances are subject to a rating by PhilRatings.

The CPs will be unsecured obligations of the Company and will rank pari passu without any preference amongst themselves and at least pari passu with other unsecured and unsubordinated obligations of the Company, present and future, other than obligations preferred by law. The CPs will be effectively subordinated in right of payment to all secured debt of the Company to the extent of the value of the assets securing such debt and all debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines.

The Company expects the Net Offer proceeds from the CPs to amount to approximately PhP1,878,034,750.89. Such proceeds will be used by the Company to refinance existing debt of the company and finance working capital requirements. See “Use of Proceeds” on page 35. The Underwriter will receive 0.50% per annum of the aggregate value of the CPs issued. Such amount shall be inclusive of the underwriting and selling agency fees and shall be deductible from the gross proceeds of the Offering.

Cirtek Holdings was incorporated under the laws of the Republic of the Philippines on February 10, 2011 to invest in, purchase, or acquire personal property of every kind, including shares of stocks, bonds, debentures, notes, evidence of indebtedness, and other securities. It was listed in the Philippine Stock Exchange on November 18, 2011.

Prior to the listing, the Company had undergone a corporate reorganization on March 1, 2011 which includes an acquisition from Cirtek Holdings, Inc. (“CHI”) of 155,511,952 common shares of Cirtek Electronics International Corporation (“CEIC”), representing 100% of the outstanding capital stock of both companies. The above transaction was treated as a business combination of entities under common control and was accounted for similar to pooling-of-interests method.

Camerton Inc. (“Camerton”) is the immediate parent of CHPC, while Carmetheus Holdings, Inc. is the ultimate parent company of CHPC and its Subsidiaries (the “Group”).

CHPC, through its Subsidiaries Cirtek Electronics Corporation (“CEC”) and CEIC, is primarily engaged in two major activities: (1) the manufacture and sale of semiconductor packages as an independent subcontractor for outsourced semiconductor assembly, test and packaging services, and (2) the manufacture of value-added, highly integrated technology products. CEC provides turnkey solutions that include package design and development, wafer probing, wafer back grinding, assembly and packaging, final testing of semiconductor devices, and delivery and shipment to its customers’ end users. CEIC sells integrated circuits principally in the United States of America, and assigns the production of the same to CEC. In 2014, CEIC acquired Remec Broadband Wireless Inc. (“RBWI” or “REMEC”), renamed Cirtek Advanced Technologies and Solutions, Inc. (“CATS”), a manufacturer of value added,

highly integrated technology products. CATS offers complete “box build” turnkey manufacturing solutions to radio frequency, microwave and millimeterwave products used in the wireless industry such as telecommunication, satellite, aerospace and defense, and automotive wireless devices.

On July 28, 2017, the Parent Company’s Board of Directors approved the acquisition of Quintel and its subsidiaries for \$83.2 million. Quintel is a leading innovator of spectrum and space-efficient base station antennas for wireless networks. The Group believes that Quintel’s cutting edge research and development and product capabilities significantly add to and complement the Group’s growing portfolio in wireless communication, and is aligned with its business focus on high-growth portfolio in wireless communication, and is aligned with its business focus on high-growth market segments. Furthermore, being the strategic manufacturing partner of Quintel products places the Group in a unique situation to achieve significant synergies through value engineering, research and development collaboration as well as cost reduction, resulting in high-quality, reliable, and cost-competitive products.

On April 28, 2011, the Company’s Board approved an annual dividend payment ratio of approximately 30% of its consolidated net income from the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of dividends including, but not limited to, when the Company undertakes major projects and developments requiring substantial cash expenditures or when it is restricted from paying cash dividends by its loan covenants. The Company’s Board may, at any time, modify such dividend payout ratio depending upon the results of operations and future projects and plans of the Company.

The Subsidiaries have no defined dividend policy; nevertheless the Subsidiaries, in declaring and paying dividends, take into consideration the interests of their shareholders as well as their working capital, capital expenditures and debt servicing requirements, and tax regimes. Historically, the Subsidiaries have declared and paidup dividends to CHPC amounting to approximately 50% to 100% of their unrestricted retained earnings on an annual basis. See “*Dividend Policy*” on page 168.

Unless otherwise stated, all information contained in this Prospectus has been supplied by the Company. The Company, through its Board, having made all reasonable inquiries, accepts full responsibility for the information contained in this Prospectus and confirms that this Prospectus contains all material information with regard to the Company, its business and operations and the CPs, which as of the date of this Prospectus is material in the context of the Offer; that, to the best of its knowledge and belief as of the date hereof, the information contained in this Prospectus are true and correct and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held; and, that there are no other facts, the omission of which makes this Prospectus, as a whole or in part, misleading in any material respect. The delivery of this Prospectus shall not, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

Multinational Investment Bancorporation, the Issue Manager and Underwriter/Arranger, warrants that it has, to the best of its ability, exercised the level of due diligence required under existing regulations in ascertaining that all material information contained in this Prospectus are true and correct, and that to the best of its knowledge, no material information was omitted, which was necessary in order to make the statements contained in this Prospectus not misleading. Except for its failure to exercise the required due diligence, the Issue Manager and Underwriter / Arranger assumes no liability under existing rules and regulations, for any information supplied by the Company.

Market data and certain industry information used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither the Company nor the Issue Manager and Underwriter/Arranger makes any representation as to the accuracy and completeness of such information.

In making an investment decision, applicants are advised to carefully consider all the information contained in this Prospectus, including the following key points characterizing potential risks in an investment in the CPs:

Risks relating to the Company and its business

- Dependence on an industry that is characterized by rapid technological changes, such that it must be able to adapt to new technologies and be flexible to customer needs in order to remain competitive
- Risks relating to the contractual right of the customers of the Cirtek Group to place orders in quantities less than the agreed minimum and their requirement for the latter to maintain certain key certifications and meet technical audit standards
- Risks relating to working capital being tied up in inventories and inventory obsolescence
- Risks relating to delayed or non-payment of customers for products sold or services rendered
- Risks relating to the maintenance of governmental approvals
- Risks relating to the industry's dependence on the continued growth of outsourcing by OEMs
- Risks relating to the Company's exposure to the cyclical nature of the semiconductor industry
- Risks relating the competitive nature of the assembly and testing segment of the semiconductor industry
- Risks relating to the volatility in the price of raw materials and the availability of supply used by the Company in its production process
- Risks relating to intellectual properties
- Risks relating to foreign exchange
- Risks relating to industrial or labor disputes
- Risks relating to the separation of key employees with the Company
- Risk that the Company might fail to comply with its loan covenants which might reduce its ability to service its debt obligations

Risks Relating to Countries Where the Company Operates

- Business, political, operational, financial, and economic risks arising from the Company's operations in the Philippines and other jurisdictions
- Risks arising from environmental laws that are applicable to the Company's projects
- Risks due to political instability in these various jurisdictions
- Risks arising from territorial disputes involving the Philippines and its neighboring countries
- Macroeconomic risks in each country of operations
- Risks relating to the Company's international expansion and its operation in multiple jurisdictions
- Risks due to natural or man-made catastrophes including severe weather conditions and epidemics
- Risk relating to the COVID-19 pandemic

Risks Relating to the Commercial Papers

- Liquidity Risk – the Philippine securities markets are substantially smaller, less liquid and more concentrated than major securities markets
- Price Risk – the CPs market value moves (either up or down) depending on the change in interest rates
- Retention of Ratings Risk – there is no assurance that the rating of the CPs will be retained throughout the life of the CPs

For a more detailed discussion on the risks in investing, see section on “*Risk Factors*” beginning on page 23 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the CPs.

This Prospectus includes forward-looking statements. The Company has based these forward-looking statements largely on its current expectation and projections about future events and financial trends

affecting its business and operations. Words including, but not limited to “believe”, “may”, “will”, “estimates”, “continues”, “anticipates”, “intends”, “expects” and similar words are intended to identify forward-looking statements. In light of the risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances in this Prospectus may or may not occur. The Company’s actual results could differ significantly from those anticipated in the Company’s forward-looking statements.

The contents of this Prospectus are not to be considered as legal, business or tax advice. Each prospective purchaser of the CPs receiving a copy of this Prospectus acknowledges that he has not relied on the Issue Manager and Underwriter / Arranger or Selling Agents in his investigation of the accuracy of such information or his investment decision. Prospective purchasers should consult their own counsel, accountants or other advisors as to legal, tax, business, financial and related aspects of a purchase of the CPs.

The CPs are offered solely on the basis of the information contained and the representations made in this Prospectus. No dealer, salesman or other person has been authorized by the Company or by the Issue Manager and Underwriter / Arranger to issue any advertisement or to give any information or make any representation in connection with the Offer other than those contained in this Prospectus and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorized by the Company or by the Issue Manager and Underwriter / Arranger.

The laws of certain jurisdictions may restrict the distribution of this Prospectus and the offer and sale of the CPs. Persons into whose possession this Prospectus or any of the CPs come must inform themselves about, and observe any such restrictions. Neither the Company, the Issue Manager/Underwriter and the Selling Agents, nor any of its or their respective representatives are making any representation to any prospective purchaser of the CPs as to the legality of any investment in the CPs by such prospective purchaser under applicable legal investment or similar laws or regulations.

The Company is organized under the laws of the Republic of the Philippines. Its principal office is located at 116 East Main Avenue, Phase V-SEZ, Laguna Technopark, Biñan, Laguna, Philippines with telephone number 729-6205. Any inquiry regarding this Prospectus should be forwarded to the Company, or to Multinational Investment Bancorporation.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN ARE TRUE AND CURRENT.

CIRTEK HOLDINGS PHILIPPINES CORPORATION

By:


JORGE AGUILAR
Vice-Chairman and President

MAR 26 2021
MAKATI CITY

SUBSCRIBED AND SWORN to before me this _____th day _____ 2021 in _____ City, Philippines,
affiant _____ exhibiting _____ to _____ me _____ his Passport No. 307391456
_____ issued in Ministry of Affairs, China valid until 01 July 2023.

Doc. No 12;
Page No 4;
Book No 95
Series of 2021.

FELIPE T. TLEDAN JR.
Notary Public for and in Makati City
Until Dec. 31, 2022, Appt. No. M-09
Roll No. 27625, TIN 136897808
Rm. 412, 4th Flr. VGP Center, Ayala, Makati City,
2021 PTR No. M1a 9792919, 15/7/2020
IBP No. 119432, 06/17/2020
MCLE Compliance No. VI-0012066.

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GLOSSARY OF TERMS

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set forth below.

AOI	Automatic Optical Inspection
Application	the documents to purchase or subscribe to the Offer Shares
Articles	the Articles of Incorporation of the Company
Banking Day or Business Day	a day (except Saturdays, Sundays, and holidays) on which banks in the Philippines are open for business
BER	Bit Error Rate
BIR	Bureau of Internal Revenue
Board of Directors or Board	the Board of Directors of the Company
BOI	Board of Investments, the lead investments promotion agency of the Philippines
BOM or Bill of Materials	List of raw materials, sub-assemblies, intermediate assemblies, subcomponents, parts and the quantities of each needed to manufacture an end product
Box-Build	the electromechanical assembly process involving enclosure fabrication, installation of sub-assemblies and components, and installation and routing of cabling or wire harnesses
BPSK	Binary Phase Shift Keying
BSP	Bangko Sentral ng Pilipinas, the Central Bank of the Philippines
BVAL	Bloomberg Valuation benchmark reference rates as reported in the Bloomberg system
By-Laws	the By-Laws of the Company
CAGR	Compound annual growth rate
Camerton	Camerton, Inc., the principal shareholder of the Company
CATSI	Cirtek Advanced Technologies and Solutions, Inc.
Cayon	Cayon Holdings, Inc.
CEC	Cirtek Electronics Corporation, a Philippine company

CEIC	Cirtek Electronics International Corporation, a British Virgin Islands company
Charmview	Charmview Enterprises, Ltd. ,
CHI	Cirtek Holdings, Inc.
CHPC or Cirtek or Cirtek Group or Issuer or Company or TECH	Cirtek Holdings Philippines Corporation, a corporation incorporated in the Philippines; references to the Company include references to its Subsidiaries, unless the context otherwise requires
CLC	Cirtek Land Corporation
COA	Commission on Audit
Congress	the Congress of the Philippines, comprised by the House of Representatives and the Senate
Corporation Code	Republic Act No. 11232, otherwise known as "The Revised Corporation Code of the Philippines"
CP	The Commercial Papers, an evidence of indebtedness registered with the SEC and covered by the Permit to Offer Securities for Sale and Order of Registration issued by the SEC dated 12 February 2020
CP Holder	A purchaser of the CPs
CTT	code name for RBWI's 2nd generation radio (after MRI)
DDS	securities denominated in U.S. dollars which are listed and traded on the PSE
Debt-to-Equity Ratio	the Company's total bank borrowings divided by its total equity attributable to the equity holders of the Parent Company as described in the Consolidated Financial Statements included in this Prospectus
DENR	Department of Environment and Natural Resources
DENR-EMB	Department of Natural Resources, Environmental Management Bureau
DFN	Dual flat leadless package
Director(s)	the director(s) of the Company
DOLE	Department of Labor and Employment
EBITDA	earnings before interest, taxes, depreciation and amortization
ECC	Environmental Compliance Certificate

EDGE	Electronic Disclosure Technology	Generation
EIS	Environmental Impact Statement	
EMB	Environmental Management Bureau	
EMS	Electronics Manufacturing Services	
Government	the national government of the Republic of the Philippines	
GRT	Gross receipts tax	
IC	Integrated Circuits	
IDM	Integrated Device Manufacturer	
Initial Issuance	The first issuance of the Commercial Paper	
IPP	Investment Priorities Plan, an annual publication by the BOI that defines the areas of business that it intends to promote	
IRFU	Indoor Radio Frequency Unit	
IRRs	Implementing Rules and Regulations of the SRC, as amended	
ISO9001	the international standard that specifies requirements for a quality management system (QMS)	
ISO14001	the international standard that specifies requirements for environmental management system (EMS)	
Issue Manager and Underwriter/ Arranger	Multinational Investment Bancorporation	
LGU	Local Government Unit	
Listing Date	The date at which the CP shall be listed with PDEx	
LLDA	Laguna Lake Development Authority	
LMC	Labor Management Council	
MIC	Monolithic Integrated Circuit	
microwave	region of the electromagnetic spectrum which corresponds to radio band frequencies of 300 MHz to 300 GHz	
millimeter wave	region of the electromagnetic spectrum corresponds to radio band frequencies of 30 GHz to 300 GHz	
MPO	minimum public ownership	

MTBF	Mean Time Between Failure. It is a way of measuring how good an equipment is, usually in hours between failure.
NPI	New Product Information
ODFN	Optical Dual Flat No lead. It is a DFN package that uses clear or transparent mold compound.
ODM	Original Design Manufacturer
ODU	Out Door Unit
OEMs	Original Equipment Manufacturers
Offer	Up to Php2,000,000,000CPs
Offer Price	Discount to face value
OIPR	Outdoor Internet Protocol Radio
OSAT	Outsourced Semiconductor Assembly & Test
PCBA	Printed Circuit Board Assembly
PDEx	Philippine Dealing & Exchange Corp.
PDIP	Plastic Dual-In-Line Package
PDTC	Philippine Depository & Trust Corp.
Pesos, Philippine Pesos, ₱ and Philippine currency	the legal currency of the Republic of the Philippines
PEZA	Philippine Economic Zone Authority
PFRS	Philippine Financial Reporting Standards
Philhealth	Philippine Health Insurance Corporation
Philippine Constitution	also known as the 1987 Constitution, the supreme law of the Republic of the Philippines
Philippine Corporation Code	Republic Act No. 11232 also known as the Revised Corporation Code of 2019
PhilRatings	Philippine Ratings Services Corporation
PQFN	Power Quad Flat No leads
Principal Shareholder	Camerton, Inc.

Prospectus	This Prospectus together with all its annexes, appendices and amendments, if any
PSA	Philippine Standards on Auditing
PSE	The Philippine Stock Exchange, Inc.
PSRE	Philippine Standards on Review Engagements
QFN	Quad flat pack leadless package
QS9000	a company level certification based on quality system requirements related specifically to the automotive industry
Quintel	Quintel Cayman Ltd. and its subsidiaries, Quintel Technology Ltd. and Quintel USA, Inc.
Quintel Solutions	Quintel Technology Ltd. and Quintel USA, Inc.
R.A.	Republic Act, which refers to a statute enacted by the Senate or the House of Representatives
RBWI	REMEC Broadband Wireless International, Inc.
REMEC	REMEC Broadband Wireless Holdings, Inc.
RF	Radio frequency
SBFZ	Subic Bay Freeport Zone
SEC	The Philippine Securities and Exchange Commission
Senate	the Senate of the Philippines, one of the two branches of the Congress
CP	the CPs in the aggregate principal amount of up to PhP 2,000,000,000, which will be issued as Series D and E on 28 April 2021 and/or such other date(s) as determined by the Issuer upon notice to the SEC and anytime within three (3) years following the Registration Statement effectivity date, carrying a Discount Rate of 4.00% for Series D, and 4.25% for Series E, calculated on a true-discount basis and with a tenor of 182 days and 364 days, respectively
SOIC	Small-outline integrated circuit

SRC	R.A. No. 8799, also known as the Securities Regulation Code of the Philippines
SSS	the Republic of the Philippines' Social Security System
Subsequent Issuance	Issuances subsequent to the Initial Issuance
Subsidiaries	Cirtek Electronics Corporation, Cirtek Electronics International Corporation, Cirtek Advanced Technologies and Solutions, Inc. and/or Quintel
Term Deposit Facility or TDF	The Term Deposit Facility is a key liquidity absorption facility, commonly used by central banks for liquidity management. Due to the BSP's inability to issue its own debt instruments, the TDF will be tasked to withdraw a large part of the structural liquidity from the financial system to bring market rates closer to the BSP policy rate.
TS16949	the ISO technical specification aimed at the development of a quality management system that emphasizes defect prevention and the reduction of variation and waste in the automotive industry supply chain
TUV	TÜV SUD Philippines Inc.
TUV Product Safety Certification	certification by TUV indicating that a manufacturer's products have met applicable safety requirements and quality standards
UHA	Ultra High Availability
Underwriting Agreement	The agreement entered into by and between the Company and the Underwriter, indicating the terms and conditions of the Offer and providing that the Offer shall be underwritten by the Underwriter on a best efforts basis
US\$	U.S. Dollars, the lawful currency of the United States of America
VAT	Value Added Tax

EXECUTIVE SUMMARY

The following summary does not purport to be complete and is taken from and qualified in its entirety by the more detailed information including the Company's financial statements and notes relating thereto, appearing elsewhere in this Prospectus. For a discussion of certain matters that should be considered in evaluating any investment in the CPs, see the section entitled "Risk Factors" beginning on page 23 of this Prospectus.

Company Overview

Cirtek Holdings Philippines Corporation is a fully integrated global technology company focused on wireless communication. It is the holding company of Cirtek Electronics Corporation ("CEC") and Cirtek Electronics International Corporation ("CEIC"), (collectively the "Cirtek Group"). The Company's principal office is located at 116 East Main Avenue, Phase V-SEZ, Laguna Technopark, Biñan, Laguna.

Through its Subsidiaries, the Company is primarily engaged in three major activities:

- 1) The design, development, and delivery of the wireless industry's most advanced high-efficiency, high-performance antenna solutions;
- 2) The manufacture of value-added, highly integrated technology products; and
- 3) The manufacture and sales of semiconductor packages as an independent subcontractor for outsourced semiconductor assembly, test and packaging services

Quintel Solutions is a leading provider of advanced high-efficiency, high-performance antenna solutions for wireless cellular networks. Quintel is a pioneer of multi-port, multi-frequency wireless tower antennas. These antennas support more frequencies and deliver greater bandwidth, thereby improving customer experience and creating cost-efficiencies and quicker roll-out for mobile operators.

CEIC sells integrated circuits principally in the US and assigns the production of the same to CEC. CEIC acquired Remec Broadband Wireless Inc. ("RBWI") in July 30, 2014. RBWI, renamed to Cirtek Advanced Technologies and Solutions, Inc, ("CATSI"), is a proven Philippine-based manufacturer of value added, highly integrated technology products. CATSI offers complete "box build" turnkey manufacturing solutions to RF, microwave, and millimeterwave products used in the wireless industry such as telecommunications, satellite, aerospace and defense, and automotive wireless devices.

CEC provides turnkey solutions that include package design and development, wafer probing, wafer back grinding, assembly and packaging, final testing of semiconductor devices, and delivery and shipment to its customers' end users. CEC has over 64 regular customers spread out in Europe, the US and Asia.

Cirtek Delaware is a Delaware corporation which is wholly-owned by Cirtek Electronics International Corporation. Cirtek Delaware was established to implement the Agreement and Plan of Merger under which Quintel Cayman Ltd. will be a wholly- owned subsidiary of Cirtek Delaware.

Quintel Cayman Ltd is the holding corporation of Quintel Technology Limited and Quintel USA, Inc.

Quintel Technology Limited designs, develops, and delivers antenna solutions for the wireless industry in the United States and internationally. Quintel Technology Limited is based in Rochester, New York with additional offices in North America, Europe, and Asia.

Quintel USA, Inc. is a privately held company in Rochester, New York. Quintel USA, Inc. designs, develops and delivers advanced high-efficiency, high-performance antenna solutions that help mobile operators to increase efficiency, enhance quality-of-service, slash costs and accelerate returns.

The Philippine Branch is the extension of Cirtek Advanced Technologies and Solutions, Inc. ("CATSI"), a BVI company, in the Philippines. CATSI is wholly-owned by Cirtek Electronics International Corporation. CATSI, through its Philippine Branch is a proven Philippine-based manufacturer of value added, highly integrated technology products. CATSI offers complete "box build" turnkey manufacturing solutions to RF, microwave, and millimeterwave products used in the wireless industry such as telecommunication, satellite, aerospace and defense, and automotive wireless devices.

RBW Realty and Property, Inc. is a real estate developer located in Muntinlupa, Philippines.

Cirtek Business & Technology Solutions, Inc. was established to provide wireless infrastructure solutions to large Philippine enterprises using internally-manufactured multi-gigabit, millimeterwave, high capacity wireless backhaul and access technologies.

CHPC, through its Subsidiaries, harnesses more than 54 years of combined operating track record. The Company's products cover a wide range of applications and industries, including communications, consumer electronics, power devices, computing, automotive, and industrial.

All companies under Cirtek Holdings Philippines Corporation are wholly-owned.

Beginning in 1984 with only three customers, the Cirtek Group has significantly grown its customer base to over 70 major and regular customers across Europe, U.S. and Asia, with the bulk of revenues contributed by customers located in Europe and the U.S.

The Cirtek Group has built a strong reputation with its customers for its high-quality products, production flexibility, competitive costing, and capability to work with customers to develop application and customer specific packages. Members of the Cirtek Group have been accredited and certified by several international quality institutions, such as TÜD SÜD Management Service GmbH and Defense Supply Center of Columbus, for the latest quality system standards, which include ISO9001, ISO14001, and QS9000/TS16949.

The Company was listed on the PSE on November 18, 2011. On November 10, 2015, the Company had a follow on offering of common shares ("FOO") which was 1.5 times oversubscribed and raised ₱2.2 billion. The common shares subject to the FOO were listed on the PSE on the same day. Its market capitalization has grown by approximately two times from ₱1.1 billion in 2011 to ₱2.7 billion as of February 28, 2021.

In 2019, Cirtek Group's consolidated net sales were stable at US\$80 million from US\$88.7 million in 2017 while consolidated net income grew from US\$3.15 million to US\$8.42 million at a CAGR of 63.49%. As of 31 December 2019, the Cirtek Group had total consolidated assets of US\$289.5.8 million and total consolidated liabilities of US\$174.1million.

Corporate History

For more than three decades, the Company has provided turnkey solutions to its roster of clients who have remained loyal since the company's inception in 1984. The milestones charted by its Subsidiaries attest to this:

Cirtek Electronics Corporation

CEC was officially incorporated with the Securities and Exchange Commission on May 31, 1984, primarily to engage in the business as independent subcontractor for semiconductor assembly, test and packaging services.

CEC was registered as a Philippine Export Zone Authority (PEZA) company on March 24, 1998. As a registered PEZA enterprise, CEC is entitled to certain tax and non-tax incentives provided for in Republic Act No. 8748.

Cirtek Electronics International Corporation

CEIC was incorporated under the International Business Companies Act of the British Virgin Islands on April 4, 1995. CEIC primarily sells integrated circuits principally to the United States of America, and subcontracts the production of the same to CEC.

CEIC, through its acquisition of the production facility of Remec Broadband Wireless, Inc. ("RBWI") located in Carmelray Industrial Park 1, Laguna, manufactures complex systems and subsystems, modules and submodules, used in wireless communication and satellite applications,

RBWI, renamed to Cirtek Advanced Technologies and Solutions, Inc., ("CATSI"), is a PEZA-registered company which entitles it to tax and non-tax incentives

The Acquisition of the Quintel business

Last July 31, 2017, CHPC and Trillium International I, GP, as shareholder representative of Quintel Cayman, Ltd. ("Quintel Cayman") announced the signing of a definitive agreement under which CHPC, through its Subsidiaries, acquired 100% of Quintel, a leading provider of advanced high- efficiency, high performance antenna solutions. The acquisition immediately gave CHPC a significant presence in the large and rapidly growing base station antenna market, estimated to be more than US\$14 billion by 2020.

Established in 2002, Quintel designs, develops and delivers advanced high-efficiency, high performance antenna solutions that help mobile operators to increase efficiency, enhance quality-of service, slash costs and accelerate returns. Quintel's current customers are AT&T and Verizon, and large telecommunication corporations operating in North America and Puerto Rico. Quintel's world headquarters are located in Rochester, New York while the research and development office and sales offices are located in San Jose, California and Buckinghamshire, United Kingdom, respectively. The Rochester, New York and San Jose, California offices operate under Quintel USA, Inc. while the Buckinghamshire, United Kingdom entity operate under Quintel Technology, LTD.

The following are Quintel's antenna product lines:

1. MultiServ - Single Antenna - Multiple Frequency Bands

Under the MultiServ brand, Quintel sells Multi-Band/ Multi-Port Antennas which are designed to maximize site utilization without compromising site design and network optimization freedoms. This product offers independent tilt for different bands for different arrays while supporting up to 4x4 MIMO at high-bands. The technology of Multiserv also minimizes Passive Intermodulation interference and supports different access technologies (4G, LTE, 3G, 2G).

2. SONWav - Directional Antenna – Passive Real-Time Beamforming

Through its SONWav brand, Quintel provides Passive Real-Time Elevation Beamforming Antennas which increases throughput and spectral efficiency at low spectrum bands in a single slimline antenna. This product also offers route to double MIMO freedoms.

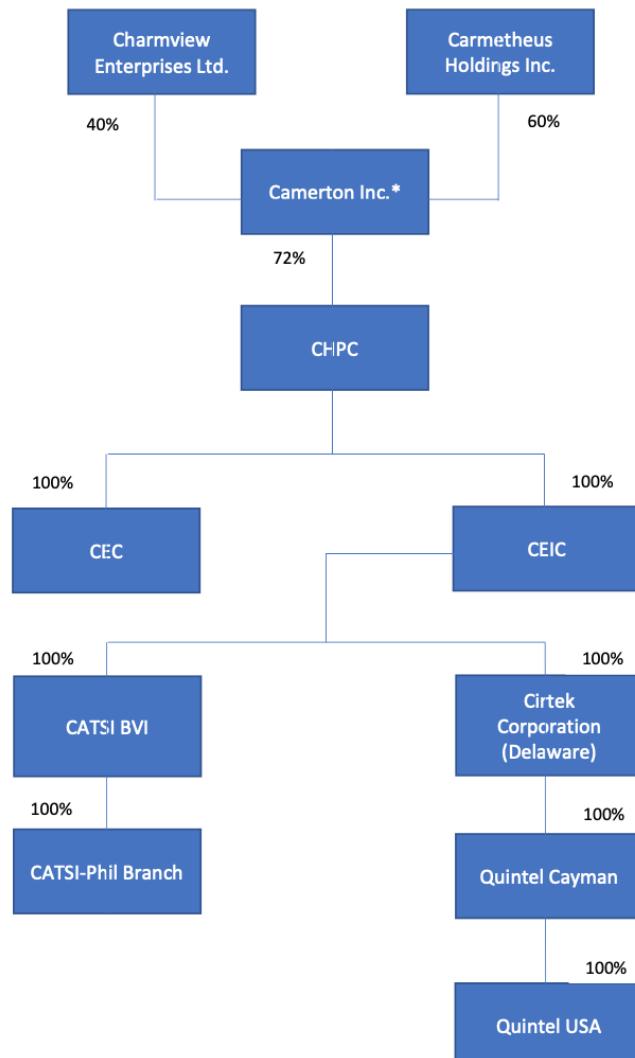
Quintel recently expanded its industry-leading MultiServ™ Slimline Antennas portfolio. In addition to the 12-Port Multiband Antenna, Quintel now has 10 Port antennas, both of which come in 4, 6 and 8 foot lengths. This latest Slimline Antenna utilizes the same 12"/300mm wide form factor that all Quintel antennas use providing the industry's only "One Size Fits All" portfolio of 6, 8, 10 and 12-Port antennas in the same single form factor.

The Company believes that Quintel's cutting edge R&D and product capabilities significantly add to and complement the Cirtek Group's growing portfolio in wireless communication, and is aligned with its business focus on high-growth market segments. Further, being the strategic manufacturing partner of Quintel products places the Company in a unique situation to achieve significant synergies through value engineering, research and development collaboration as well as cost reduction, resulting in high-quality, reliable and cost-competitive products.

Please refer to the section entitled "The Company" on page 53 for a more detailed discussion on the Quintel Acquisition.

Corporate Structure

The chart below sets out Cirtek Group's corporate structure as of 28 February 2021.



- * Camerton, Inc. owns 73.68% of the total subscribed shares (Common Shares, Preferred A Shares, and Preferred B Shares) of CHPC; 76.45% of the total voting shares (Common Shares and Preferred A Shares); 37.11% of the total outstanding Common Shares.

The public shareholders hold 21.31% of the total subscribed shares (Common Shares, Preferred A Shares, and Preferred B Shares) of CHPC; 17.93% of the total voting shares (Common Shares and Preferred A Shares); 47.89% of the total outstanding Common Shares.

Other stockholders (related parties; non-public) hold 5.00% of the total subscribed shares (Common Shares, Preferred A Shares, and Preferred B Shares) of CHPC; 5.62% of the total voting shares (Common Shares and Preferred A Shares); 15% of the total outstanding Common Shares.

Competitive Strengths

The Company believes that with its existing operations, it has strong leverage to exceed its competitors. Cirtek believes that its principal strengths are the following:

- Industry-leading Technology
- Reputation for High-Quality, Innovative Products
- Offers a Complete Range of Turnkey Solutions and Vertically Integrated Services
- Significant Proprietary IP
- Global and Diversified Customer Footprint
- Strong Financial Track Record
- Highly Experienced Management Team
- Proven Execution Track Record

Key Strategies

The Company's key strategies are designed to allow the Cirtek Group to achieve its mid-term and long-term goals through an efficient mix of organic growth through expanding product lines/ more sales teams and mergers and acquisitions. In line with this, shown below are the Company's key strategies for its strategic business units ("SBU").

For Quintel

- Expand to new geographic markets as the global market for multi-port, multi-frequency base station antennas is expanding rapidly
- Expand Cirtek / Quintel's product portfolio through new product introduction, licensing and white label branding
- Improvement in gross margin through lower BOM cost, more efficient outbound logistics, better yield and better quality

For CEC

- Focus on further expanding the semiconductor business
- Strengthen presence in high-growth market segments such as wireless communication, consumer electronics, automotive sectors
- Expand sales network in key markets such as Europe, US and Asia

For CATSI

- Consistent growth from RFM/Microwave/Millimeterwave Business by at least 20% year on year
- Expand customer base for RF/Microwave/Millimeterwave Business
- Acquisition of Remec Broadband Wireless International, Inc.

Risks of Investing

Before making an investment decision, investors should carefully consider the risks associated with an investment in the CPs. These risks include:

Risks relating to the Company and its business

- Dependence on an industry that is characterized by rapid technological changes, such that it must be able to adapt to new technologies and be flexible to customer needs in order to remain competitive

- Risks relating to the contractual right of the customers of the Cirtek Group to place orders in quantities less than the agreed minimum and their requirement for the latter to maintain certain key certifications and meet technical audit standards.
- Risks relating to working capital being tied up in inventories and inventory obsolescence
- Risks relating to delayed or non-payment of customers for products sold or services rendered
- Risks relating to the maintenance of governmental approvals
- Risks relating to the industry's dependence on the continued growth of outsourcing by OEMs
- Risks relating to the Company's exposure to the cyclical nature of the semiconductor industry
- Risks relating the competitive nature of the assembly and testing segment of the semiconductor industry
- Risks relating to the volatility in the price of raw materials and the availability of supply used by the Company in its production process
- Risks relating to intellectual properties
- Risks relating to foreign exchange
- Risks relating to industrial or labor disputes
- Risks relating to the separation of key employees with the Company

Risks Relating to Countries Where the Company Operates

- Business, political, operational, financial, and economic risks arising from the Company's operations in the Philippines and other jurisdictions
- Risks arising from environmental laws that are applicable to the Company's projects
- Risks due to political instability in these various jurisdictions
- Risks arising from territorial disputes involving the Philippines and its neighboring countries
- Macroeconomic risks from each country of operations
- Risks relating to the Company's international expansion and its operation in multiple jurisdictions
- Risks due to natural or man-made catastrophes including severe weather conditions and epidemics, including the COVID-19 pandemic.

Risks Relating to the Commercial Papers

- Liquidity Risk – the Philippine securities markets are substantially smaller, less liquid and more concentrated than major securities markets
- Price Risk – the CPs market value moves (either up or down) depending on the change in interest rates
- Retention of Ratings Risk – there is no assurance that the rating of the CPs will be retained throughout the life of the CPs

Please refer to the section entitled "Risk Factors" beginning on page 23 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the CPs.

CORPORATE INFORMATION

The Company's principal place of business is at 116 East Main Avenue, Phase V-SEZ, Laguna Technopark, Biñan, Laguna, Philippines with telephone number 830-8000. The information and prospectus of the Company may be obtained at <http://www.cirtekholdings.com> and at <http://www.cirtekholdings.com/content/investor-relations/reports--latest-disclosures/>, respectively.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

The selected financial information set forth in the following table has been derived from the Company's consolidated, reviewed financial statements for the nine-month period ended September 30, 2020 and consolidated, audited financial statements for the fiscal years ended December 31, 2019, 2018, and 2017. These should be read in conjunction with the auditors' reports, the Company's consolidated financial statements including the notes thereto included elsewhere in this Prospectus, the section entitled "Management's Discussion & Analysis of Financial Conditions and Results of Operations", and other financial information included herein.

The consolidated financial statements as of December 31, 2019 were audited by R.S. Bernaldo & Associates ("RSBA") while the consolidated financial statements as of December 31 2018 and 2017 were audited by SyCip Gorres Velayo & Co. ("SGV") a member practice of Ernst & Young Global, all in accordance with Philippine Financial Reporting Standards ("PFRS").

The summary financial information set out below does not purport to project the results of operations or financial condition of the Company for any future period or date. All figures are in thousands of US\$ except per share figures and where otherwise indicated.

Income Statement Data	For the nine-months ended		For the years ended December 31	
	Sep. 30, 2020	2019	2018	2017
	<i>Reviewed</i>	<i>Audited</i>	<i>Audited</i>	<i>Restated</i>
Revenue from Contracts with Customers	59,522	80,119	106,475	88,710
Cost of Sales	(44,375)	(57,091)	(84,624)	(70,430)
Gross Profit	15,147	23,028	21,850	18,279
Operating Expenses	7,364	(9,845)	(15,587)	(12,214)
Financial Income (Expenses)	(4,473)	(4,852)	(4,805)	(3,320)
Other Income	437	481	8,328	506
Income Before Income Tax	3,747	8,812	9,786	3,251
Provision for Income Tax	123	390	1,452	101
Net Income	3,624	8,422	8,334	3,150
Discontinued Operation	-	13,730	-	-
Other Comprehensive Income that will not be reclassified subsequently to profit or loss	-	349	215	156
Other Comprehensive Income that will be reclassified subsequently to profit or loss	-	(2,454)	-	-
Total Comprehensive Income	3,624	20,047	8,549	3,306
Basic/Diluted Earnings Per Share	\$0.0013	\$0.011	\$0.011	\$0.008

The financial statements of the Company reflect the consolidation of RBWRP, a company which is 40% indirectly owned by TECH with the balance of 60% owned by RCBC Trust account #39-040-2, a retirement trust fund for the employees of CATSI BVI.

The bases of the consolidation revolve around the following, which are compliant under PFRS 10 Appendix A and PAS 24 accounting standards.

- CATSI BVI has 60% indirect ownership over RBWRP through the Retirement Trust Fund having 60% ownership over RBWRP.
- CATSI BVI has 40% indirect ownership over RBWRP through CATSI- Philippine Branch having 40% ownership over RBWRP.
- CATSI BVI is a wholly-owned subsidiary of CEIC, which is also a wholly-owned subsidiary of CHPC.

PFRS 10 Appendix A defines a subsidiary as an entity that is controlled by another entity. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

PAS 24 Related Party Disclosures Paragraph 9(b)(V) states that an entity is related to a reporting entity if the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity itself such a plan, the sponsoring employers are also related to the reporting entity.

Balance Sheet Data	For the nine-months ended		As at the years ended December 31					
	Sep. 30, 2020		2019 Reviewed	2018 Audited	2017 Restated			
	2019 Audited	2018 Audited						
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents	10,229	15,355	17,443	37,223				
Trade and other receivables	61,356	43,750	14,726	13,035				
Inventories	49,669	36,841	28,303	38,997				
Amounts owed by related parties	6,211	22,974	57,005	50,384				
Other current assets	8,259	4,138	2,618	2,523				
Assets held for sale	10,605	10,605	-	-				
Noncurrent assets held for sale	-	-	-	11,409				
Total Current Assets	146,330	133,663	120,094	153,571				
NON-CURRENT ASSETS								
Available-for-sale financial asset	-	-	-	1,667				
Other financial asset at amortized cost	456	459	470	-				
Held-to-maturity investment	-	-	-	481				
Investment properties	-	-	10,605	-				
Property, plant, and equipment	42,212	36,739	38,161	31,294				
– net								
Intangible assets – net	94,625	94,320	93,084	92,856				
Right-of-use asset – net	237	491						
Deferred income tax assets – net	257	257	205	207				
Other noncurrent assets	5,392	902	1,951	2,002				
Total Non-current Assets	143,179	133,168	144,475	128,508				
TOTAL ASSETS	289,509	266,831	264,569	282,078				
LIABILITIES AND EQUITY								
LIABILITIES								
CURRENT LIABILITIES								
Trade and other payables	25,789	17,620	16,811	39,999				
Short-term loans	82,612	64,700	53,710	64,040				
Current portion of long-term debt	23,109	9,651	11,046	4,253				
Amounts owed to related parties	607	566	601	543				
Dividend payable	21	21	21	-				
Lease liabilities – current portion	92	330	-	-				
Deposit for future stock subscription	189	189	-	-				
Income tax payable	34	298	459	235				
Total Current Liabilities	132,452	93,375	82,647	109,070				
NON-CURRENT LIABILITIES								
Long-term debt – net of current portion	35,317	52,830	62,301	33,625				
Lease liabilities – net of current portion	163	163	-	-				
Deposit for future stock subscriptions	-	-	189	-				
Retirement benefit obligation	2,144	2,055	1,555	1,890				
Deferred income tax liabilities – net	3,974	4,141	4,091	3,510				

Total Non-current Liabilities	41,598	59,189	68,136	39,025
TOTAL LIABILITIES	152,563	150,783	148,095	
EQUITY				
Common stock	9,594	9,594	9,594	9,594
Preferred stock	2,616	2,616	2,616	2,037
Additional paid-in capital	100,470	100,470	100,470	100,470
Equity reserve	4,030	4,030	4,030	4,030
Other comprehensive income (loss)	(907)	(907)	(1,256)	196
Retained earnings	26,301	26,218	25,145	24,673
Parent company shares held by a subsidiary	(26,646)	(27,753)	(26,813)	(7,017)
Total Equity	115,459	114,268	113,786	133,983
TOTAL LIABILITIES AND EQUITY	289,509	266,831	264,569	282,078

The table below sets forth the comparative performance indicators of the Company and its Subsidiaries:

<i>Amounts in thousand US\$, except ratios, and where indicated</i>	2019 Full year	2018 Full year	2017 Full year
EBITDA	19,661	20,452	10,697
EBITDA Margin	25%	19%	12%
Sales Growth	(22%)	20%	19%
Current Ratio (x)	1.43x	1.45x	1.41x
Earnings per share (US\$)	0.011	0.011	0.008

Note: Earnings per Share were calculated using CHPC's average outstanding common shares for the years 2019, 2018, and 2017.

THE OFFER

The following do not purport to be a complete listing of all the rights, obligations and privileges of the CPs. Some rights, obligations or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective note holders are enjoined to perform their own independent investigation and analysis of the Issuer and the Commercial Papers. Each prospective note holder must rely on its own appraisal of the Issuer and the proposed financing and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to participate in the proposed financing and must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective note holder's independent evaluation and analysis.

The following overview should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Prospectus. This overview may not contain all of the information that prospective investors should consider before deciding to invest in the CP. Accordingly, any decision by a prospective investor to invest in the CPs should be based on a consideration of this Prospectus as a whole, which provides the material rights, obligations and privileges of a CP Holder. Should there be any inconsistency between the summary below and the final documentation, the final documentation shall prevail.

The following are the terms and conditions of the Offer for the Initial Issuance of the CPs:

Issuer	Cirtek Holdings Philippines Corporation
Issue Manager and Underwriter/	Multinational Investment Bancorporation
Arranger	
Market Maker	Multinational Investment Bancorporation
Instrument	Registered Commercial Paper
Issue Size	Up to Two Billion Pesos to be issued in one lump sum or in tranches, at the determination of the Issuer in consultation with the Issue Manager and Underwriter/Arranger.
Use of Proceeds	The Company intends to use the proceeds from the Offer to refinance existing debt, and to finance working capital requirements. They will use the net proceeds of the Offer (a) to refinance existing debt in 2021, (b) to finance working capital of Quintel, and (c) to finance working capital of CEC and CATSI.
Tenor / Initial Issuance	The tenor of the initial issuance shall be as follows:
	Series D: One Hundred Eighty Two (182) days from Issue Date

	Series E: Three Hundred Sixty Four (364) days from Issue Date
Denomination	<p>For Series D:</p> <p>Minimum of Pesos: Five Million (Php5,000,000.00) face value and increments of Pesos: One Hundred Thousand (Php100,000.00)</p>
	For Series E:
	Minimum of Pesos: Five Hundred Thousand (Php500,000.00) face value and increments of Pesos: One Hundred Thousand (Php100,000.00)
Issue Price	Discount to Face Value
Issue Date	28 April 2021 and/or such other date(s) as determined by the Issuer upon notice to the SEC and anytime within three (3) years following the Registration Statement effectivity date.
Discount Rate for Initial Issuance	<p>For Series D: 4.00%</p> <p>For Series E: 4.25%</p>
Discount Rate for Subsequent Issuance/s	The discount rate for the subsequent issuance/s shall be set by the Issuer in consultation with the Arranger which may be determined based on the corresponding Benchmark Rate plus Spread
Minimum Denomination for Secondary Trading	: Minimum of Pesos: One Hundred Thousand (Php 100,000) face value and increments of Pesos: Ten Thousand (Php 10,000)
Benchmark Rate	<p>The higher of the three-day average PHP BVAL benchmark rate of the corresponding tenor or the closest tenor of the Term Deposit Facility of the Bangko Sentral ng Pilipinas of its successor benchmark.</p> <p>The corresponding benchmark rates are as follows:</p> <p>Series D: PHP BVAL 6M, or its successor benchmark rate</p> <p>Series E: PHP BVAL 12M, or its successor benchmark rate</p>
Tenor of Subsequent Issuance/s	The tenor of succeeding issues may range from thirty (30) days up to the maximum tenor allowed by the SEC under the relevant provisions of the Securities Regulation Code (SRC)

Interest Computation	The Interest / Discount Rate and Rollover Interest / Discount Rate will be calculated on a true-discount basis
Principal Repayment	<p>The principal amount of the CPs will be repaid in full on their respective Maturity Dates, unless the investor provides written instruction to rollover the entire amount or a portion thereof.</p> <p>If such principal repayment is due on a day that is not a business day, the principal repayment date shall be made on the immediately succeeding business day. No additional interest will be paid in such case.</p>
Status	The CPs will constitute direct, unconditional, unsubordinated, general and unsecured obligations of the Issuer ranking at least pari passu in all respects and without preference or priority (except for any statutory preference or priority applicable in the winding-up of the Issuer) with all other outstanding unsecured and unsubordinated obligations (contingent or otherwise, present and future) of the Issuer.
Form	The CPs shall be issued scripless and will be maintained in electronic form with the Registrar to be appointed for the purpose
Taxation	<p>Interest paid on the CPs shall be subject to a 20% final withholding tax.</p> <p>A CP Holder who is exempt from or is not subject to the aforesaid withholding tax shall be required to submit a tax exemption certificate and other applicable documents.</p>
Registrar	Philippine Depository & Trust Corp.
Paying Agent	Philippine Depository & Trust Corp.
Facility Agent	AB Capital and Investment Corp.
Secondary Trading	The CPs are intended to be listed at the Philippine Dealing & Exchange Corp. (PDEx) for secondary trading of the CPs and upon such listing, all secondary trading may be coursed through eligible PDEx Trading Participants.
Manner of Purchase	The CPs will be available for sale from the Underwriter / Arranger and Selling Agents, if any, subject to minimum purchase amount

	and denomination.
Acceptance / Rejection of the Application	: The Issuer and the Issue Manager and Underwriter / Arranger reserve the right to accept or reject any application for the CPs. In case of over-subscription, the Issuer and the Issue Manager and Underwriter / Arranger reserve the right to allocate the CPs available to the investors in a manner they deem appropriate.
Delivery of CP	: Delivery of the CPs will be made upon full payment of the Offer Price to the Underwriter / Arranger and/or Selling Agents
Liabilities	: The Company as the Issuer is liable and responsible for any and all obligations arising from the sale of the CPs as provided under pertinent sections of the Negotiable Instruments Law, the SRC and applicable laws of the Philippines as well as in the Underwriting Agreement and related agreements. In addition, the Issuer is responsible for complying with all reportorial requirements of the SEC in connection with the issuance of the CPs.
Credit Rating	: PRS A (corp.) with a Stable Outlook
Security	: Negative pledge on the Company's existing and future assets, except (i) to secure statutory obligations, (ii) to enable the Company to continue to enter into its usual transactions in the ordinary course of business, (iii) those imposed by law or arising out of pledges or deposits under workmen's compensation laws or other social security or retirement benefits or similar legislation, and (iv) those created for the purpose of paying current taxes, assessments or other governmental charges which are not delinquent or remain payable without any penalty, or the validity of which is contested in good faith by appropriate proceedings upon stay of execution of the enforcement thereof.
Cross Default	: The Company shall be considered to be in default in case the Company fails to pay or defaults in the payment of any installment of the principal or interest relative to, or fails to comply with or to perform, any other obligation, or commits a breach or violation of any of the terms, conditions or stipulations, of any agreement, contract or document with any persons to which the Company is a party or privy, whether

executed prior to or after the date hereof, or under which the Company has agreed to act as guarantor, surety or accommodation party, which, under the terms of such agreement, contract, document, guaranty or suretyship, including any agreement similar or analogous thereto, shall constitute a default thereunder after allowing for all applicable grace periods. No default will occur under this clause if the aggregate amount the Company fails to pay is less than Php 35 million (or its equivalent in any other currency or currencies).

Other Terms and Conditions	:	<p>The CPs will not be convertible to any other security or equity of the Issuer.</p> <p>The Issuer will not set up any sinking fund for the redemption of the CPs.</p> <p>Substitution of the CP with another type of security will not be permitted.</p> <p>Other terms and conditions as may be agreed upon among the Issuer, Issue Manager and Underwriter/Arranger.</p>
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RISK FACTORS

GENERAL RISK WARNING

The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance.

There is an extra risk of losing money when securities are issued by smaller companies. There may be a big difference between the buying price and the selling price of these securities.

Investors deal in a range of investments each of which may carry a different level of risk.

PRUDENCE REQUIRED

The risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. Investors should undertake independent research and study on the trading of these securities before commencing any trading activity. Investors may request publicly-available information on the CPs and the Company from the SEC and PDEx.

PROFESSIONAL ADVICE

An investor should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially high risk securities.

RISK FACTORS

An investment in the CPs described in this Prospectus involves a certain degree of risk. A prospective purchaser of the CPs should carefully consider the following factors, in addition to the other information contained in this Prospectus, in deciding whether to invest in the CPs. This Prospectus contains forward-looking statements that involve risks and uncertainties. CHPC adopts what it considers conservative financial and operational controls and policies to manage its business risks. The Company's actual results may differ significantly from the results discussed in this Prospectus. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of CHPC, in particular, and those that pertain to the over-all political, economic, and business environment, in general. These risk factors and the manner by which these risks shall be managed are presented below. The risk factors discussed in this section are of equal importance and are only separated into categories for easy reference.

Investors should carefully consider all the information contained in this Prospectus including the risk factors described below, before deciding to invest in the CPs. The Company's business, financial condition and results of operations could be materially adversely affected by any of these risk factors.

RISKS RELATING TO THE COMPANY'S BUSINESS

The Cirtek Group's business is highly dependent on an industry that is characterized by rapid technological changes, such that it must be able to adapt to new technologies and be flexible to customer needs in order to remain competitive.

The pace of innovation in the electronics and communications industries is high. In order to remain competitive, the Cirtek Group must adapt to new technologies required by their customers. They must have the engineering capability for product development to meet their clients' needs.

The demand for the Company's solutions is derived from the demand of end customers particularly for end-use applications in the computing, communications, consumer automotive, and industrial electronics industries. These industries have historically been characterized by rapid technological

change, evolving industry standards, and changing customer needs. There can be no assurance that the Company will be successful in responding to these industry demands. New services or technologies may also render the Company's existing services or technologies less competitive. If the Company does not promptly make measures to respond to technological developments and industry standard changes, the eventual integration of new technology or industry standards or the eventual upgrading of its facilities and production capabilities may require substantial time, effort, and capital investment.

Thus, the Cirtek Group is focused on continuous R&D, new product development, technical innovation and re-engineering. This is done to ensure a strong and consistent pipeline of new products, enhance process capability and to reduce production cost. They have successfully collaborated with their customers in a number of projects, co-developing new technologies that are customer specific, thereby ensuring long-term partnership with customers.

The Cirtek Group develops its own technology and product roadmaps. The Cirtek Group ensures that it has the skills necessary to meet its customers' needs through training and hiring.

Some of the Cirtek Group's customers have the contractual right to place orders in quantities less than the agreed minimum. The customers also require that the latter maintain certain key certifications and meet technical audit standards in order to be an accredited assembly and testing subcontractor.

The Company is required to maintain certain certifications, which include among others, ISO9001, ISO14001, QS9000/TS16949 and Defense Supply Center of Columbus. In addition, the Company must pass annual audits conducted by its customers, in order to maintain its status as an accredited assembly and testing subcontractor. The failure by the Company to maintain any of its key accreditations could have a material adverse effect on the Cirtek Group's financial condition, or results of operation.

The Company has managed to consistently obtain all customary international accreditations certifying to its world-class standards of process and manufacturing from quality institutions such as TUV and Defense Supply Center of Columbus. This allows it to meet various industry requirements and standards. The Company continually monitors industry requirements and standards issued by applicable international accreditation bodies and implements the changes or adjustments necessary to remain compliant with the levels of standard imposed on competitive industry members.

The Company may be exposed to risk of inventory obsolescence and working capital tied up in inventories.

The Company may be exposed to a risk of inventory obsolescence because of rapidly changing technology and customer requirements. Inventory obsolescence may require it to make adjustments to write down inventory to the lower of cost or net realizable value, and its operating results could be adversely affected. The Company is cognizant of these risks and accordingly exercises due diligence in materials planning. The Company also makes provisions in its inventory systems and planning for a reasonable amount for obsolescence. It works with key suppliers to establish supplier-managed inventory arrangements that will mutually reduce the risk. In addition, the Company often negotiates buy back arrangements with customers where, in the event the customers' purchase orders are delayed, canceled, or enter in the end-of-life phase, the customers assumes the risk and compensates the Company for the excess inventory.

The Cirtek Group may be exposed to liquidity risk from delayed payments of customers, as well as credit risks on its receivables from clients.

The Cirtek Group may encounter difficulty with cash inflows due to delayed payments of customers, which in turn may affect its working capital cycle.

The Company is also exposed to credit risk if its customers are unable to fully settle amounts due for services and products delivered, as well as other claims owed to the Company.

That said, the Company believes it has been highly efficient in its collection of accounts receivables. It likewise believes it has a solid financial position which should mitigate liquidity risk that may result from delayed payment of customers.

Meanwhile, credit risk is managed in accordance with the Company's credit risk policy, which requires the evaluation of the creditworthiness of each customer. Cirtek requires new customers to undergo an initial evaluation period of six months and to pay cash upon delivery of products or services during this period. Existing customers are given a credit term of between 30 to 45 days, which the Company strictly implements.

The Company carries out the necessary due diligence customary for the business prior to booking orders from new customers, and it also strictly enforces its collection policies to all customers. The Company has not made any significant write-off of receivables in its operating history.

CEC and CATSI are required to maintain governmental approvals

Aside from other reportorial requirements to which all corporations are generally subject, the Subsidiaries, as PEZA-registered entities are required to submit certain periodic reports to PEZA such as annual reports, quarterly reports, and audited financial statements. They are also required to submit quarterly, semi-annual, and annual reports to the Department of Energy and Natural Resources as part of its Environmental Compliance Certificate requirements. CEC's and CATSI's failure to comply with these reports and with any other requirements or regulations of these government agencies could expose them to penalties and the revocation of the registrations and permits.

CEC and CATSI ensure compliance with these requirements by assigning dedicated personnel to monitor, prepare the necessary filings, and liaise with the relevant government agencies.

The Company's industry is dependent on the continuous growth of outsourcing by OEMs

The Company belongs to an industry that is dependent on the strong and continuous growth of outsourcing in the computing, communications, consumer automotive, and industrial electronics industries where customers choose to outsource production of certain components and parts, as well as functions in the production process. A customer's decision to outsource is affected by its ability and capacity for internal manufacturing and the competitive advantages of outsourcing.

The Company's industry depends on the continuing trend of increased outsourcing by its customers. Future growth in its revenue depends on new outsourcing opportunities in which the Company assumes additional manufacturing and supply chain management responsibilities from its customers. To the extent that these opportunities do not materialize, either because the customers decide to perform these functions internally or because they use other providers of these services, the Company's future growth could be limited.

The Company believes that its global footprint, with sales reach in Asia, Europe, the U.S., Africa, and South America¹, its global supply chain systems and capabilities, and its design services will continue to provide strategic advantages for customers to outsource parts of their product development and manufacturing processes to the Company.

The RF, Microwave and Millimeterwave segment of the wireless communication industry is competitive and characterized by rapid technological changes.

The Company operates in a highly competitive industry. As a result of the rapid technological changes, regulation and changing customer needs, there can be no assurance that the Company will be successful in responding to these industry demands.

The Company offers full turnkey solutions at very competitive price points. The Company also has unique and strong manufacturing capabilities to build components, modules, up to system level.

To mitigate this risk, the Company has diversified to have its own product to lessen its dependency on outsourcing and is committed to grow this part of the business.

¹ All of Cirtek Group's invoiced customers are based in three main regions, namely, Asia, Europe, and the United States. These customers deploy Cirtek's products to other regions such as Africa and South America.

The Company is at an advantage with the growing trade tensions between the US and China as an avenue of opportunity opens up as an alternative choice for traders to consider.

The Company is exposed to the cyclical nature of the semiconductor industry

The semiconductor industry's growth is largely driven by end markets in communications, data processing, consumer electronics, the automotive industry, and the industrial sector for which semiconductors are critical components. The industry has historically been cyclical, and affected by economic downturns. The Company currently derives 39% of its sales and operating profits from the assembly and testing services it provides other semiconductor companies worldwide. During periods of weak demand or excess capacity, the Cirtek Group's customers may opt not to continue with, or cancel, existing orders. These events would have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Cirtek Group continually monitors its direct costs such as raw materials, spare parts, and direct and indirect labor. Customers provide order forecasts that enable the Company to properly plan direct material purchases. The Cirtek Group has also implemented an internal reporting system, which allows senior management to monitor profitability for each of the products on a weekly basis. The Cirtek Group believes that these measures allow it to respond quickly and make the necessary adjustments, which have proven crucial in maintaining its competitiveness.

In addition, the products have diverse end-user applications in different industries, which allow it to cope with upswings and downswings in demand. Customers are also geographically dispersed among Europe, U.S. and Asia. Thus, because of this diversity, the Cirtek Group is not dependent on a single market. In 2019, 51% of Cirtek Group's revenue came from the U.S., 19% from Europe, and 30% from Asia.

Significant competition in the assembly and testing segment of the semiconductor industry could adversely affect the Company's business.

The assembly and testing segment of the semiconductor industry is highly competitive. Cirtek competes with both local and foreign firms to provide these back-end processes to semiconductor manufacturers. The Company's competitors include Integrated Device Manufacturers ("IDM") with their own in-house assembly and testing capabilities, and similar independent semiconductor assembly and test subcontractors. In order to remain competitive, the Company has to price its services and products reasonably, as well as maintain the quality in its manufacturing processes and deliver its products on a timely basis. Discussion on the Company's competitors is found in the "Subsidiaries" section on page 61 of this Prospectus. A discussion on the semiconductor industry is also found in the "Industry Overview and Competitive Overview" section on page 47 of this Prospectus.

The Company has in place, strict procedures to ensure the quality of its products. Through the Quality Assurance division of its subsidiary CEC, the Company ascertains its processes and products are compliant with its client's requirements, and conducts regular audits of manufacturing procedures. The Company has a dedicated and experienced management team that understands the industry's requirements and technology trends that allows the Company to be highly competitive. At least 65% of the Company's product portfolio pertain to customer specific applications, which cannot be easily replicated by competitors. Moreover, accreditation of a qualified supplier normally takes a minimum of nine months. Hence, once its requirements are met, it is not easy for a customer to transfer to a competitor.

As a PEZA-registered entity, CEC enjoys certain incentives like preferential 5% gross income tax, duty free importation of materials, and reduced power rate vis-a-vis non-registered entities which enables it to price its products competitively. It likewise continually monitors its direct costs such as raw materials, spare parts, and direct and indirect labor.

The volatility in the price of raw materials and the availability of supply used by the Company in its production process could affect its profitability.

A significant increase in the price of or a significant reduction in the supply of raw materials could adversely affect the cost of sales and other expenses. For certain products, raw materials such as gold and copper can account for up to 40% of cost of goods sold.

While these risks are uncontrollable, the Company's practice has been to bill its customers for any price adjustments whenever the cost of direct materials such as gold increases. In order to ascertain access to raw materials at all times, the Company as a policy, maintains at least three to four suppliers for each of the raw materials it uses for production. The Company also has clients who provide certain raw materials to them for exclusive use in these client's products, which serve to reduce the production costs.

Customers are required to submit order forecasts ranging from three to six months, which the Company uses to project its supply requirements.

The Company may be exposed to risks related to intellectual property

The Company, has an intellectual property ("IP") portfolio mainly lodged with Quintel. On the other hand, as the Company is also subcontracted for the manufacturing of technology products and semiconductor packages, it also constantly deals with its customers' IPs. In most cases, the design for the technology products manufactured by the Company originates from its customers. These design materials from the Company's customers may be patented, or may have their patents pending.

As such, in the Company's dealing with its own and its customers' IPs such as patents or copyrights, there is a risk that the Company's or its customers' IPs may be leaked or be the subject of infringement by the Company's employees or third parties with access to the IPs. The Company's failure to protect its own or its customers' IPs may expose it to legal liability, reputational risk, loss of business to competition or damage the Company's customer relationships and affect its ability to obtain future business.

To mitigate the risk, the Company adheres to a strict risk management process, which encompasses IP risk assessment and mitigation. The Company's manufacturing process is also stringent, in that, each step in the manufacturing process is closely overseen to prevent any leakage of IP material. As an example, Cirtek-employed engineers are stationed in the China CM factory to do surveillance of Antenna manufacturing and other related activities to protect from any leakage the designs and specifications of Quintel's antennas. Moreover, those assigned to the manufacturing process only cover a specific portion of the entire process, to ensure that only a limited number of key employees are aware of the complete process or design.

As of the date of this Prospectus, there has been no intellectual property claim or disputes involving the Company or between the Company and its customers.

The Company is exposed to foreign exchange risk

The Company uses the US\$ as its functional currency and is therefore exposed to foreign exchange movements, primarily in the Philippine Peso currency. Its expenses denominated in Philippine Peso are local expenses such as labor, utilities, and local content and comprise around 40% of the Company's total expense.

The Company follows a policy to manage its currency risk by closely monitoring its cash flow position and by providing forecast on all other exposures in non-US\$ currencies. To further manage foreign exchange risk, the Company from time to time enters into currency swaps and forward contracts.

The Company is exposed to the risk of industrial or labor disputes

The Company has maintained a harmonious relationship between management and staff. Cirtek provides employee benefits and complies with labor standards. The Company is not unionized; however, to foster better employee-management relations, there is a labor management council composed of committees with representatives from both labor and management. Labor management councils are established to enable the workers to participate in policy and decision-making processes, in so far as said processes will directly affect their rights, benefits and welfare. The scope of the

council/committee's functions consists of information sharing, discussion, consultation, formulation, or establishment of programs or projects affecting the employees in general or the management.

The Group engages subcontractors whose direct employees (603 employees as of February 28, 2021) perform specific services or certain aspects of the outsourced manufacturing process. Such arrangements involve a "trilateral relationship" among: (i) the Group, as the principal who decides to farm out the job, work or service to a contractor; (ii) the contractor who has the capacity to independently undertake the performance of the service; and (iii) the contractual workers engaged by the contractor to accomplish the job, work, or service for the Group.

Under the Labor Code of the Philippines, the Cirtek Group, as principal in the contracting relationship, is liable as an indirect employer to the contractual employees, in the same manner and extent that it is liable to its own employees. Such liability is to the extent of the work performed under the contract and arises when the contractor fails to pay the wages of its employees or violates any provision of the Labor Code. The principal can then seek reimbursement from the contractor/agency.

To date, there are no pending labor-related claims filed by any contractual employee against any member of the Group.

The Cirtek Group nevertheless continues to be exposed to the risk of industrial or labor disputes. The occurrence of such events could have a material adverse effect on the Company's business, financial condition, or results of operation. Regardless of the outcome, these disputes may lead to legal or other proceedings and may result in substantial costs, delays in the Subsidiaries' development schedule, and the diversion of resources and management's attention.

Risk on the separation of key employees

The Cirtek Group relies on the continued employment of, and its ability to attract, qualified engineers, key managers, and technical personnel to ensure its continued success. The competition for such skilled workforce is strong, as seen in aggressive head hunting of employees.

The Cirtek Group gives attractive compensation packages that combine standard remuneration and performance incentives. The Cirtek Group provides continuous training and development to managers and direct employees. These training sessions include technical and managerial courses.

Key employees are also bound by employment contracts which have standard confidentiality, noncompete and non-solicitation clauses.

Risk that the Company might fail to comply with its loan covenants which might reduce its ability to service its debt obligations

A significant portion of Cirtek's long term loan facilities impose certain covenants which the Company has to comply with; failure to do so, and if the particular covenant would not be waived, will constitute a default event and allow the lender to accelerate the repayment term such that the outstanding debt could become immediately due and payable (see "Material Contracts and Agreements" on page 143). Such an event would increase the debt obligations in the current period and might reduce the Company's ability to service them, including the CPs.

To mitigate this risk, Cirtek strictly monitors its compliance with its loan covenants and ensure that the concerned ratios are within the set limits.

As of the date of this prospectus, the Company is in compliance with all of the debt covenants imposed to it by creditors.

RISKS RELATING TO COUNTRIES WHERE THE COMPANY OPERATES (INCLUDING THE PHILIPPINES)

The Company conducts business in various jurisdictions, exposing it to business, political, operational, financial, and economic risks due to its operations in these jurisdictions

There is no assurance that there will be no occurrence of an economic slowdown in the countries where the Company operates, including the Philippines. Factors that may adversely affect an economy include but are not limited to:

- decreases in business, industrial, manufacturing, or financial activity in the Philippines or in the global market,
- scarcity of credit or other financing, resulting in lower demand for products and services,
- the sovereign credit ratings of the country,
- exchange rate fluctuations,
- a prolonged period of inflation or increase in interest rates,
- changes in the relevant government's taxation policies,
- natural disasters, including typhoons, earthquakes, fires, floods, and similar events, and public health emergencies arising from pandemics
- political instability, terrorism, or military conflict, and
- other regulatory, political, or economic developments in or affecting the Company

Notwithstanding the foregoing, the global operations, marketing, and distribution of the Company's products inherently integrate the impact of any economic downturn affecting a single country where the Company operates, and enables the Company to shift the focus of its operations to other jurisdictions. Changes in law including unexpected changes in regulatory requirements, affect the Company's business plans, such as those relating to labor, environmental compliance, and product safety. Delays or difficulties, burdens, and costs of compliance with a variety of foreign laws, including often conflicting and highly prescriptive regulations also directly affect the Company's business plans and operations, cross-border arrangements, and the inter-company systems.

Increases in duties and taxation and a potential reversal of current tax or other currently favorable policies encouraging foreign investment or foreign trade by host countries may lead to the imposition of government controls, changes in tariffs, or trade restrictions on component or assembled products. This, in turn, may result to adverse tax consequences, including tax consequences which may arise in connection with inter-company pricing for transactions between separate legal entities within a group operating in different tax jurisdictions, as well as increases in cost of duties and taxation.

Actions which may be taken by foreign governments pursuant to any trade restrictions, such as "most favored nation" status and trade preferences, as well as potential foreign exchange and repatriation controls on foreign earnings, exchange rate fluctuations, and currency conversion restrictions may adversely affect the Company's business and financial condition.

Under existing foreign exchange controls in the Philippines, as a general rule, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. Restrictions exist on the sale and purchase of foreign exchange in the Philippine banking system. In the past, the Government has instituted restrictions on the ability of foreign companies to use foreign exchange revenues or to convert Philippine pesos into foreign currencies to satisfy foreign currency- denominated obligations, and no assurance can be given that the Government will not institute such or other restrictive exchange policies in the future.

Environmental laws applicable to the Company's projects could have a material adverse effect on its business, financial condition or results of operations.

The Company cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered, or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations.

There can be no assurance that current or future environmental laws and regulations applicable to the Company will not increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a violation of any environmental law or regulation occurs or if environmental hazards on land where the Company's projects are located cause

damage or injury to buyers or any third party, the Company may be required to pay a fine, to incur costs in order to cure the violation and to compensate its buyers and any affected third parties.

Any political instability in the Philippines and the countries where the Company operates may adversely affect the business operations, plans, and prospects of the Company.

The Philippines has from time to time experienced political, social, and military instability. In the past decade, there has been political instability in the Philippines, including alleged extrajudicial killings, alleged electoral fraud, impeachment proceedings against two (2) former presidents and the chief justice of the Supreme Court of the Philippines, military uprisings and public protests arising from alleged misconduct by previous administrations. In addition, a number of incumbent and past officials of the Philippine government are currently under investigation on corruption charges stemming from allegations of misuse of public funds, extortion, and bribery. An unstable political environment may also arise from the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting.

There can be no assurance that acts of political violence will not occur in the future and any such events could negatively impact the Philippine economy. Likewise, no assurance can be given that the future political or social environment in the Philippines will be stable or that current and future governments will adopt economic policies conducive for sustaining economic growth.

The Duterte administration has unveiled a “10 point plan” which has committed, among others, to “continue and maintain current macroeconomic policies, including fiscal, monetary, and trade policies. Duterte’s approval rating rose to 91% from 87% in December, based on a nationwide survey of 1,200 adults conducted from Sept 14 to 20. His trust rating also increased to 91% from 83% in December. There were no surveys in the first half of the year amid virus lockdowns.

In general, political or social instability in the Philippines could negatively affect the general economic conditions and business environment in the Philippines, which could have a material adverse effect on the business, operations, and financial position of the Company.

Territorial disputes involving the Philippines and its neighboring countries may adversely affect its economy and business environment

Competing and overlapping territorial claims by the Philippines, China and several Southeast Asian nations (such as Vietnam, Brunei, Malaysia) over certain islands and features in the West Philippine Sea (South China Sea) have for decades been a source of tension and conflicts. The South China Sea covers more than three million square kilometers in terms of area and is home to some of the biggest coral reefs of the world. It is also believed that under the seabed lies vast unexploited oil and natural gas deposits. China claims historic rights to nearly all of the West Philippine Sea based on its so-called “nine-dash line” and in recent years dramatically expanded its military presence in the sea which has raised tensions in the region among the claimant countries. In 2013, the Philippines became the first claimant country to file a case before the Permanent Court of Arbitration, the international arbitration tribunal based at the Hague, Netherlands to legally challenge claims of China in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea (“UNCLOS”). In July 2016, the tribunal rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea (in the South China Sea) and that the “nine-dash line” claim of China is invalid.

China rejected the ruling, saying that it did not participate in the proceedings for the reason that the court had no jurisdiction over the case.

The Philippine government, under the Duterte administration, and China have taken meaningful action to de-escalate tensions concerning their territorial disputes.

However, on 9 June 2019, the boat Gem-Ver carrying 22 Filipino fishermen from San Jose sailed to Recto Bank in order to catch fish. Recto Bank is found to the west of Palawan and is within the disputed West Philippine Sea. For decades, the fishermen of San Jose have fished in the area reportedly rich in fish and said to contain huge reserves of oil and natural gas.

Around midnight of that day, Gem-Ver was reportedly hit by a Chinese vessel Yuemaobinyu 42212 leaving a hole that caused the boat to sink from the rear. Yuemaobinyu 42212 returned to the wreckage, flashed its lights, sped off and never returned, leaving the Filipino crew floating in the middle of the sea. The fishermen were saved only when a Vietnamese boat noticed the wreckage and saved them.

At present, there are ongoing debate on whether or not the Philippines should allow non-Filipinos from catching fish within the EEZ in the West Philippine Sea in light of the favorable arbitration decision.

There is no guarantee that the territorial dispute between the Philippines and other countries, including China, would end or that any existing tension will not escalate further, as China has repeatedly announced that it will not honor the arbitral award. In such event, the Philippine economy may be disrupted and its business and financial standing may be adversely affected, thus materially and adversely affecting the Company's business, financial condition and results of operations.

Macro-economic conditions of different countries where the company operates may adversely affect the Company's business and prospects.

Historically, the Philippines' sovereign debt has been rated relatively low by international credit rating agencies. Although the Philippines' long-term foreign currency-denominated debt has been upgraded by each of Standard & Poor's, Fitch Ratings and Moody's to investment-grade, no assurance can be given that such international credit rating agencies will not subsequently downgrade the credit ratings of the Government in the future and, therefore, Philippine companies. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Parent Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

On an as-needed basis, the Company seeks the help of consultants and subject matter experts for changes in laws and regulations that may have a significant impact on the Company's business operations. It also maintains good relationship with local government, customs, and tax authorities through business transparency and compliance and/or payment of all government-related assessments in a timely manner. The Company has been able to overcome major crises brought about by economic and political factors affecting the countries where it operates. The strong corporate governance structure of the Company and its prudent management team are the foundations for its continued success. The Company also constantly monitors its macroeconomic risk exposure, identifies unwanted risk concentration, and modifies its business policies and activities to navigate such risks. Severe macroeconomic contractions may conceivably lead the Company to tweak or modify its investment decisions to meet the downturn. As a holding company, the Company affirms the principles of fiscal prudence and efficiency in the operations to its Subsidiaries operating in various countries.

The Company faces risks of international expansion and operations in multiple jurisdictions

The Company has an international customer base which requires worldwide service and support. The Company may expand its operations internationally and enter additional markets, which will require significant management attention. Any such expansion may cause a strain in existing management resources.

The distances between the Company, the customers, and the suppliers globally, create a number of logistical and communications challenges, including managing operations across multiple time zones, directing the manufacture and delivery of products across significant distances, coordinating the procurement of raw materials and their delivery to multiple locations, and coordinating the activities and decisions of the Company's management team, the members of which are spread out internationally.

The Company aggressively pursues hiring of experienced international managers and staff globally. This enables the Company to ensure that it has sufficient manpower complement with the required skills and experience to work with customers, vendors, and other partners in and out of the relevant country where it operates.

Natural or other catastrophes, including severe weather conditions and epidemics, that may materially disrupt the Company's operations, affect its ability to complete projects and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. In October 2013, a 7.2 magnitude earthquake affected Cebu and the island of Bohol, and in November 2013, Super Typhoon Haiyan (called Yolanda in the Philippines) caused destruction, devastation, and casualties of unprecedented levels in Tacloban, certain parts of Samar, and certain parts of Cebu, all of which are located in the Visayas, the southern part of the Philippines.

Similarly, the United States of America, where Quintel's head office is located, has also experienced a number of major natural catastrophes including hurricanes, floods, earthquakes and droughts. In August 2005, Hurricane Katrina made landfall in New Orleans, Louisiana killing more than a thousand people and destroying more than 800,000 housing units. The estimated cost of the damages caused by Hurricane Katrina was estimated over US\$81 billion.

There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant adverse effects on the Company's manufacturing facilities. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect the Company's business, financial condition and results of operations.

Any natural catastrophes may disrupt the Company's operations and the operations of the Company's customers and suppliers, and may affect the availability of materials needed for the Company's manufacturing services. Such events may also disrupt the transportation of materials to the Company's manufacturing facilities and finished products to the Company's customers.

There can be no assurance that the Company will be fully capable to deal with these situations and that the insurance coverage it maintains will fully compensate it for all the damages and economic losses resulting from these catastrophes.

Risk relating to the COVID-19 global pandemic

In January 2020, the outbreak of Coronavirus Disease 2019 (COVID-19) in China resulted to partial or complete cessation of work in all China-based manufacturing facilities in conformance with local government notices.

Due to the COVID-19 pandemic, the President placed the entire island of Luzon, including Region IV and the province of Laguna, under enhanced community quarantine from March 16 to April 14, 2020, which has since been extended to May 15, 2020 ("ECQ"). This measure includes strict home quarantine, suspension of land, domestic air and domestic sea travel to and from Luzon, prohibition of mass gatherings, suspension of work at various non-essential government and private offices. However, export oriented industries, which includes the Group, are allowed to continue to operate during the ECQ with a skeletal workforce, subject to strict health, safety, and social distancing requirements.

The Group in its disclosure dated March 16, 2020 informed the investing public that the Company and its subsidiaries (the "Cirtek Group") remain in full operation. The Group assessed that the potential risk and impact posed by COVID-19 include the following: (1) reduced attendance of employees due to the enhanced community quarantine; (2) increase in operating cost due to additional safety measures to protect all employees of the company; and (3) slow deliveries of materials from China. Further, Cirtek Group has implemented its Workplace Policy and Program on COVID-19 Prevention and Control to ensure the health, safety and welfare of all its employees and in compliance with the requirements of the Department of Labor and Employment and the Department of Health.

To mitigate the risk of an increase in operating cost from complying with all the rules and regulations set by the government amid the pandemic while still improving production efficiency and maintaining product quality, Cirtek implemented a flexible manufacturing set up, automation of some processes of production, and the application of a skeletal work force system especially among staff personnel.

On March 24, 2020, Cirtek Group issued another update to inform investing public that the Company and its subsidiaries are still operational at different levels of capacity and customer orders continue to come in even better due to temporary closure of other competitors.

As at reporting date, Cirtek Group were operational at different levels of capacity. The Group will monitor the developments of the COVID-19 situation closely and continue to assess its impact on the 2020 financial position and performance of the Group. However, the Group does not expect that this will have significant impact on the 2019 judgments and estimates.

On April 15, 2020, Cirtek Group in its disclosure informed the investing public that amidst the global COVID-19 pandemic, (i) Cirtek Electronics Corporation, the semiconductor arm of Cirtek Group, is experiencing a surge in product orders for medical chips from suppliers of medical equipment (thermal scanners, ventilators, and imaging sensors), while (ii) Quintel USA, Inc., its telecom base station antenna equipment maker, is also experiencing surge in antenna demand, especially for new models, as the global lockdown and work from home policies have shifted growth to massive data demand. Cirtek and its subsidiaries worldwide remain COVID-19 free while adhering to local government policies and measures in ensuring business continuity.

As of April 27, 2020, Cirtek group's manufacturing capacity is running at 90% and the Company expects to run 100% full capacity by the time ECQ is lifted.

As of the date of this Prospectus, the supply conditions and the state of payment collection are as follows.

With regard to the supply chain for the antenna business in particular, majority of the Company's suppliers are located in China where factories have returned to normal operation since April 2020. Therefore, this business segment is not experiencing delivery delays.

Meanwhile, for the semiconductor business, the Cirtek Group is maintaining multiple sources/suppliers from China and other sites in the Asia Pacific region and the U.S.A.; hence, there is no major impact on the segment's operations.

Finally, as of the date of this prospectus, the Cirtek Group is not experiencing any payment delays from its customers for both the antenna and semiconductor businesses. Based from accounting collection records, about 99% of customers are up to date in payment.

RISKS RELATING TO THE COMMERCIAL PAPERS

Liquidity Risk

The Philippine securities markets are substantially smaller, less liquid and more concentrated than major securities markets. The Company cannot guarantee that the market for the CPs will always be active or liquid. Even if the CPs are listed in the PDEX, trading in securities such as the CPs may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets and the overall market for debt securities among other factors. There is no assurance that the CPs may be easily disposed of at prices and volumes and at instances best deemed appropriate by their holders. This is mitigated by the fact that there is an assigned market maker for the CPs.

Price Risk

The CP's market value may move (either up or down) depending on the change in interest rates in the market. The CPs when sold in the secondary market may be worth more if interest rates drop. In such instance, an investor faces possible gain if he decides to sell. Conversely, if the prevailing interest rates rise, the CPs may be worth less when sold in the secondary market. In such instance, an investor faces possible loss if he decides to sell.

Retention of Ratings Risk

There is no assurance that the rating of the Issuer will be retained throughout the life of the CPs. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization. The rating normally considers various factors in the Company's business and financials. The consideration includes the business industry's characteristics and prospects, market and competitive position, operating efficiency and management quality and shareholders' strength. Financial factors will consider profitability, cash flow and liquidity, capital adequacy and financial flexibility. To mitigate this risk, CHPC's management monitors these underlying factors by covering them as part of the agenda of regular meetings. Given that management is ultimately responsible for directing the activities of CHPC in all aspects, it has the capacity to take actions as required to be able to retain the rating. So long as it is able to manage these factors, there should be no reason attributable to the Company for the credit rating to be downgraded.

MANAGEMENT OF RISKS

In general, the Company believes that the risk factors discussed herein are mitigated by its competitive strengths and business strategies. See discussion on Competitive Strengths on page 56 and Key Strategies on page 59 of this Prospectus.

USE OF PROCEEDS

The Company estimates that its net proceeds from the Offer of Series D and E CPs is expected to be approximately **Php 1,878,034,750.89** after deducting the applicable fees and expenses.

Expenses related to the Offer, all of which will be for the account of the Company, are broken down as follows:

Estimated Net Proceeds from the CP Issuance

Face Value of the Offer	PHP 2,000,000,000.00
Discount (indicative based on 4.90% and 360 days assuming true discount computation)	(90,692,124.11)
Gross Proceeds	1,909,307,875.89
Less:	
SEC Filing and Legal Research Fees	1,073,125.00
Documentary Stamp Tax (maximum assuming P2 billion is issued for one year)	15,000,000.00
Underwriting and Selling Fees (maximum assuming P2 billion is issued for one year)	10,000,000.00
Issue Management Fee	2,500,000.00
Philratings credit rating report fees	1,260,000.00
PDTC Registry fees*	150,000.00
PDEX listing maintenance fees*	50,000.00
Facility agency fees	125,000.00
Legal fees*	1,050,000.00
Estimated Costs of Printing and Publication	65,000.00
Total expenses	PHP (31,273,125.00)
Net Proceeds**	PHP 1,878,034,750.89

* Discount, DST, Underwriting, Selling, Legal, PDEX and PDTC fees are estimates

**The actual net proceeds will depend on the amount issued per tranche

In the event that the actual expenses relating to the Offer differ from the above estimates, the actual net proceeds to the Company from the Offer may be higher or lower than the expected net proceeds set forth above. Any increase or decrease in the net proceeds to the Company shall be addressed by making a corresponding increase or decrease, as the case may be, to the Company's provision for working capital requirements.

The Company intends to use the proceeds from the Offer to refinance existing debt, and to finance working capital requirements. They will use the net proceeds of the Offer (a) to refinance existing debt in 2021, (b) to finance working capital of Quintel, and (c) to finance working capital of CEC and CATSI.

Purpose*	Amount (PHP)
To refinance existing debt	698,400,000.00
To finance working capital requirements of Quintel USA	640,000,000.00
To finance working capital requirements of CEC and CATSI	239,634,750.89
Capital Expenditures	300,000,000.00

TOTAL	1,878,034,750.89

*the purposes are arranged in order of priority.

Presented below is a list of some of the Company's loans maturing in 2021.

Partial Maturing obligations of CHPC :

MATURITY DATE	FUNDER	RATE	TENOR	PRINCIPAL	MATURITY VALUE	TYPE OF LOAN
05/28/21	BPI	4.41%	5 years	\$30,000,000.00	\$5,250,000.00	Unsecured
08/28/21	BPI	4.41%	5 years	\$30,000,000.00	\$5,250,000.00	Unsecured
04/19/21	RCBC	6.25%	7 years	\$20,000,000.00	\$578,000.00	Unsecured
04/19/21	BPI	6.25%	7 years	\$20,000,000.00	\$578,000.00	Unsecured
07/19/21	RCBC	6.25%	7 years	\$20,000,000.00	\$578,000.00	Unsecured
07/19/21	BPI	6.25%	7 years	\$20,000,000.00	\$578,000.00	Unsecured
10/19/21	RCBC	6.25%	7 years	\$20,000,000.00	\$578,000.00	Unsecured
10/19/21	BPI	6.25%	7 years	\$20,000,000.00	\$578,000.00	Unsecured
TOTAL (in US\$)					13,968,000.00	
Foreign Exchange Rate					50.00	
					698,400,000.00	

Note: The Issue Manager and Underwriter / Arranger is not affiliated to the Funders.

Short term loans are availed to finance the Company's 1) purchase of inventory and 2) expenses. These are generally for working capital.

Breakdown of allocation for Quintel USA working capital requirements:

Indicative Date	Amount (PHP)	Purpose
May-Oct 2021	250,000,000.00	Research and Development for New Products
May-Oct 2021	240,000,000.00	Raw material purchases
May-Oct 2021	150,000,000.00	Operating expenses
TOTAL	640,000,000.00	

Breakdown of allocation to finance the working capital requirements of CEC and CATSI:

- CEC Operating Expenses Breakdown

Indicative Date	Operating Expenses	Amount (PHP)
May-Oct 2021	Raw Material Purchases	47,840,000.00
May-Oct 2021 TOTAL	Research and Development Expenses	32,000,000.00
	Other Operation Expenses (Additional personnel expenses and training, Transportation, Light Water & Utilities, Rent, Repairs & Maintenance, Security Services)	63,794,750.89
		143,634,750.89

- CATSI Operating Expenses Breakdown:

Indicative Date	Operating Expenses	Amount (PHP)
May-Oct 2021	Raw Material Purchases	32,000,000.00
	Research and Development Expenses	16,000,000.00
	Other Operation Expenses (Additional personnel expenses and training, Transportation, Light Water & Utilities, Rent, Repairs & Maintenance, Security Services)	48,000,000.00
TOTAL		96,000,000.00

Breakdown of allocation of 2021 Capital Expenditures per Subsidiary:

Name of Subsidiary	Amount (PHP)
Quintel USA	100,000,000.00
Cirtek Electronics Corporation	100,000,000.00
Cirtek Advanced Technologies and Solutions, Inc.	100,000,000.00
TOTAL	300,000,000.00

Note: Above tables assume that the entire Two Billion Pesos (PhP 2,000,000,000.00) CP will be fully issued by the Company.

The primary purpose of the short term availments of the company is to finance its working capital requirements. No portion of the proceeds will be used to acquire major assets or finance the acquisition of other business nor will the proceeds be used to reimburse any officer, director, employee or shareholder for services rendered, assets previously transferred, money loaned or advanced or otherwise. The Issue Manager and Underwriter / Arranger shall not receive any amount from the proceeds other than the underwriting and selling fees.

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Company's current plans and anticipated expenditures. In the event that there is any change in the Company's disbursement plan, including force majeure, the Company will carefully evaluate the situation and may reallocate the proceeds and/or hold such funds on short term deposit whichever is better for the Company's and its shareholders' interest taken as whole. In such event, the Company will issue an announcement if there is any material change in the above proposed use of proceeds.

In the event of any significant deviation, material adjustment or reallocation in the planned use of proceeds, the Company will secure the approval of its Board of Directors for such deviation, adjustment or reallocation and promptly make the appropriate disclosures to the SEC and shareholders, and the PDEx within thirty (30) days prior to its implementation.

DETERMINATION OF THE OFFER PRICE

The CPs shall be issued at a discount to face value.

Below is an illustration of the computation of the Offer Price for an Issuance:

	Series D	Series E
Tenor (in Days)	182	364
Discount Rate	4.000%	4.250%
Cost Breakdown		
Face Value	5,000,000.00	500,000.00
Discount	(99,106.95)	(20,600.85)
Tax on Discount	19,821.39	4,120.17
Cost	4,920,714.44	483,519.32
Offer Price	98.41%	96.70%

The discount rates were computed based on the discount rate formula, which sets the base rate as (a) the interpolated value of the three-day averages of PHP BVAL 6M and PHP BVAL 1Y Reference Rates; or (b) the weighted average accepted yield of the closest tenor of the Term Deposit Facility of the BSP whichever is higher.

PLAN OF DISTRIBUTION

The Company plans to issue the CPs in one lump sum or several tranches, through the designated issue manager, underwriter and selling agents. The first issuance, as the case may be, shall be on Q1 2021 for such amount as shall be determined by the Issuer in consultation with the designated issue manager and underwriter.

ISSUE MANAGER/UNDERWRITER AND UNDERWRITING OBLIGATION

The Company has engaged Multinational Investment Bancorporation as its Issue Manager and Underwriter/Arranger pursuant to an Underwriting Agreement (the “Underwriting Agreement”). Multinational Investment Bancorporation has agreed to act as the Issue Manager and Underwriter/Arranger for the Offer and as such, distribute and sell the CPs at the Offer Price, and has committed to underwrite the CPs on a best-effort basis, in either case subject to the satisfaction of certain conditions and in consideration of certain fees and expenses. There is no breakdown of commercial papers for particular tranche in each series for distribution. Any unsold portion would be sold at a future date, since the issuance is under a three-year validity of registration.

There is no appointed syndicate or sub-underwriter.

Multinational Investment Bancorporation is duly licensed by the SEC since April 1982 to engage in distribution of securities to the public and has never been subjected to any disciplinary action as such. It may, from time to time, engage in transactions with and perform services in the ordinary course of business with the Company and its related companies.

Multinational Investment Bancorporation is the oldest existing independent investment house in the Philippines. It provides a full range of investment banking services that include debt and equity underwriting, loan syndication and financial advisory services for mergers and acquisitions, corporate reorganization and financial restructuring.

Multinational Investment Bancorporation and its directors and officers have no direct relations with the Company in terms of ownership. It has no right to designate or nominate any member of the Board of the Company.

SALE AND DISTRIBUTION

The distribution and sale of the CPs shall be undertaken by the Issue Manager and Underwriter/Arranger who shall sell and distribute the CPs to third party buyers/investors. Nothing herein shall limit the rights of the Issue Manager and Underwriter/Arranger from purchasing the CPs for its own account. There are no persons to whom the CPs are allocated or designated. The CPs shall be offered to the public at large and without preference. The allocation to the investors will depend on their orders which will be subject to scaling done in case of oversubscription.

Unless otherwise terminated, the engagement of the Issue Manager and Underwriter/Arranger shall subsist so long as the SEC Permit to Sell remains valid.

FEES AND COMMISSIONS

The Company will pay the Issue Manager and Underwriter/Arranger a fee of 0.50% per annum on the aggregate face value of the CPs issued, which is inclusive of the underwriting and the selling agency fees. The fees shall be deductible from the gross proceeds of the Offer for a particular tranche on a relevant Issue Date.

The Company shall also pay the Issue Manager and Underwriter/Arranger a flat fee of Pesos: Two Million Five Hundred Thousand (PhP 2,500,000.00) upon the issuance of the Series D, and E CPs pursuant to the Commercial Paper Program.

OFFER PERIOD

The Offer Period shall commence upon or immediately after issuance by the SEC of the Permit to Sell, and will end 15 working days after the start of the offer period or earlier as deemed appropriate by the Issuer.

DESCRIPTION OF THE SECURITIES BEING OFFERED

Issuer	:	Cirtek Holdings Philippines Corporation
Issue Manager and Underwriter/Arranger	:	Multinational Investment Bancorporation
Instrument	:	Registered Commercial Paper
Issue Size	:	Up to Two Billion Pesos to be issued in one lump sum or in tranches, at the determination of the Issuer in consultation with the Issue Manager and Underwriter/Arranger.
Issue Price or Offer Price	:	Discount to face value
Use of Proceeds	:	The Company intends to use the proceeds from the Offer to refinance existing debt, and to finance working capital requirements. They will use the net proceeds of the Offer (a) to refinance existing debt in 2021, (b) to finance working capital of Quintel, and (c) to finance working capital of CEC and CATSI.
Bonded Indebtedness	:	The Company currently has no outstanding bonded debt.
Discount Rate for Initial Issuance	:	For Series D: 4.00% For Series E: 4.25%
Discount Rate for Subsequent Issuance/s	:	The interest/discount rate for the subsequent issuance/s shall be set by the Issuer in consultation with the arranger which may be determined based on the corresponding Benchmark Rate plus Spread
Base Rate	:	The base rate is the higher of a) the interpolated three-day averages of PHP BVAL 6M and PHP BVAL 1Y; or b) the rate of the closest tenor of the Term Deposit Facility of the Bangko Sentral ng Pilipinas or its successor benchmark. In the event that the BVAL reference rates are replaced by a different calculation methodology, the applicable replacement reference rates shall apply.
Tenor	:	The tenor of the initial issuance shall be as follows:

	Series D: One Hundred Eighty Two (182) days from Issue Date
	Series E: Three Hundred Sixty Four (364) days from Issue Date
Denomination	<p>: For Series D:</p> <p>Minimum of Pesos: Five Million (Php5,000,000.00) face value and increments of Pesos: One Hundred Thousand (Php100,000.00)</p> <p>For Series E:</p> <p>Minimum of Pesos: Five Hundred Thousand (Php500,000.00) face value and increments of Pesos: One Hundred Thousand (Php100,000.00)</p>
Issue Date	: 28 April 2021 and/or such other date(s) as determined by the Issuer upon notice to the SEC and anytime within three (3) years following the Registration Statement effectivity date.
Minimum Denomination for Secondary Trading	: Minimum of Pesos: One Hundred Thousand (PhP 100,000) face value and increments of Pesos: Ten Thousand (PhP 10,000)
Tenor of Subsequent Issuance/s	: The tenor of succeeding issues may range from thirty (30) days up to the maximum tenor allowed by the SEC under the relevant provisions of the Securities Regulation Code (SRC)
Interest Computation	: The Interest / Discount Rate and Rollover Interest / Discount Rate will be calculated on a true-discount basis
Principal Repayment	<p>: The principal amount of the CPs will be repaid in full on their respective Maturity Dates, unless the investor provides written instruction to rollover the entire amount or a portion thereof.</p> <p>If such principal repayment is due on a day that is not a business day, the principal repayment date shall be made on the immediately succeeding business day. No additional interest will be paid in such case.</p>
Status	: The CPs will constitute direct, unconditional, unsubordinated, general and unsecured obligations of the Issuer ranking at least pari passu in all respects and without preference or priority (except for any statutory preference or priority applicable in the winding-up of the Issuer) with all

	other outstanding unsecured and unsubordinated obligations (contingent or otherwise, present and future) of the Issuer.
Form	: The CPs shall be issued scripless and will be maintained in electronic form with the Registrar to be appointed for the purpose
Taxation	: Interest paid on the CPs shall be subject to a 20% final withholding tax. A CP Holder who is exempt from or is not subject to the aforesaid withholding tax shall be required to submit a tax exemption certificate and other applicable documents.
Registrar	: Philippine Depository & Trust Corp.
Paying Agent	: Philippine Depository & Trust Corp.
Facility Agent	: AB Capital and Investment Corporation
Secondary Trading	: The CPs are intended to be listed at the PDEx for secondary trading of the CPs and upon such listing, all secondary trading may be coursed through eligible PDEx Trading Participants
Manner of Purchase	: The CPs will be available for sale from the Underwriter / Arranger and Selling Agents, if any, subject to minimum purchase amount and denomination.
Acceptance / Rejection of the Application	: The Issuer and the Issue Manager and Underwriter / Arranger reserve the right to accept or reject any application for the CPs. In case of oversubscription, the Issuer and the Issue Manager and Underwriter / Arranger reserve the right to allocate the CPs available to the investors in a manner they deem appropriate.
Delivery of CP	: Delivery of the CPs will be made upon full payment of the Offer Price to the Underwriter / Arranger and/or Selling Agents
Liabilities	: The Company as the Issuer is liable and responsible for any and all obligations arising from the sale of the CP as provided under pertinent sections of the Negotiable Instruments Law, the SRC and applicable laws of the Philippines as well as in the Underwriting Agreement and related

agreements. In addition, the Issuer is responsible for complying with all reportorial requirements of the SEC in connection with the issuance of the CPs.

Credit Rating	:	PRS A (corp.) with a Stable Outlook as assigned by PhilRatings on March 03, 2021
Security	:	Negative pledge on the Company's existing and future assets, except (i) to secure statutory obligations, (ii) to enable the Company to continue to enter into its usual transactions in the ordinary course of business, (iii) those imposed by law or arising out of pledges or deposits under workmen's compensation laws or other social security or retirement benefits or similar legislation, and (iv) those created for the purpose of paying current taxes, assessments or other governmental charges which are not delinquent or remain payable without any penalty, or the validity of which is contested in good faith by appropriate proceedings upon stay of execution of the enforcement thereof.
Cross Default	:	The Company shall be considered to be in default in case the Company fails to pay or defaults in the payment of any installment of the principal or interest relative to, or fails to comply with or to perform, any other obligation, or commits a breach or violation of any of the terms, conditions or stipulations, of any agreement, contract or document with any persons to which the Company is a party or privy, whether executed prior to or after the date hereof, or under which the Company has agreed to act as guarantor, surety or accommodation party, which, under the terms of such agreement, contract, document, guaranty or suretyship, including any agreement similar or analogous thereto, shall constitute a material default thereunder after allowing for all applicable grace periods. No default will occur under this clause if the aggregate amount the Company fails to pay is less than Php 35 million (or its equivalent in any other currency or currencies).
Other Terms and Conditions	:	<p>The CPs will not be convertible to any other security or equity of the Issuer.</p> <p>The Issuer will not set up any sinking fund for the redemption of the CPs.</p> <p>Substitution of the CPs with another type of security will not be permitted.</p> <p>Other terms and conditions as may be agreed upon among the Issuer, the Issue Manager and Underwriter / Arranger.</p>

Loan Covenants

Certain loan agreements between the Company and various local financial institutions require Cirtek to meet and maintain certain financial ratios including, but not limited to:

Debt-to-Equity Ratio

- Shall not exceed 2:1

Debt Service Coverage Ratio

- Shall not be less than 1.5x

Current Ratio

- Shall not be less than 1.10x

For a more detailed discussion of the Company's loan covenants, please see the section "Material Contracts and Agreements" on page 143 of this prospectus.

INTEREST OF NAMED EXPERTS AND COUNSEL

The validity of the CPs and tax matters pertaining thereto were passed upon by Acuña & Francisco Law, the independent legal counsel for the issuance. The independent legal counsel has no shareholdings or any interest, direct or indirect, in the Company, or any right, whether legally enforceable or not to nominate persons or to subscribe to the securities of the Company in accordance with the standards on independence required in the Code of Professional Responsibility and as prescribed by the Supreme Court of the Philippines.

The Philippine Depository & Trust Corporation, the Registrar and Paying Agent, has no direct and indirect interest in the Company.

The financial statements of the Company for the period ended December 31, 2019 appearing in this Prospectus had been audited by R.S. Bernaldo & Associates, independent auditor, as set forth in their report thereon appearing elsewhere herein; the partner-in-charge for the period is Percival R. De Guzman, CPA. Meanwhile, the financial statements for the period ended December 31 2018 and 2017 that is also appearing in this Prospectus have been audited by SyCip Gorres Velayo & Co., independent auditor, as set forth in their report. The partner-in-charge for the periods ended December 31, 2018 and 2017 is Mr. Kristopher S. Catalan, CPA.

Romulo Mabanta Buenaventura Sayoc & de los Angeles is the legal counsel for the Company. The legal counsel for the Company has no shareholdings or any interest, direct or indirect, in the Company, or any right, whether legally enforceable or not to nominate persons or to subscribe to the securities of the Company.

Atty. Mariel Jasmine M. Molon is the legal counsel of the Underwriter. Atty. Molon has no shareholdings or any interest, direct or indirect, in the Company.

There is no arrangement that experts shall receive a direct or indirect interest in the Company or was a promoter, underwriter, voting trustee, director, officer, or employee of Company.

INDUSTRY OVERVIEW AND COMPETITIVE OVERVIEW

CEC and CATSI

Abstract

The semiconductor industry is composed of Four major supply chain business segments.

The first is the Integrated Device Manufacturer (“IDM”), a semiconductor company which designs, manufactures, and sells integrated circuit (“IC”) products. This can be either a company that handles and manages its manufacturing in-house or a fabless semiconductor company, which outsources production to a third-party.

The second business segment is the foundry in which semiconductor chips or wafers are fabricated to order for third party companies that sell the chip, This can be also either part of the IDM as their core competence or third party players, Third party players are usually being utilized by IDM where there is overflow of capacity or restrictions to capital expenses.

The third business segment is Assembly and Test packaging (“ATP”) which is commonly used by IDMs for outsourcing. Instead of utilizing their in-house manufacturing, IDMs contract these ATP as they can leverage their volume and price positioning by minimizing capital expenses for equipment and capacity expansion.

The fourth and the last segment of the semiconductor supply chain is the electronics manufacturing. This is where the components manufactured by ATP or OSAT go to create a box build or System or Muti-system Assembly.

Cirtek Electronics Corp is considered as an OSAT or ATP that competes with companies in China, Thailand, Malaysia and Taiwan.

Outlook

The worldwide Semiconductor Market was up 13.7% in 2018 to US\$468.8 billion, an all-time high. The year 2019 is forecasted to be down 13.3% to US\$406.6 billion. All geographical regions are expected to decrease.

For 2020, all regions are forecasted to grow with the overall market up 4.8%. Optoelectronics is expected to grow by 8.2%, while all other products are forecasted to grow low-to-mid single digit compared to 2019.

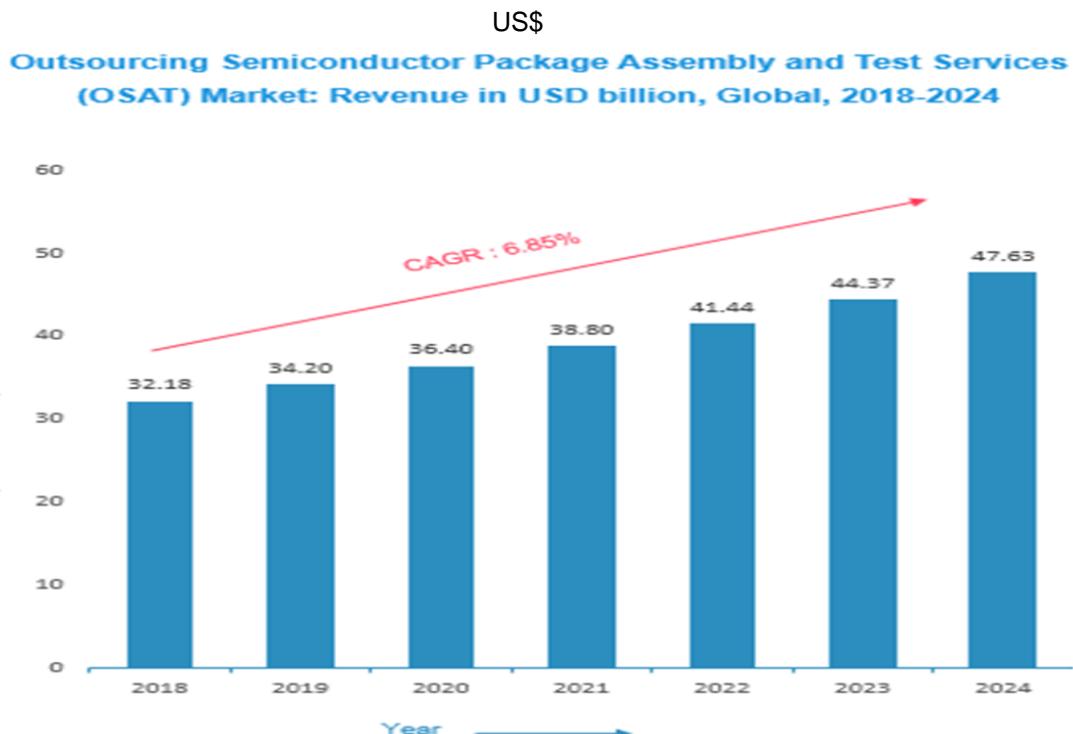
WSTS expects the world semiconductor market to be up by 5.1 percent to US\$ 433 billion in 2020. This reflects expected growth in all major product categories, except Optoelectronics and Discrete Semiconductors. The largest growth contributors are Memory with 12.2 percent, followed by Sensors with 7.4 percent. In 2020, Americas and Asia Pacific regions are expected to grow.

For 2021, the global semiconductor market is projected to grow by 8.4 percent, driven by double-digit growth of Memory and Optoelectronics. All other product categories are also expected to show positive growth rates. All regions are expected to grow in 2021.

The semiconductor market overall is not that negatively impacted by the COVID-19 pandemic as originally expected earlier this year.

Global OSAT or ATP Market was valued at US\$ 30,679.0 Million in 2018 and is projected to reach US\$ 44,047.6 Million by 2026, growing at a CAGR of 4.65% from 2019 to 2026.

OSAT Market is expected to register a CAGR of 5.7% over the forecast period (2020 - 2025). The increased demand from Automotive subsystems and connected devices are said to be the main driving force in the forecasted period.



Source: Mordor Intelligence

- The market was valued at US\$ 32.18 billion in 2018, and is expected to reach a value of US\$ 47.63 billion by 2024, at a CAGR of 6.85%, over the forecast period (2019-2024).
- By type, the packaging segment dominated the market, with 88.48% market share in 2018, while testing segment has a CAGR of 7.51% of as of 2018.
- By end user consumer electronics dominate the market with a 40.35% share of the market in 2018, while the automotive applications recorded the highest CAGR of 10.34%, followed communication applications at 8.67%.
- By region, Asia Pacific holds the highest market share of 58.34%, followed by North America with 25.26% market share. Over the forecast period, Asia-Pacific is expected to retain its position holding over 61.58% of market share by 2024.
- Also, Asia Pacific is expected to be the fastest growing market over the forecast period, growing at a CAGR of 7.82%

The OSAT industry is still seen as an appealing business, even if its growth rates are lower than the semiconductor industry as a whole. It is expected to grow by 5% per year until 2022, with growth as high as 10% in China.

Looking forward, however, it will need to defend itself from further squeezing to maintain and increase growth rates. This is the scenario if macroeconomic conditions and growth levels in the semiconductor industry stay the same.

If the market for semiconductors worsens, as some indicators suggest, it could see a down cycle of up to 15 % and only a slow return to previous growth levels. Under a bear scenario for the semiconductor industry, OSAT companies, already feeling pressure from suppliers, new entrants, buyers and potential substitutes, will experience even more competitive rivalry in the scramble for business. The global OSAT market is mainly segmented according to type of product, application, and region. Given the industry historical behavior, is inherently more volatile than any other sectors. Competition is intense, particularly with respect to product innovation. In order to stay competitive, Manufacturing companies continuously introduce innovations to keep pace with the growing demand for lower cost with highest quality standards and reliable products. Companies in this industry constantly also have to deal with effects economic cycle, persistent peer competition, shortening product life cycle, and pressure for cost controls.

The following Companies are the Key Players in the OSAT industry; ASE Group, Amkor, JCET, Siliconware Precision Industries Co., Ltd., KYEC, Hana Micron, Orient Semiconductor, Unisem Group, Carsem group, Walton Advanced Engineering, and Powertech Technology.

Cirtek is engaged and plays in the ATP or OSAT industry. There are almost 100 individual OSAT players in the world that compete in the US\$40 - 50billion market for Assembly and Test Packaging service (ATP). In an emerging global competitive environment, the Global semiconductor industry is facing consistent threats for low cost solutions. Philippines is amongst the countries along with Vietnam that is considered low cost countries with limited innovative capabilities. This is one area where Cirtek is facing a fierce competition amongst the low cost countries with highly innovative capabilities such as Malaysia, Thailand, Taiwan and China. Companies in this regions are considered highly innovative capabilities that overcomes their weakness as low cost solutions.

Cirtek though low in innovation and capabilities, still being categorized as a very good alternate source low cost packaging solutions that present a very good chance of capturing special manufacturing capabilities that requires labor intensive manufacturing with special skills for customized products. Given the latest labor cost, Philippines still considered the lowest cost in Asia, (see below) which is being used by Cirtek to attract potential customers

LABOR RATE COMPARISON

SOURCE : VIETNAM BRIEFING					
COUNTRY	2017 Minimum Wages (Local currency/month)	2017 Minimum Wages (USD/month)	2018 Revised Minimum Wages (Local currency/month)	2018 Revised Minimum Wages (USD/month)	Status
Vietnam	2,580,000 to 3,750,000	114.29 to 166.13	2,760,000 to 3,980,000	122.27 to 176.31	In effect 1st January 2018
Philippines	7290 to 15,360	140.26 to 295.53	7680 to 9300 (only for Region I – Ilocos); 147.76 to 178.94 (only for Region I – Ilocos) >> US\$202 for Laguna	147.76 to 178.94 (only for Region I – Ilocos) >> US\$202 for Laguna	In effect 25th January 2018
Thailand	9000 to 9300	285.39 to 294.90	9240 to 9900	283 to 313.39	In effect 1st April 2018
Malaysia	920 to 1000	233.83 to 254.16	Same as 2017	Same as 2017	Government working on revised rates for 2018
Cambodia	612000	153	680000	170	In effect 1st January 2018
Indonesia	1,337,745 to 3,355,750	99.80 to 250.35	1,560,000 to 3,920,000	109.20 to 274.40	In effect 1st January 2018

Landscape of OSAT

Increasing sales is important to OSAT companies. This is because higher sales allows for improved fixed cost absorption. Product innovation is also important, since consumers crave the newest offerings. Consumer discretionary items, such as cellular phones, digital televisions, and portable music players, are upgraded regularly, giving customers many options to choose from. Technological innovation results in intense pressure to bring interesting products to the marketplace in a timely manner. Additionally, consumers tend to buy advanced new products long before the old ones are dysfunctional. This is not the case in most industries. For instance, many consumers keep their refrigerators until they go on the blink, but they will upgrade their cell-phones every two years or so.

Compounding the predicament of the OSAT small players is the dynamic landscape of the OSAT today where several strategies are being worked out to capture market share, Reports says OSAT industry will be categorized into four market segments;

1. Leaders that offers large volume with advance and matured package technology combined
2. Smaller volume with specific advance package technology
3. Long Tail of Matured Technology Suppliers

4. Suppliers for EOL products with customer specific application combined - (source taken from other past reports)

The impact of the above will expect industry with fierce competition in 2020, some will be displaying intense or ferocious aggressiveness in pricing and value added services as well as extensive transformation to automation and advance packaging as an entry point to the market,

Based on the overall revenue the World's top leaders in OSAT companies are:

1. ASE Technology Holding Co., Ltd.:	US\$ 11.87 Billion
2. Amkor Technology:	US\$ 4.31 Billion
3. JCET (STATS ChipPAC):	US\$ 3.97 Billion
4. SPIL:	US\$ 2.79 Billion
5. Powertech Technology Inc.:	US\$ 2.17 Billion
6. TongFu Microelectronics Co., Ltd.:	US\$ 1.07 Billion
7. TianshuiHuatian Technology Co.,Ltd:	US\$ 1.065 Billion
8. UTAC Holdings Ltd and its subsidiaries ("UTAC"):	US\$ 0.78 Billion
9. King Yuan Electronics CO., Ltd.:	US\$ 0.66 Billion
10. ChipMOS Technologies Inc.:	US\$ 0.603 Billion

Quintel

Market Overview

The antenna market was valued at US\$ 18.57 billion in 2018 and is expected to reach a value of US\$ 27.7 billion by 2024, recording a CAGR of 6.96% over the forecast period, 2019 - 2024. Radio antennas are being extensively used as they are comparatively cheaper and are deployed on a large scale. On the other hand, RADARs are finding applications in many fields, including automobile, defense, drones, etc.

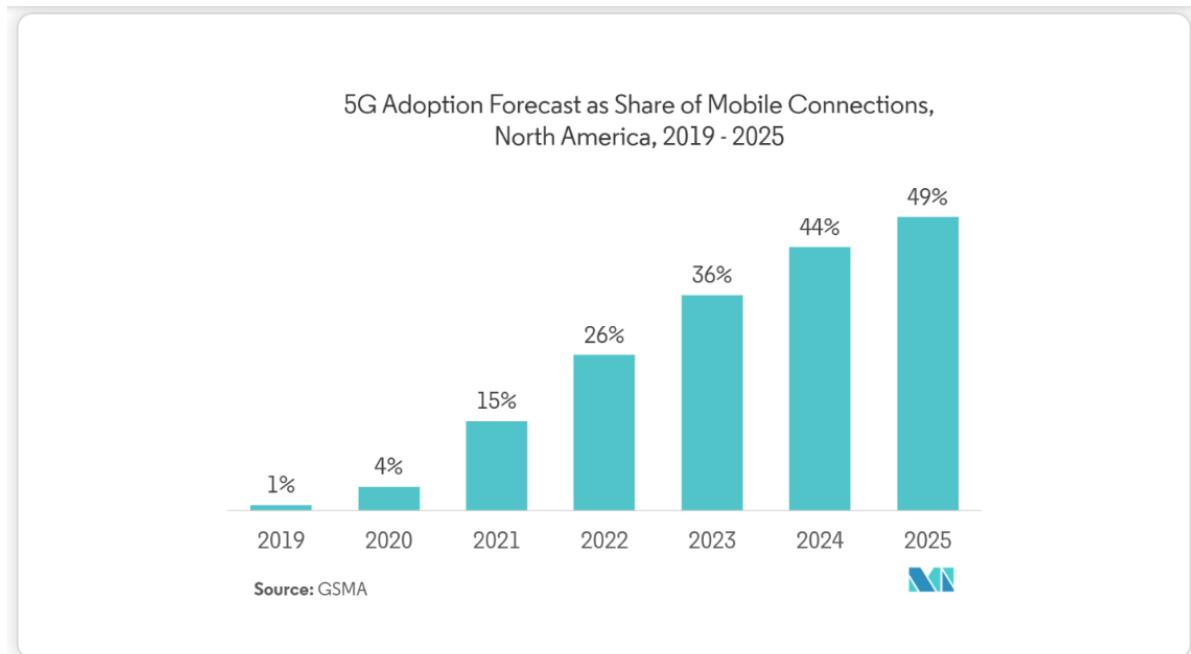
- Investments in autonomous vehicles are driving the demand for RADAR and other communication systems. Satellite communication and cellular communication are also investing heavily in improving the existing infrastructure. This is resulting in augmenting the demand for antenna systems.
- With international companies exploring the potential of the emerging nations, this sector is witnessing increasing amounts of investments. Overall, the market is expected to grow at a healthy rate over the forecast period.
- However, there is still a need for efficiency and bandwidth improvements. Due to these factors, the growth of the antennas is getting hampered.
- The global Antenna market size is expected to gain market growth in the forecast period of 2020 to 2025, with a CAGR of 3.8% in the forecast period of 2020 to 2025 and will expected to reach USD 19430 million by 2025, from USD 16750 million in 2019.
- The Antenna market report provides a detailed analysis of global market size, regional and country-level market size, segmentation market growth, market share, competitive Landscape, sales analysis, impact of domestic and global market players, value chain optimization, trade regulations, recent developments, opportunities analysis, strategic market growth analysis, product launches, area marketplace expanding, and technological innovations.

Key Market Trends

Smart Antenna is Expected to Have a Significant Market Share

- Smart antennas are proficient in increasing the signal range, minimizing interfering signals, combating signal fading, and as a consequence enhancing the capacity of a wireless system. The increasing application of smart antennas in smartphones and the growing demand for smart antennas in wireless communication are driving the smart antennas adoption.
- Moreover, the rising need for faster data transmission in modern communication systems with optimized evolution data, high speed downloading, and web browsing has forced organizations to increase the efficiency of wireless transmission, which is favoring the market.

- Furthermore, the continuously improving network infrastructure has compelled retailers to use m-commerce and e-commerce with RFID tracking systems technology, to track the shipments. The integration of RFID technology in the IoT landscape is expected to be one of the significant trends that will gain traction and aid the adoption of smart antennas over the forecast period.
- As the telecom industry waits for 5G, antenna vendors are busy perfecting the adoption of smart antenna constructs across power values, operating distances, and frequency ranges.



North America is Expected to Have a Major Market Share

- Developed communication infrastructure and increasing investments in the region for the development of new infrastructure from military and defense, satellite, and cellular communication are expected to drive the growth of the antenna market.
- Shortly, with smartphones gaining penetration in new markets and the advent of new communication technologies, such as 4G (and further advanced technologies like 5G) expected to enter the market, the demand for smart antennas seems lucrative for market prospects.
- AT&T's 5G trials are helping the company guide its 5G 3GPP standards contributions. AT&T has been testing 5G fixed wireless equipment with vendors and it showed the possibilities of millimeter wave (mmWave) radio access technology for the networks of the future.
- With international companies exploring the potential in emerging nations, this sector is witnessing increasing investments. Overall, the market is expected to grow at a healthy rate over the forecast period.
- High defense budgets of the United States and the increasing demand for economic and security issues have increased the need for RADAR systems. Additionally, technological advancements and the growing demand for ranging and detection of objects are fuelling the demand for RADAR systems.

Antenna Market - Growth Rate by Region (2019 – 2024)



Competitive Landscape

- The antenna market is highly competitive and consists of a significant amount of major players. In terms of market share, a few of the major players currently dominate the market. The manufacturers are aiming to gain a competitive advantage by adopting product differentiation.
- For instance, Honeywell announced the launch of Aspire 40, a satellite communications system. The device utilizes immediate gain or high-gain antenna which amplifies the device's capability. The system ensures more efficient and safer flights for business jets, commercial and military aircrafts by offering simultaneous connectivity to both cabin and cockpit.

THE COMPANY

Company Overview

Cirtek Holdings Philippines Corporation is a fully integrated global technology company focused on wireless communication. It is the holding company of Cirtek Electronics Corporation (“CEC”) and Cirtek Electronics International Corporation (“CEIC”), (collectively the “Cirtek Group”). The Company’s principal office is located at 116 East Main Avenue, Phase V-SEZ, Laguna Technopark, Biñan, Laguna.

The Company was registered in the SEC on February 10, 2011 and listed in the PSE on November 18, 2011. On 10 November 2015, the Company then proceeded with a follow on offering of 110,000,000 common shares with an offer price of PHP 20.00 per share which was 1.5 times oversubscribed and raised ₱2.2 billion. The common shares subject of the FOO were listed on the PSE on the same day. Currently, market capitalization has grown by over two times from ₱1.10 billion in 2011 to ₱2.7 billion as of February 28, 2021.

With CEC and CATSI operating for more than 33 years and 21 years, respectively, the Cirtek Group harnesses more than 54 years of combined operating track record. The Company’s products cover a wide range of applications and industries, including communications, consumer electronics, power devices, computing, automotive, and industrial.

Through its Subsidiaries, the Company is primarily engaged in three (3) major activities:

1. the design, development and delivery of the wireless industry’s most advanced high-efficiency, high-performance antenna solutions;
2. the manufacture of value-added, highly integrated technology products; and
3. the manufacture and sales of semiconductor packages as an independent subcontractor for outsourced semiconductor assembly, test and packaging services

Quintel Solutions is a leading provider of advanced high-efficiency, high-performance antenna solutions for wireless cellular networks. Quintel is a pioneer of multi-port, multi-frequency wireless tower antennas. These antennas support more frequencies and deliver greater bandwidth, thereby improving customer experience and creating cost-efficiencies and quicker roll-out for mobile operators.

CEIC sells integrated circuits principally in the US and assigns the production of the same to CEC. CEIC acquired Remec Broadband Wireless Inc. (“RBWI”) in July 30, 2014, renamed Cirtek Advanced Technologies and Solutions, Inc, (“CATSI”), a proven Philippine-based manufacturer of value added, highly integrated technology products. CATSI offers complete “box build” turnkey manufacturing solutions to RF, microwave, and millimeterwave products used in the wireless industry such as telecommunication, satellite, aerospace and defense, and automotive wireless devices.

CEC provides turnkey solutions that include package design and development, wafer probing, wafer back grinding, assembly and packaging, final testing of semiconductor devices, and delivery and shipment to its customers’ end users. CEC has over 64 regular customers spread out in Europe, the US and Asia.

Cirtek Delaware is a Delaware corporation which is wholly-owned by Cirtek Electronics International Corporation. Cirtek Delaware was established to implement the Agreement and Plan of Merger under which Quintel Cayman Ltd. will be a wholly- owned subsidiary of Cirtek Delaware.

Quintel Cayman Ltd is the holding corporation of Quintel Technology Limited and Quintel Usa, Inc.

Quintel Technology Limited designs, develops, and delivers antenna solutions for the wireless industry in the United States and internationally. Quintel Technology Limited is based in Rochester, New York with additional offices in North America, Europe, and Asia.

Quintel USA, Inc. is a privately held company in Rochester, New York. Quintel USA, Inc. designs, develops and delivers advanced high-efficiency, high-performance antenna solutions that help mobile operators to increase efficiency, enhance quality-of-service, slash costs and accelerate returns.

The Philippine Branch is the extension of Cirtek Advanced Technologies and Solutions, Inc. (CATSI), a BVI company. CATSI is wholly-owned by Cirtek Electronics International Corporation. CATSI, through its Philippines Branch is a proven Philippine-based manufacturer of value added, highly integrated technology products. CATSI offers complete "box build" turnkey manufacturing solutions to RF, microwave, and millimeterwave products used in the wireless industry such as telecommunication, satellite, aerospace and defense, and automotive wireless devices.

RBW Realty and Property, Inc. is a real estate developer located in Muntinlupa, Philippines.

Cirtek Business & Technology Solutions, Inc. was established to provide wireless infrastructure solutions to large Philippine enterprises using internally-manufactured multi-gigabit, millimeterwave, high capacity wireless backhaul and access technologies.

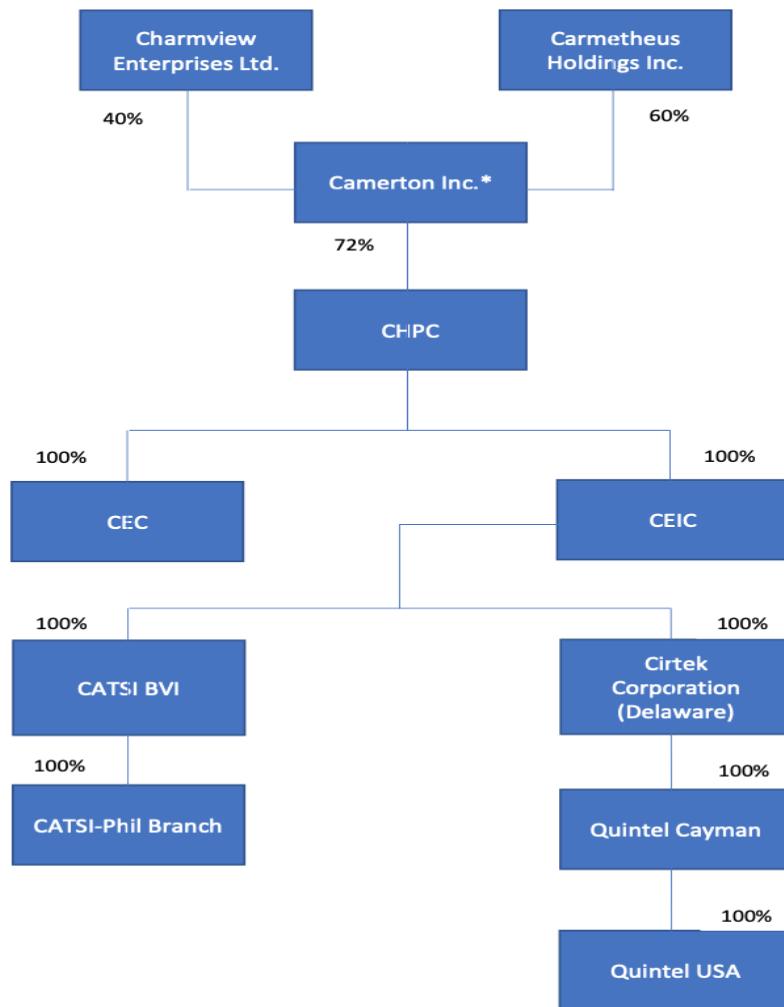
Beginning in 1984 with only three customers, the Cirtek Group has significantly grown its customer base to over 70 major and regular customers across Europe, U.S. and Asia, with the bulk of revenues contributed by customers located in Europe and the U.S.

The Cirtek Group has earned a strong reputation with its customers for its high-quality products, production flexibility, competitive costing, and capability to work with customers to develop application and customer specific packages. The Cirtek Group has been accredited and certified by several international quality institutions, such as TÜD SÜD Management Service GmbH and Defense Supply Center of Columbus for the latest quality system standards, which include ISO9001, ISO14001, and QS9000/TS16949.

In 2019, Cirtek Group's consolidated net sales was stable at US\$80 million from US\$88.7 million in 2017 while consolidated net income grew from US\$3.15 million to US\$8.42 million at a CAGR of 63.49%.

Corporate Structure

As of February 28, 2021, the corporate structure of the Company and its Subsidiaries are as follows:



All of the Company's Subsidiaries are wholly owned. As of February 28, 2021, details of these Subsidiaries are as follows:

	Country of Incorporation	Percentage of Ownership			
		Feb. 28, 2021		Dec. 31, 2019	
		Direct	Indirect	Direct	Indirect
CEC	Philippines	100	—	100	—
CEIC	BVI	100	—	100	—
CATS	BVI	—	100	—	100
CATS - Philippine Branch	Philippines	—	100	—	100
Cirtek Corporation	United States of America	—	100	—	100
Quintel	Cayman Islands	—	100	—	100
Quintel USA	United States of America	—	100	—	100

**Shares of Cirtek Business & Technology Solutions Inc. are still in the process of being transferred to CEIC*

Competitive Strengths

The Company believes that its principal strengths are the following:

Industry-leading Technology

The Company, through Quintel, designs, develops and delivers advanced high-efficiency, high performance antenna solutions that help mobile operators to increase efficiency, enhance quality-of service, slash costs and accelerate ROI.

Quintel is radically transforming wireless infrastructure with feature-rich antenna technologies that make networks more efficient and more profitable. An innovator in low-impact and high-output solutions, Quintel simplifies rollout complexity with practical antenna solutions that quickly boost capacity and coverage

Reputation for High-Quality, Innovative Products

The Cirtek Group has a strong reputation for producing and delivering high-quality, innovative products to the market.

Significant Proprietary IP

The Company's proven record of innovation and over 60 years of combined experience in manufacturing and developing robust technology products are supported by 21 patent families, over 50 approved patents and patent applications worldwide.

Offers a Complete Range of Turnkey Solutions and Vertically Integrated Services

The Company, through its Subsidiaries, provides a full range of turnkey solutions. For the semiconductor business, these would include package design and development, wafer probing, wafer back grinding, assembly and packaging, final testing of semiconductor devices, and delivery and shipment to its customers' end users. CATSI also offers full turnkey solutions, including product and process design and development, transitioning from R&D to full scale manufacturing, integrated manufacturing processes, and delivery to end customers.

Of particular importance to the Company, however, is its ability to adapt and adjust to the specific needs and demands of its customers through its technical capabilities. The Company's customers are given the flexibility to contract for the entire process flow, or just a portion thereof. In addition, the Company also works with its customers to develop application and customer specific packages. These have given Cirtek the ability to adapt to its customers' needs, which in turn, helps build a stronger relationship with its customers.

Furthermore, the Company's vertically integrated manufacturing solutions enable it to shorten lead times. This results in savings for Cirtek's customers for non-essential product costs and faster time to market for their products.

Global and Diversified Customer Footprint

Cirtek Group's products have multiple end-user applications that serve a diverse range of industries including telecommunications, automotive, consumer electronics, industrial, medical, satellite communication, and aerospace and defense. The table below illustrates the breakdown of the Company's revenues by industry for the year ended September 30, 2020:

Industry	Revenue Contribution (%)
Communication	35
Computing	20
Consumer Electronics	20
Medical	10
Industrial	10
Automotive	5
Total	100

Since its incorporation, the Cirtek Group has slowly built a global customer base of over 70 customers based in three major regions in the world, namely, Asia, Europe and the U.S. The table below shows the breakdown of revenue contribution of its customers per region for the year ended September 30, 2020:

	Revenue Contribution (%)
U.S.	45%
Europe	30%
Asia	25%
Total	100%

Because of the diversified revenue base of the Cirtek Group, it is not dependent on a single market or customer and is able to cope with upswings and downswings in demand.

Strong Financial Track Record

Cirtek, through its Subsidiaries, has consistently proven its ability to grow the business. Cirtek has grown its consolidated net sales from US\$24 million in 2009 to US\$80 million in 2019.

The Cirtek Group's ability to create shareholder value is seen in the consistent rise in its profits and EBITDA over the years. As a result, market capitalization has grown by approximately two times since its IPO in November 2011 to ₱2.7 billion as of February 28, 2021.

Highly Experienced Management Team

The Company's senior management is composed of highly experienced individuals from various semiconductor, OSAT, and RF and microwave companies. It has over 200 years of combined management and engineering expertise. It believes that because of management's extensive experience in the industry, the Company is highly equipped in dealing with, responding, and adapting to customer needs, as well as changes in the industry landscape.

Proven Execution Track Record

The Company, through its Subsidiaries, harnesses more than 54 years of combined operating track record. It has a well-established reputation in both the assembly and testing segment of the semiconductor industry and in providing complete "box build" turnkey manufacturing solutions to RF, microwave, and millimeterwave products.

CEC is known for its high-quality products, production flexibility, competitive costing, and capability to work with customers to develop applications. It continues to be the preferred supplier of customer- and application-specific semiconductor packages. It has been in business with most of its customers for more than ten years. Moreover, its existing customer base has grown since 1984 from only three customers to over 60 customers to date.

RBWI, now known as CATSI, has over 18 years of experience in producing high quality niche PCBA and Box-build in low/medium/high volume and high-mix products for industrial and consumer applications, such as RF/microwave, emerging products of OEMs and ODMs for commercial, industrial, military and telecommunications applications, and providing related repair services. These unique capabilities and extensive experience in RF and microwave manufacturing and engineering services offer a versatile competitiveness in this field.

Quintel is a market leader in the design, development and delivery of advanced high efficiency, high performance antenna solutions that allow mobile operators to increase efficiency, enhance quality-of-service and reduce costs. The company's core technology, QTilt, which provides variable linear

phase slope across the antenna array and as such, increases site output without expanding the site footprint.

The Company has, over the years, developed excellence in manufacturing. Cirtek's manufacturing practices are designed to be compliant with industry requirements and to exceed customer expectations. This is evidenced by latest quality system standards obtained by the Company, through its Subsidiaries, such as TÜD SÜD Management Service GmbH and Defense Supply Center of Columbus, for the latest quality system standards, which include ISO9001, ISO14001, and QS9000/TS16949.

The Company's quality system has evolved from direct dealings with customers, benchmarking and learning from their experiences, and incorporating their best practices into the Company's own quality system. All these have enabled the company to garner several recognition awards from its major customers as presented in the "The Company" section on page 53.

Key Strategies

FOR QUINTEL

Expand to new geographic markets as the global market for multi-port, multi-frequency base station antennas is expanding rapidly

At present, Quintel is concentrated in North America, in particular the US as its main customers are AT&T and Verizon, the two largest telecom companies in the world.

With the sale of multiband base station antennas rising worldwide, Quintel, as a pioneer and leading provider of multi-port and multi-band antenna systems, is moving to expand its presence outside the US and in markets where available frequencies matches Quintel's product frequencies.

Expand Cirtek / Quintel's product portfolio through new product introduction, licensing and white label branding

To continue being a market leader, Quintel will continue to introduce new, innovative technologies and products to address current and emerging market opportunities as well as requirements from its customer.

Quintel will also consider strategic partnerships such as licensing and white label branding. Such strategies will generate revenue, brand recognition and expand the product and services offerings of Quintel.

Quintel will endeavor to improve gross margin through lower BOM cost, more efficient outbound logistics, better yield and better quality.

Quintel is aggressively pursuing cost reduction initiatives to improve margins and give the Company pricing flexibility in price-sensitive markets. Key areas for cost reduction include lower BOM costs by expanding its supplier base, and lower logistic costs through optimal use of air and sea freight.

FOR CEC

Focus on further expanding the semiconductor business

Improve on customer- and application- specific packages

The Company intends to constantly review and make innovations in its production and assembly techniques and capabilities to improve productivity and efficiency in its use of resources. In addition, it plans to continue to work closely with its current and potential customers to understand technology and industry trends that may have an impact on customers' products. Together with the customer, the Company will evaluate how its customer's product can evolve to meet new requirements and standards in order to stay competitive.

Furthermore, the Company will continue to aggressively offer dedicated or captive line models for assembly and test services. This involves dedicating certain capacity to fulfill a customer's mature and stable products with competitive volume break incentives. This arrangement allows customers to increase capacity quickly and minimize the need for additional capital expenditures.

Introduce new products/packages that meet customers' needs

The Company plans to continue to co-develop new technologies with its customers. It will tap into the expertise and strengths of customers in areas where developing it solely would be costly and time consuming. The cooperation with customers assures the availability of a ready market and a faster-to-market introduction of products.

Strengthen presence in high-growth market segments such as wireless communication, consumer electronics, automotive sectors

The Company plans to actively pursue business opportunities in high-growth market segments such as wireless communication, consumer electronics and automotive. Demand for smart phones, tablets and gadgets remain strong. In automotive, demand is being driven by the growing number of cars, as well as the higher electronic content in vehicles as result of enhancements to convenience and safety features and environmental concerns. The internet of things (the ability to connect remote and mobile "things" or "machines" or "assets" to the Internet or corporate Intranets through the use of wireless communications and low-cost sensors/computing/storage) will significantly drive the consumer electronics market.

Expand sales network in key markets such as Europe, US and Asia

The Company is increasing its international sales force and sales representatives to establish greater geographic presence and increase its end-customer base.

FOR CATSI

Consistent growth for RF/Microwave/Millimeterwave Business by at least 20% year on year

The Company expects the demand for its RF/Microwave/Millimeterwave business to grow at a rapid rate as a result of the explosive growth in wireless data traffic and growing application of millimeterwave in imaging, telecommunication, consumer markets, defense and security.

Expand customer base RF/Microwave/Millimeterwave Business

Since it started operations, CATSI has shipped over 1.4 million products worldwide. The Company has produced the most number of millimeter wave radio links among independent manufacturers worldwide. CATSI is aggressively pursuing new customers as demand for microwave and millimeter wave in the upper frequencies increase. The Company is also in the process of increasing its sales coverage by signing up sales representatives in the US and Europe. The Asian market is covered by an in-house team.

Subsidiaries

Cirtek Electronics Corporation

CEC was incorporated with the SEC on May 31, 1984, primarily to engage as an independent subcontractor for semiconductor assembly, test and packaging services.

Prior to the Company's acquisition of CEC in 2011, CEC was majority-owned by Charmview Enterprises, Ltd. ("Charmview"), a holding company incorporated in the British Virgin Islands on November 1, 1994 and is owned by the Liu family, wherein the US\$50,000 authorized capital stock is divided equally among Jerry Liu, Nelia Liu, Michael Liu, Justin Liu, and Brian Gregory Liu.

On March 24, 2008, Charmview and CHI entered into a Share Swap Agreement whereby Charmview transferred all of its interest in CEC, constituting 155,511,959 common shares, to CHI in exchange for 50,000 common shares of stock of CHI. As a result of the share swap, CEC became a subsidiary of CHI.

On March 1, 2011, CHI and the Company executed the Deed of Absolute Sale of Shares wherein CHI transferred all of its 155,511,959 shares in CEC to the Company for and in consideration of P130,000,000.00, making CEC a wholly-owned subsidiary of the Company.

CEC owns the manufacturing plants in Laguna Technopark as well as machinery such as bonder, auto test handler, optical inspection system, wafer back grinder, mold set, and other machinery necessary for the manufacture, assembly, and testing of semiconductors.

CEC was previously registered with the Board of Investments ("BOI") under Presidential Decree No. 1789, as amended by Batas Pambansa Blg. 391, as a preferred pioneer enterprise for the manufacture and export of integrated circuits. As a registered enterprise, CEC was entitled to certain tax and nontax incentives provided for in PD 1789.

On March 24, 1998, the Philippine Economic Zone Authority ("PEZA") approved CEC's registration as an ecozone export enterprise at the Laguna Technopark for the manufacture of standard integrated circuits, discrete, hybrid, and potential new packages. Since its income tax holiday incentive expired in 2003, CEC is subject to tax at the preferential rate of 5% of its gross income in accordance with Republic Act No. 7916 as amended, the law creating the PEZA. In order to maximize the incentives granted under Republic Act No. 7916, CEC applied for the registration of its new products and was granted income tax holiday therefor from 2003 to 2005.

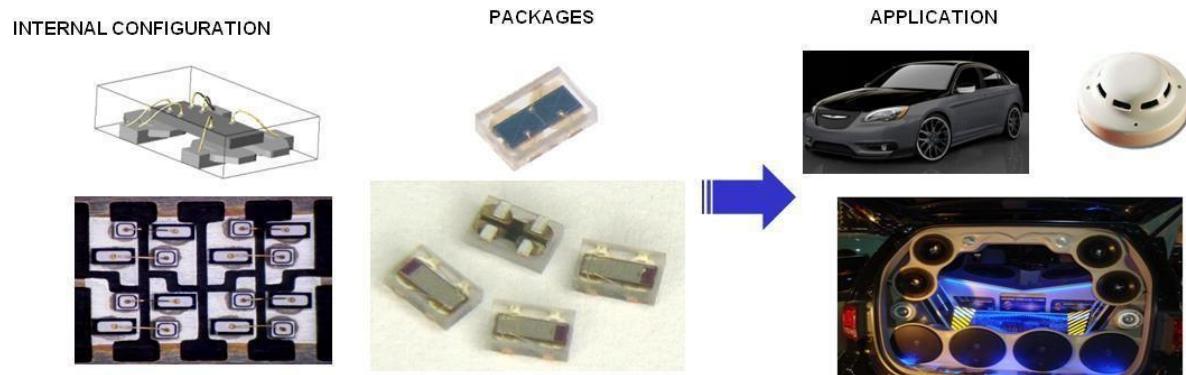
On April 27, 2011, PEZA approved CEC's application for the registration of a new project involving the manufacture of devices which will be used as components for smart phones, automotive sensor applications, battery chargers, and industrial applications.

CEC offers a broad range of products that go into various applications. The end application covers a diverse range of industries from consumer products to high reliability industrial and military products. The following are CEC's product lines:

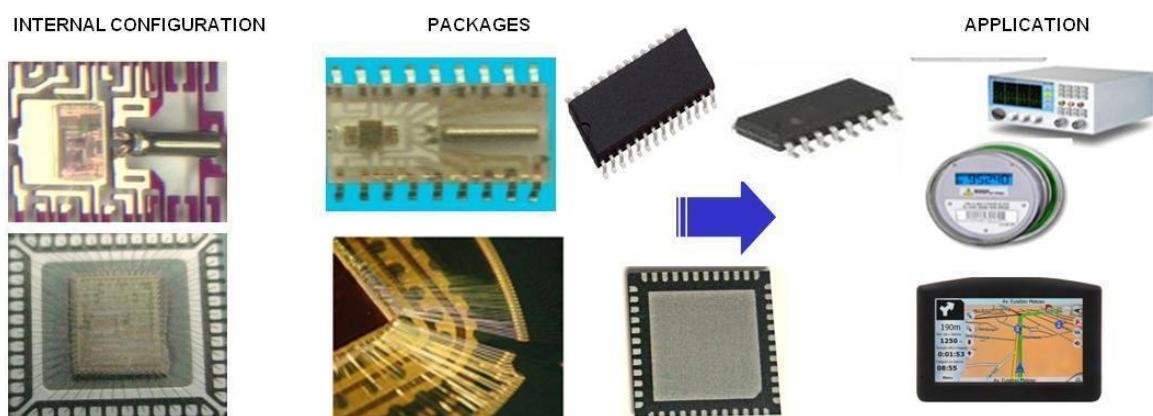
1. Protection products - These products are designed to protect electronic devices from damaging voltage or current spikes. These are in multi-chip Small-outline Integrated Circuit ("SOIC") packages, with up to 32 diodes in a single unit. The applications of the protection products include smartphones, tablets.

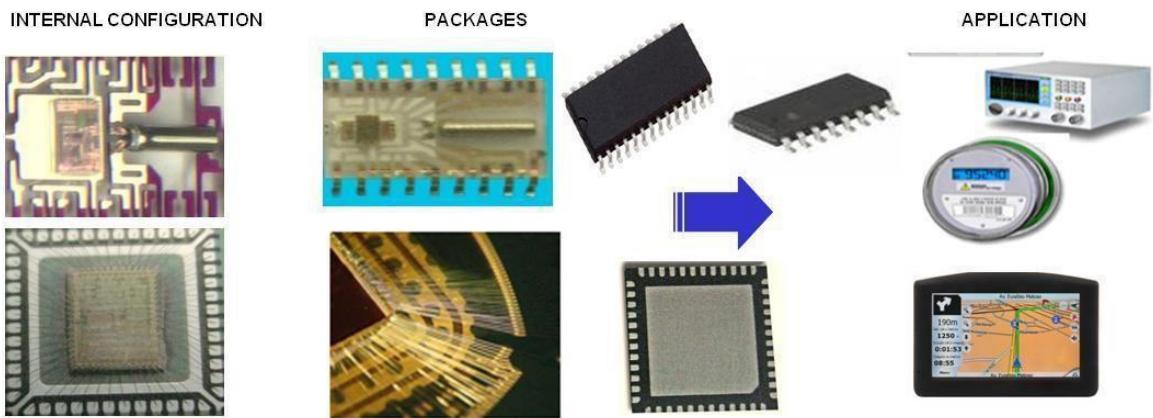


1. Light sensors - These optical devices sense the intensity of light and trigger the automatic switching on and off of headlights and the automatic adjustment of air conditioning settings in cars. The package is a transparent custom-body Quad Flat Pack Leadless Package ("QFN"). The applications of the Light sensors products include Sensor auto switching device, Hall sensor application.



2. Real time clock - These are precision time keeping devices which contain features like calendars, time of day, trickle charger and memory functions. These devices come with tuning fork cylindrical crystals and are packaged in 16/20L SOIC 300mil body version. The applications of the Real time clock products include Digital meter reader, PLL device Phase-locked loop (PLL) circuits exist in a wide variety of high frequency applications, from simple clock clean-up circuits, to local oscillators (LOs) for high performance radio communication links, and ultrafast switching frequency synthesizers in vector network analyzers (VNA).

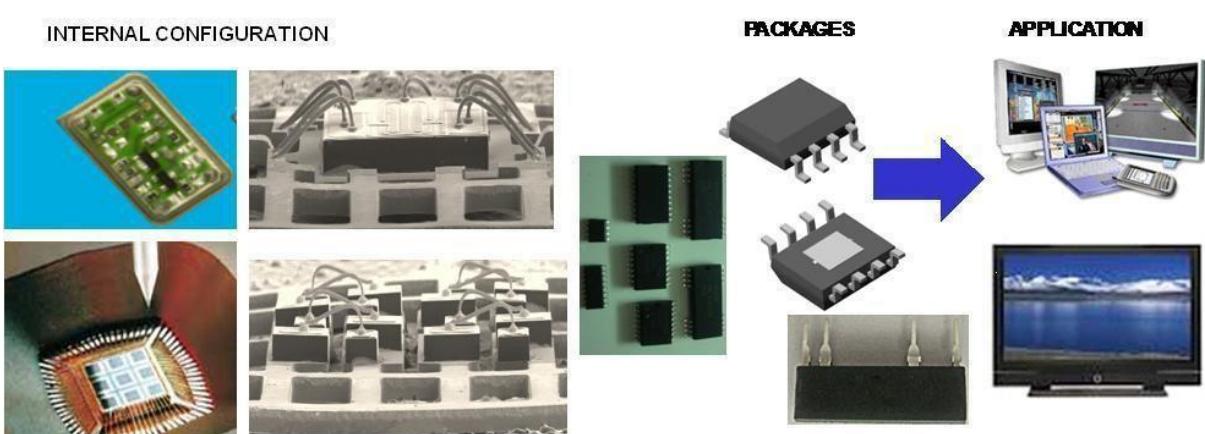




3. Voltage control oscillators ("VCO") - This is an electronic oscillator that is designed to be controlled in oscillation frequency by a DC voltage input. Signals may also be fed into the VCO to cause frequency modulation or phase modulation.

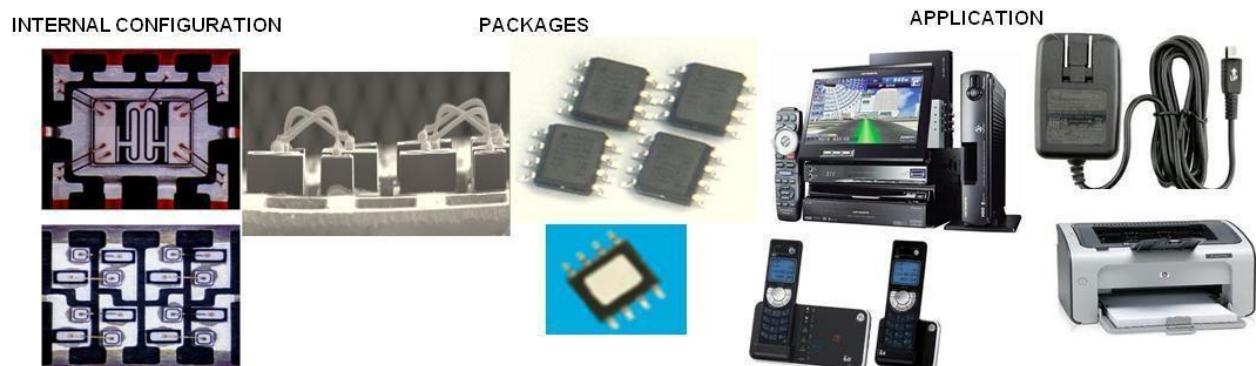


4. Electronic Relays - These are opto relays that are used in controlling high voltage and high power equipment. The control is achieved through the physical isolation of high voltage output and the low voltage input side of the device protecting the circuit components and the users. These are packaged in Plastic Dual-In-Line Package ("PDIP") with an LED and a driver IC coupled together, without electrical connection between them. The applications of the Electronic Relays products include Computing devices.



5. Power management devices - These devices are used in a wide range of power management applications from telecommunications, industrial equipment, portable devices, computers, and networks. Power management devices is a feature of some electrical appliances, especially copiers, computers, CPUs, GPUs, and computer peripherals such as monitors and printers, that turn off the power or switch the system to a low-power state when inactive. These are packaged

in SOIC with the die pad exposed. The applications of the Power management devices products include Photocopier and Communicating devices.

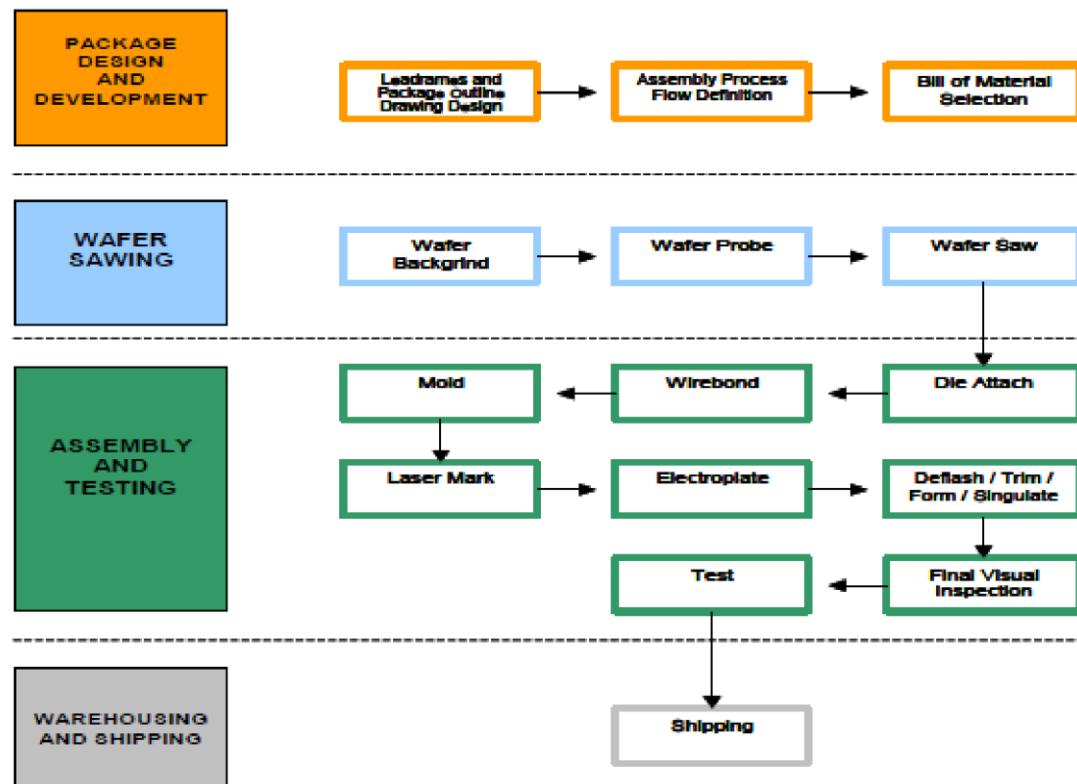


CEC Manufacturing Process Flow

CEC assembles and tests semiconductor devices at its manufacturing complex located on a 12,740 square meter property in Biñan, Laguna. CEC currently leases the property from Cirtek Land Corporation ("CLC") and Cayon Holdings, Inc. ("Cayon"), both of which are majority owned by Nelia T. Liu, the wife of the Chairman of the Board and mother of three of the directors. CEC's manufacturing facility is composed of two buildings, with a total floor area of 152,000 square feet.

Process Flow

The figure below illustrates the typical manufacturing process for the back-end production of semiconductor products:



The back end semiconductor operation starts with package design and development. The design phase pertains to a) the determination of the type of package to be used that conforms to industry standards,

b) the substrates that will match the intended package, and c) the material set that will be used to meet customer specifications. This is followed by tooling selection and ordering.

The development process follows a systematic approach which takes into account the standards required by the end user product. Advanced quality planning is made part of the process to ensure that the critical quality characteristics are fully understood, characterized and tested. Customers are involved as they have to approve the design and any changes that will happen later in the development stage.

The development is only deemed complete once critical processes are proven capable and qualification units and lots are produced and tested for reliability internally and or by the customers.

The fundamental package assembly process starts after the Company receives the wafer silicon from customers. Pre-assembly, the wafers are back grinded to the desired thickness, probed for electrical performance and then sawn to dice the wafers to its individual chip size following customer requirements. The individually sawn dies are then mounted on a copper substrate typically using epoxy adhesives. Other packages made by the Company however, may require other mounting adhesives for enhanced functional performance. Examples of these include, E0201 dual flat leadless package ("DFN") (used in smart phones) which requires a gold eutectic process or the Power Quad Flat No leads ("PQFN") (used in charges) which requires solder paste.

The interconnection between die to leads is normally done using gold fine wire. Power packages however use copper clips for higher electrical conductivity. The parts are then encapsulated by an epoxy moulding compound, which are usually opaque.

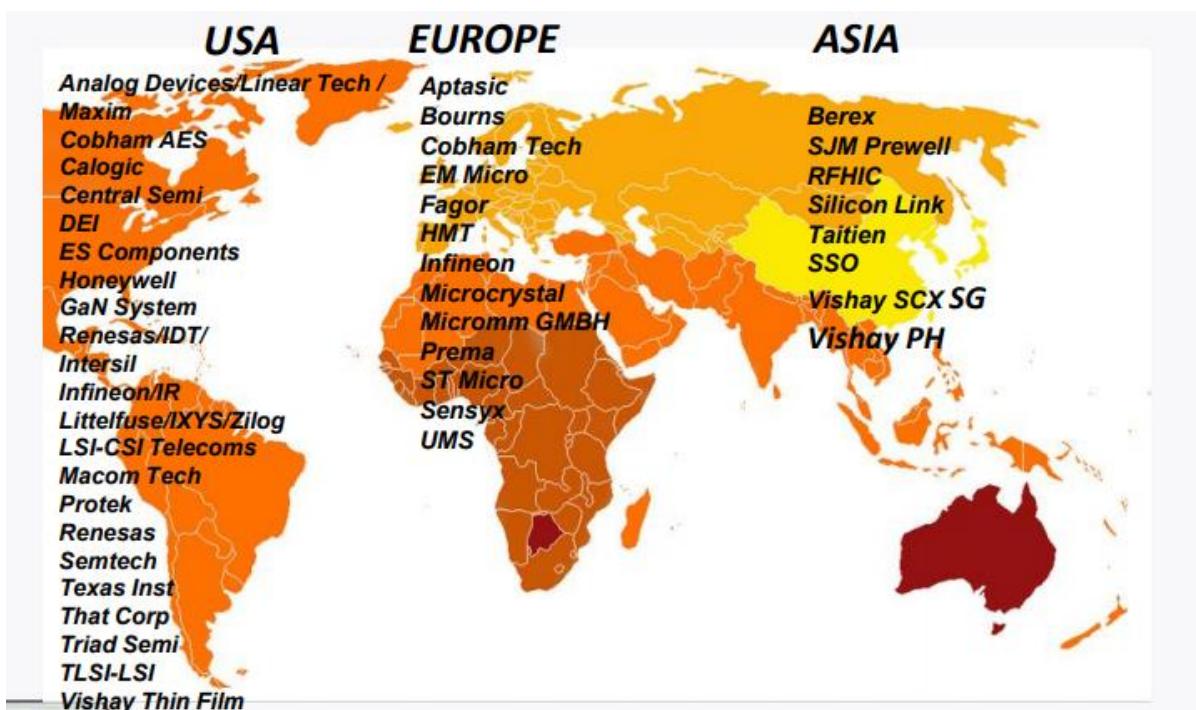
The parts are then electroplated for protection of the metal leads, trimmed and formed into its final shape or sawn into its final dimension in the case of 0201 DFN, Optical Dual Flat No lead ("ODFN") and PQFN.

These assembled units are electrically tested for functional screening. The good parts are then packed per customer specifications and shipped to its intended destination.

Customers may opt to contract for the entire process flow or for portions thereof, as well require changes, subject to mutual consent to suit the customers' product needs.

CEC Customers

Beginning in 1984 with three customers, the Cirtek Group has significantly grown its customer base to 30 to 35 active customers in 2019. Cirtek, through CEC, aims to broaden its existing customer base, as well as its geographic coverage to mitigate the volatility in the semiconductor industry. The figure below lists the CEC's major customers:



The table below illustrates the geographic distribution of customers by revenue contribution per region, for the years 2015, 2016, 2017, 2018, and 2019.

	2015	2016	2017	2018	2019
Asia	24%	20%	20%	18%	30%
Europe	40%	40%	40%	38%	19%
U.S.	36%	40%	40%	44%	51%

The Company is not dependent upon a single customer or a few customers or industry, the loss of any of which would have a material adverse effect on the Company. The Company has no single customer contributing more than 20% of the Company's total revenues in the last three years of operations. The top customer accounts for only 12% of total revenue while the top 10 customers collectively account for less than 70% of total revenue. Neither is the Company reliant on any specific industry since its products have varied applications in different industries.

Most of the Cirtek Group's customers have been clients of the Company for more than 10 years. For most of these clients, no formal supply or manufacturing contract is executed, and the orders are governed by purchase orders which provide the specification of the products to be sold, delivery schedule and terms of payment, among others. Customers are required to submit order forecasts ranging from 3-6 months, which the Company uses to project its supply requirements. Depending on the relationship with the particular customers, payment terms can be on a cash-on-delivery basis or credit terms of between 30 to 45 days.

CEC Competition

The assembly and testing segment of the semiconductor industry is highly competitive. The Company's competitors in the semiconductor space include IDM's with their own in-house assembly and testing capabilities, and similar independent semiconductor assembly and test subcontractors, located in the Philippines and in the Asia-Pacific region. Among the Company's

competitors are Amkor Technology in Korea and in the Philippines; Advanced Semiconductor Engineering, Inc. or ASE, a Taiwanese company and one of the largest OSAT companies in the world, with branches in Korea and China; Orient Semiconductor Electronics, Ltd. and Siliconware Precision Industries Co. Ltd. in Taiwan; Unisem and Carsem Semiconductor in Malaysia; Hana Microelectronics in Thailand; STATS Chip Pac Ltd. in Singapore, and other Chinese subcontractors such as Diodes, Inc. and Chiang Jiang Electronic Technology or JCET.

Aside from Cirtek Group, there are two (2) active companies in the semiconductor industry that are listed in the PSE. These are Integrated Micro-Electronics, Inc. ("IMI") and SFA Semicon Philippines Corporation ("SSP"). The table below presents a side by side comparison between and among Cirtek, PSPC and IMI of each one's relative size and financial performance (As of and for the year ended 30 September 2020 unless otherwise stated; Amounts in US\$ thousands unless as indicated):

	TECH	SSP	IMI
Market Capitalization (PHP)	2,325,801,609	3,031,033,755	12,026,225,461
Revenue	59,522	251,601	312,440
EBITDA	13,990	18,678	34,393
Net Income	3,624	8,454	9,548
Total Assets	289,509	190,491	1,135,111
Total Liabilities	174,051	62,541	562,682
Total Stockholders' Equity	115,459	127,950	572,429

Note: Market Capitalization is as of Sep 30,, 2020

The principal areas of competition are pricing and product quality. The Company believes however, that it has an advantage over its competitors not only in the above-mentioned areas but also because of the following reasons: advanced packaging technology in multiple component products; retooling and configuration capabilities that focus on jointly developed application-specific packages; dedicated line services; and quick turnaround time on customer requirements.

Cirtek Electronics International Corporation

CEIC was incorporated under the International Business Companies Act of the British Virgin Islands on April 4, 1995. CEIC was incorporated with the primary purpose of selling integrated circuits principally in the U.S. CEIC subcontracts the production of the same to CEC.

Beginning June 8, 1995, CEIC, after securing the sales from its customers abroad, would subcontract the assembly, testing, and/or packaging of the devices to CEC, pursuant to a Master Subcontractor Agreement. Under said agreement, CEIC issues purchase orders to CEC stating therein the type of product it will require, the quantity, delivery date, and destination, together with such other instructions the former may have. In consideration for its services, CEC is paid a service fee depending on the services contracted for a particular purchase order.

Prior to the Company's acquisition of CEIC in 2011, CEIC was majority-owned by Charmview. On March 24, 2008, Charmview and CHI entered into a Share Swap Agreement whereby Charmview transferred

all of its interest in CEIC, constituting 50,000 common shares, to CHI in exchange for 50,000 common shares of stock of CHI. As a result of the share swap, CEIC became a subsidiary of CHI.

On March 1, 2011, CHI and the Company executed the Deed of Absolute Sale of Shares wherein CHI transferred all of its 50,000,000 shares in CEIC to the Company for and in consideration of P130,000,000.00, making CEIC a wholly-owned subsidiary of the Company.

Acquisition of Remecc Broadband Wireless International, Inc.

On July 30, 2014, CEIC entered into a sale and purchase agreement with REMEC Broadband Wireless Holdings ("REMEC"), for the purchase of 100% of the shares of REMEC's manufacturing division, REMEC Broadband Wireless International, Inc. ("RBWI"), a Philippine-based manufacturer of value added, highly integrated technology products. Based on the terms of the sale: (i) REMEC and its remaining subsidiaries will continue to design and market its top-of-class telecommunications products globally under its "REMEC" brand; and (ii) REMEC will enter into a manufacturing agreement with Cirtek to manufacture REMEC's products under a long term contract manufacturing relationship. CEIC acquired RBWI for a consideration of \$7.5 million. CHPC funded the acquisition through a combination of available cash on hand and proceeds from a corporate notes issuance.

At the time of the acquisition, RBWI had over 18 years of experience in producing high quality niche PCBA and Box-build in low/medium/high volume and high mix products for industrial and consumer applications, such as RF/microwave, emerging products of OEMs and ODMs for commercial, industrial, military, and telecommunications applications, and providing related repair services. These unique capabilities and extensive experience in RF and microwave manufacturing and engineering services offer a versatile competitiveness in this field.

RBWI's contract manufacturing capabilities ranged from component level (transceivers, synthesizers, oscillators, mixers, filters switches, microwave devices), sub-system and module level (power amps, transceivers, filters, diplexers, mixers, mixed signal, PCBA), system level (spread spectrum radios, power amplifiers, repeaters, modem, Outdoor RF Radios (ODU, IP Radio), 6GHz to 42GHz, broadband radios - 60GHz to 80GHz, and indoor RF Radios (IRFU, IDU).

RBWI has shipped more than 1,000,000 finished products (ODUs, IP radios, transceivers and amplifiers) with field-proven MTBF of over 100 years, to over 30 customers globally. RBWI is also PEZA registered with 'Pioneer Status', and owns a world-class manufacturing facility (ISO 9001 and 14001 certified) located in Carmelray Industrial Park 1, Laguna. RBWI has received numerous awards from top global microwave OEMs, and recorded sales revenues worth \$43 million for fiscal year 2013.

CEIC's acquisition of RBWI allows the Cirtek Group to expand its existing manufacturing capacity and capability into the high-growth wireless segment via a proven player with a strong customer base. It also allows Cirtek Group to provide customers with vertically integrated solutions that offer the Company higher margins and the customer more flexibility.

Through RBWI, the Cirtek Group will be able to cater to the strong demand for electronic products and applications, such as smartphones and media streaming in the telecommunications industry, wireless health monitors in the medical industry, and connectivity applications in the automotive industry, among others.

RBWI was renamed to Cirtek Advanced Technology Solutions, Inc. ("CATSI") on 21 November 2014 in the British Virgin Islands. On February 18, 2015, the Philippine SEC approved the change in corporate name.

Acquisition of Quintel Cayman Ltd. and its subsidiaries.

On July 31, 2017, CHPC and Trillium International I, GP, as shareholder representative of Quintel Cayman, Ltd. announced the signing of a definitive agreement under which CHPC, through its subsidiary CEIC, would acquire 100% of Quintel, a leading provider of advanced high-efficiency,

high-performance antenna solutions. Upon closing, the transaction immediately gave CHPC a significant presence in the large and rapidly growing base station antenna market, estimated to be more than US\$14 billion by 2020.

Quintel is a leading innovator of spectrum and space-efficient base station antennas for wireless networks. Among Quintel's major customers include two of the top 5 telecom carriers in North America. Quintel recently expanded its industry-leading MultiServ™ Slimline Antennas portfolio. In addition to the 12-Port Multiband Antenna, Quintel now has 10 Port antennas, both of which come in 4, 6 and 8 foot lengths. This latest Slimline Antenna utilizes the same 12"/300mm wide form factor that all Quintel antennas use providing the industry's only "One Size Fits All" portfolio of 6, 8, 10 and 12-Port antennas in the same single form factor.

The acquisition of Quintel is consistent with the Cirtek Group's positioning to expand its business portfolio vertically and to compete in high-growth market segments, such as wireless communication. By moving up the value chain, the Company will be able to accelerate its revenue trajectory and improve profit margins.

The transaction also complements the Group's wireless product portfolio since Cirtek's subsidiary, CATSI, is already a leading independent global manufacturer of RF, microwave, and millimeterwave radio systems, deploying over 1.5 million radio units and systems worldwide.

With the Cirtek Group as the sole Contract Manufacturer of Quintel, the acquisition will bring about significant synergies through value engineering, research and development collaboration as well as cost reduction, resulting in high-quality, reliable and cost-competitive products.

Cirtek Advanced Technologies and Solutions, Inc.

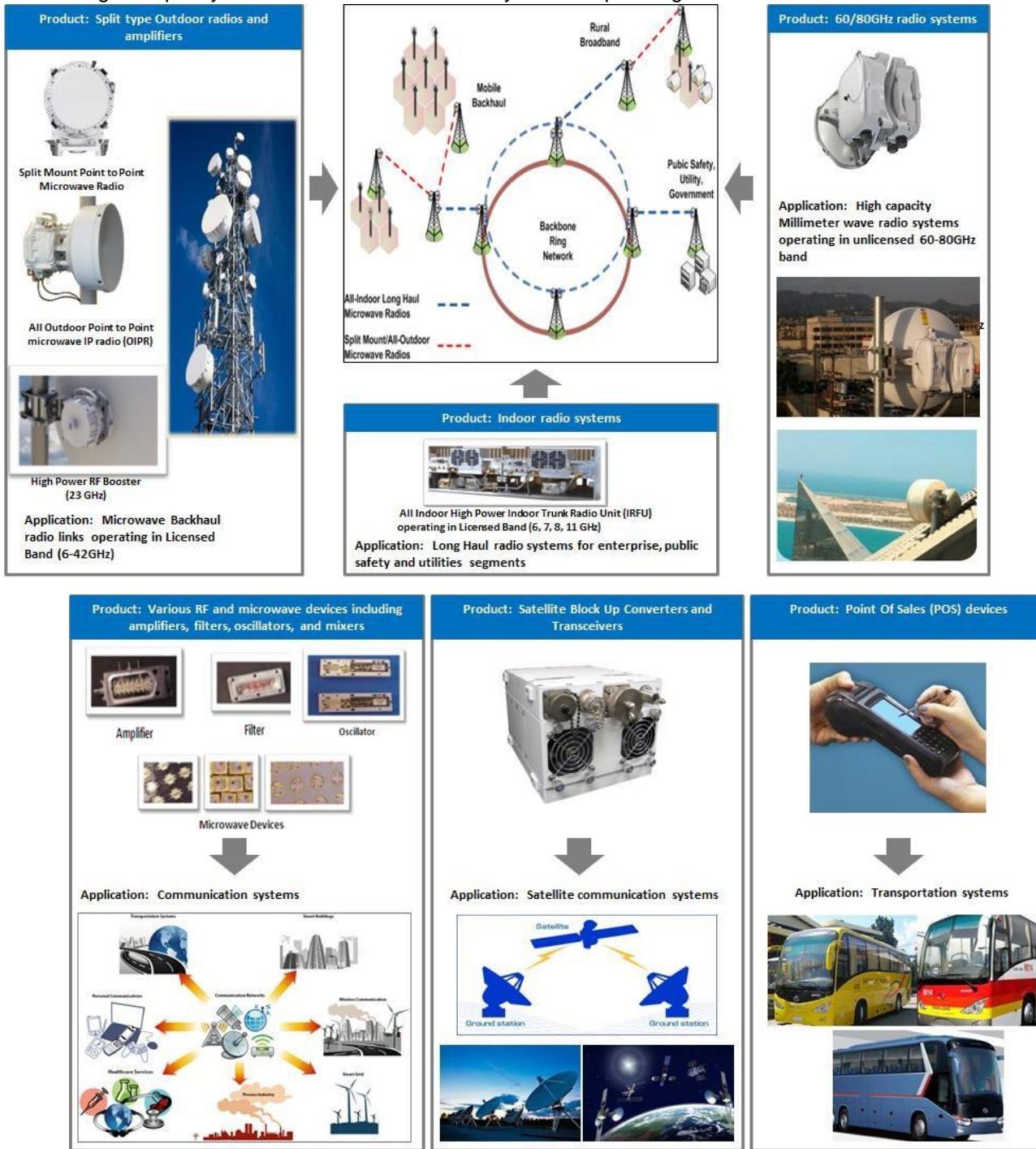
CATSI offers a broad range of microwave products that go into various applications. The end application covers microwave/wireless solutions for carrier and private data networks catering mobile backhaul, service provider, education, enterprise, government/municipalities and healthcare.

The following are CATSI' microwave products:

1. CTT Out Door Unit ("ODU") - The CTTH ODU is available in 6L, 6U, 7GHz, 8GHz, 11GHz, 13GHz, 15GHz, 18GHz, 23GHz, 26GHz, 28GHz, 32GHz and 38GHz. The CTT ODU supports QPSK to 256QAM modulation and 7MHz to 56MHz channel bandwidth. The applications of the CTT OutDoor Unit products include backhaul radios for telecommunication network.
2. Indoor Radio Frequency Unit ("IRFU") –The IRFU is available in L6, U6, 7GHz, 8GHz, and 11GHz frequency bands. The channel spacing supported for North American ANSI rates is between 3.75 MHz and 60 MHz. The channel spacing supported for ETSI rates is between 7 MHz and 56 MHz. The applications of the Indoor Radio Frequency Unit ("IRFU") products include adio communication product that is usually used for public safety, government, utilities, industrial enterprise and carriersOutdoor Internet Protocol Radio ("OIPR") - The OIPR is available in 6L, 6U, 7GHz, 8GHz, 11GHz, 13GHz, 15GHz, 18GHz, 23GHz, 26GHz, 28GHz, 32GHz and 38GHz. The supported modulation is QPSK to 256QAM. The channel spacings supported for North American ANSI rates is between 10MHz and 50 MHz. The channel spacings supported for ETSI rates are 7MHz, 14MHz, 28-30MHz, 40MHz and 56MHz. The applications of the Outdoor Internet Protocol Radio ("OIPR") products include Microwave backhaul radio links operating in Licensec Band (6-42 GHZ).

FLEX4G-Ultra High Availability ("UHA") - Flex4G-UHA-UHA operates in the 71-76/81-86 GHz frequency range in compliance with ECC/REC 05/07 Recommendations and is subject to use based on each EU member country's individual regulation for operation in this band. The FLEX4G-UHA uses Binary Phase Shift Keying ("BPSK") modulation and supports a maximum data rate of 1,000 Mbps in a 1,250 MHz channel. The application of FLEX4G-Ultra High Availability includes

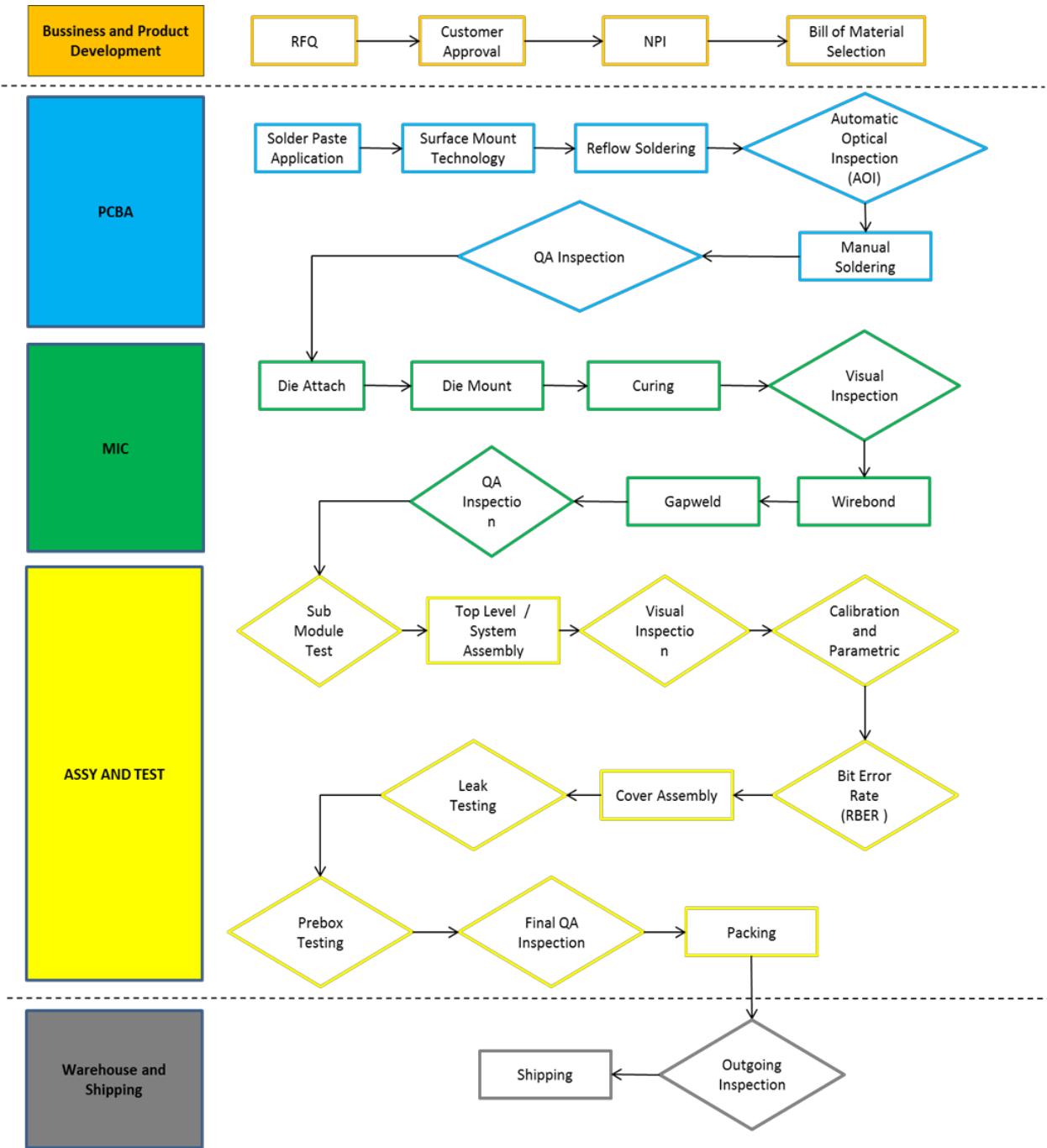
high capacity Millimeter wave radio systems operating in unlicensed 60-80 GHz band.



CATSI Manufacturing Process Flow

CATSI assembles and tests microwave products at its manufacturing complex located on a 12,740 square meter property in Biñan, Laguna. It currently leases the property from Cirtek Land Corporation and Cayon Holdings, Inc., both of which are majority owned by Nelia T. Liu, the wife of the chairman of the Board and mother of 3 of the directors. The manufacturing facility is composed of two buildings, with a total floor area of 152,000 square feet.

The figure below illustrates the typical manufacturing process flow for the production of microwave products:



The manufacturing process starts with business and product development. The business development pertains to a) Request for Quote (“RFQ”) from customer; and b) customer approval. Once the customer approves the quote, product development proceeds.

The product development pertains to a) New Product Introduction (“NPI”) and b) bill of materials selection. During NPI, the factory will qualify the product and the process (to manufacture the product). The NPI process is considered completed once critical processes are proven capable and qualification units are produced and tested for reliability internally and or by the customers. If NPI is successful, the bill of materials is finalized. This includes the product BOM, fixtures and packaging. Mass production follows.

The fundamental assembly process starts with a Printed Circuit Board Assembly (“PCBA”). Solder paste is applied to the Printed Circuit Board (“PCB”), followed by placement of components

during SMT pick and place. The populated board is then loaded to the reflow oven for solder paste curing. After the oven reflow, the board undergoes Automatic Optical Inspection (“AOI”). All boards with reject (assembly rejects, i.e. missing components, wrong part mounted, tombstone, insufficient solder, mis-oriented, tilted, etc.) during AOI are reworked. All boards without rejects proceed to 2nd operation or manual soldering (if required).

Some modules/sub-assembly boards from PCBA undergo Microwave Integrated Circuit process (“MIC”). During this process, a component (MMIC) is attached or mounted to the board with epoxy, either manually or automated. The board is then cured to the required temperature depending on the type of epoxy used. Wirebond/gapweld is performed depending on the required assembly drawing. Inspection follows to ensure conformance to the assembly drawing.

The modules/sub-assembly boards will then undergo test and tune (if required). All passing modules are then integrated to form the ODU (final product) during Top level assembly. System level testing follows (Calibration and Parametric test, Bit Error Rate (“BER”) Test, etc.). The ODUs should conform to the specifications set by the customer.

Finished products are then packed per customer specifications and shipped to the intended destination.

CATSI Customers

Most of the Cirtek Group’s customers have been clients of the company for more than 10 years. For most of these clients, no formal supply or manufacturing contract is executed, and the orders are governed by purchase orders which provide the specification of the products to be sold, delivery schedule and terms of payment, among others. Customers are required to submit order forecasts ranging from 3-6 months, which the Company uses to project its supply requirements. Depending on the relationship with the particular customers, payment terms can be on a cash-on-delivery basis or credit term of between 30 to 45 days.

CATSI Competition

The Company's competitors in the RF/Satcom EMS space include large OEMs with international presence such as Benchmark Electronics, Plexus, Flextronics, and MTI Electronics. Among the Company's local competitors for certain product lines are Ionics, IMI, and ATEC.

The Company believes its competitive strength lies in its ability to provide complete turnkey solutions for complex, box build electronic and microwave products. The Company also believes it has unique RF/microwave expertise to deliver vertically integrated products from components to modules and system levels.

Quintel Corporation

Founded in 2007, Quintel designs, develops and delivers advanced high efficiency, high performance antenna solutions that allow mobile operators to increase efficiency, enhance quality-of-service and reduce costs. The company's core technology, QTilt, provides variable linear phase slope across the antenna array and as such, increases site output without expanding the site footprint. The company's corporate offices are in Rochester and New York and San Jose California and its sales office is located Buckinghamshire in the United Kingdom. Quintel's team of seasoned professionals understand tower tops better than anyone else in the industry and have pioneered some of the most advanced solutions in the marketplace today. Quintel delivers tremendous value to the industry's leading operators and OEMs, as well as a robust ecosystem of technology and channel partners, across the globe.

Quintel is radically transforming wireless infrastructure with feature-rich antenna technologies that make networks more efficient and more profitable. An innovator in low-impact and high-output solutions, Quintel simplifies rollout complexity with practical antenna solutions that quickly boost capacity and coverage within diverse heterogeneous networks. Quintel's innovative MultiServ and SONwav product lines enable mobile operators to quickly and easily grow their networks and not their budgets.

The following are Quintel's antenna products lines:

1. MultiServ - Single Antenna - Multiple Frequency Bands

Under the MultiServ brand, Quintel sells Multi-Band/ Multi-Port Antennas which are designed to maximize site utilization without compromising site design and network optimization freedoms. This product offers independent tilt for different bands for different arrays while supporting up to 4x4 MIMO at high-bands. The technology of Multiserv also minimizes Passive Intermodulation interference and supports different access technologies (4G, LTE, 3G, 2G).



Space Efficient Tower Solutions

PIM Efficient Solutions

Key Highlights of MultiServ product line:

- ④ Smallest form factor (12" wide x 4' / 6' / 8' lengths)
- ④ Advanced aerodynamic design reduces wind loading
- ④ Field proven best-in-class azimuthal roll-off (C/I) RF performance
- ④ Independent tilt-per-band eliminates band combiners
- ④ Most reliable / all internal "Direct Connect" Remote Electrical Tilt ("RET") design
- ④ Highest quality in the industry – used at both tier-1 U.S. carriers nationally ④ AISG over RF capability
- ④ Broad portfolio with Hexports and Octoports in 65° and 45° and 10 / 12 port antennas ④ World's only 12 port antenna 12" wide x 72" or 96" length with 6' high-band arrays

2. SONWav - Directional Antenna – Passive Real-Time Beamforming

Through its SONWav brand, Quintel provides Passive Real-Time Elevation Beamforming Antennas which increases throughput and spectral efficiency at low spectrum bands in a single slimline antenna. This product also offers route to double MIMO freedoms.



Spectrally Efficient Tower Solutions

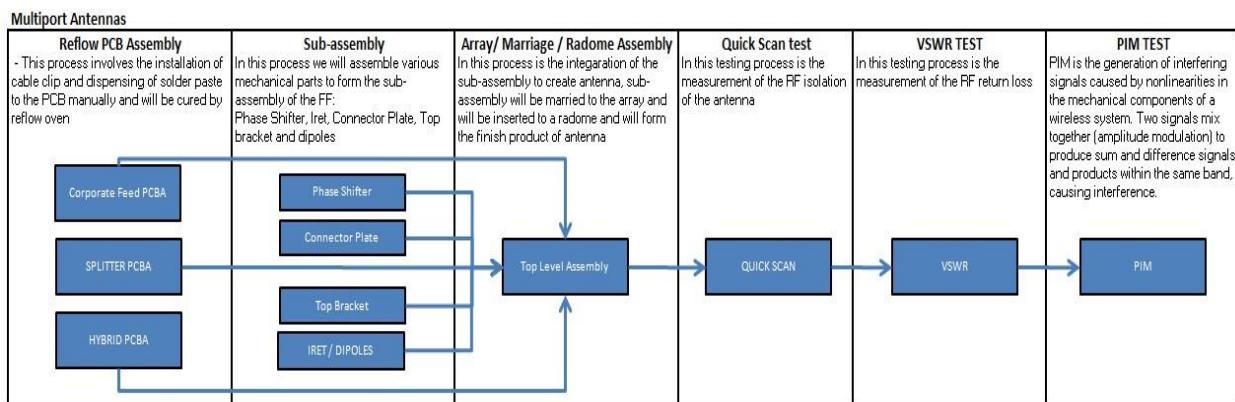
Key Highlights of MultiServ product line:

- ④ SONWav technique designed for Low-Band Serice 700, 800, 850MHz
- ④ Allows Downlink to be Tilt optimized with Power Limited Uplink Services (VoLTE)
- ④ Mitigates Uplink Interference when using IRC in Baseband
- ④ Maximizes Uplink MCS, SINR, CQI and Throughput
- ④ SonWav also has 4x1695-2400MHz Ports (as 2x independent Tilts)
- ④ Optimized Azimuth Patters as per MultiServe Family
- ④ Optimized Rodome&Windload as MultiServe Family

Quintel Manufacturing Process Flow

Cirtek assembles and tests antenna products at its manufacturing complex located in Laguna Technopark in Biñan, Laguna. The manufacturing facility is composed of three buildings, with a total floor area of 22,300 square feet.

The figure below illustrates the typical manufacturing process flow for the production of antenna products:



Quintel Customers

Quintel's current customers are AT&T and Verizon, large telecommunication corporations operating in North America. In order to reduce the concentration risk of a few major customers, Quintel has been actively seeking business opportunities with new potential customers wherein the initial focus will be on large customers in North America and Europe. The company eventually wants to penetrate the Asian market and provide its products to telecommunication companies in countries such as Singapore and the Philippines.

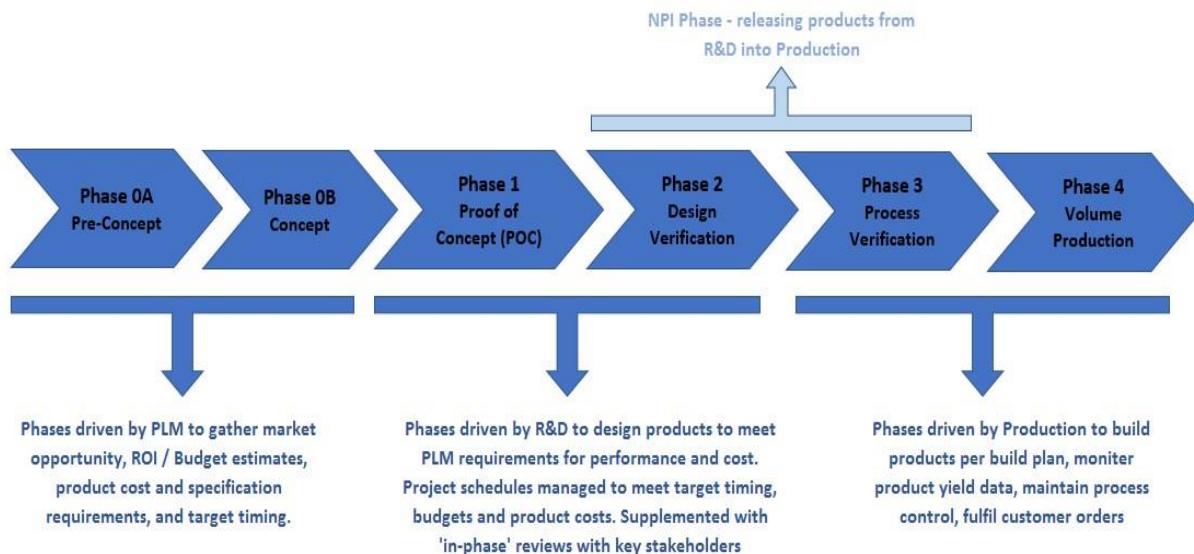
Quintel Competition

Quintel's competitors in the Antenna space are made of up of a number of well-known companies, most of which sell multiple products directly or indirectly to carriers. These competitors are either diversified telecom infrastructure and service companies, telecom system and component vendors or pure-play antenna makers. Below is a diagram of the competitive landscape of the industry:



Quintel Product Development (Research and Development)

The figure below illustrates the New Product Development process within Quintel:



New Products

The Company and its Subsidiaries do not have any publicly-announced new products or services as of the date of this prospectus.

Risks related to CEIC, CATSI and Quintel

For a more detailed discussion of the major risks pertaining to CEIC, CATSI and Quintel, please refer to the section on "Risk Factors".

Operating Segments Contribution to Revenue

Financial information on the Group's business segments as of December 31, 2019 and December 31, 2018 are presented below. The amounts disclosed were determined consistent with the measurement basis under PFRS.

For the year ended September 30, 2020:

	CEC	CATS- Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
Net sales:					
External customers	25,938,616	17,072,209	16,511,051	\$	59,521,876
Inter-segment				\$	-
	\$ 25,938,616	\$ 17,072,209	\$ 16,511,051	\$ -	\$ 59,521,876
Segment depreciation and amortization	2,824,221	895,040	1,169,623	881,190	\$ 5,770,074
Segment interest income	59,268	9,828	18,984	\$	88,080
Segment interest expense	4,443,904	-	116,734	\$	4,560,638
Segment profit/(loss) before income tax	(2,177,502)	3,095,521	3,710,439	(881,190)	\$ 3,747,268
Segment provision for (benefit from) income tax	226,212	54,250	10,075	(167,426)	\$ 123,111
Segment profit (loss) after income tax	\$ (2,403,714)	\$ 3,041,271	\$ 3,700,364	\$ (713,764)	\$ 3,624,157

Prior to the Group's acquisition of Quintel, the Group has reported only one operating segment primarily because the Group operates out of one geographical location and the Group has previously reported information on an entity-wide basis.

For the year ended September 30, 2019:

	CEC	CATS- Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
Net sales:					
External customers	29,569,746	16,409,285	23,581,045	\$	69,560,076
Inter-segment				\$	-
	\$ 29,569,746	\$ 16,409,285	\$ 23,581,045	\$ -	\$ 69,560,076
Segment depreciation and amortization	2,764,171	547,282	115,473	-	\$ 3,426,926
Segment interest income	14,022	1,056	134	\$	15,212
Segment interest expense	4,577,749	-	66,344	\$	4,644,093
Segment profit/(loss) before income tax	\$ 3,718,440	2,404,469	2,179,859	(4,233,998)	\$ 4,068,770
Segment provision for (benefit from) income tax	298,468	58,082	24,308	-	\$ 380,858
Segment profit (loss) after income tax	\$ 3,419,972	\$ 2,346,387	\$ 2,155,551	\$ (4,233,998)	\$ 3,687,912

Credit Policy

The Company has clear guidelines that set the pre-qualification procedures, credit term, and credit limit approval requirements for supplying goods, credit ratings, and credit policy on how to handle collections and delinquent accounts.

For pre-qualification, a customer must apply for a credit line by filling up and signing a Credit Application subject to approval by the CFO and/or President in accordance to their limits of authority. Aside from a Customer Information Sheet, other attachments that the Marketing Department must secure are the company profile, two-year financial statements, and a copy of the General Information Sheet as submitted to the SEC. The application would then be evaluated to determine the credit rating, credit limit, terms and other information pertinent to the line being granted. Once finalized, the system would be updated by the Document Controller and AR Finance Staff to reflect the approved terms so as to automatically track sales through the system and apply a "credit hold" whenever possible.

Within eight (8) working days from month-end closing, the AR Staff is required to send the Statement of Account ("SOA") reviewed by the Senior Supervisor to the customers. Delinquent notices shall be sent to customers as follows:

1-60 days past due	Delinquent notice in a form of e-mail, phone call follow up. Set meeting/s if necessary.
61-120 days past due	E-mail, phone calls, meeting/s, written demand from company officers acknowledged by the customer's representative.
121 days & Over	Demand letter from the company lawyer (for non-affiliated companies), except when the overdue amount does not exceed 20% of its total outstanding balance, in which case, a written demand from a company officer is advisable.
	If the debtor is an affiliate company, apply offsetting. The company has the option to hold the delivery in case of pre-meditated failure or gross neglect to settle the account.
	In case of a non-affiliated company, the credit line shall be revoked. All deliveries to customers will be on a cash basis until the account is settled.

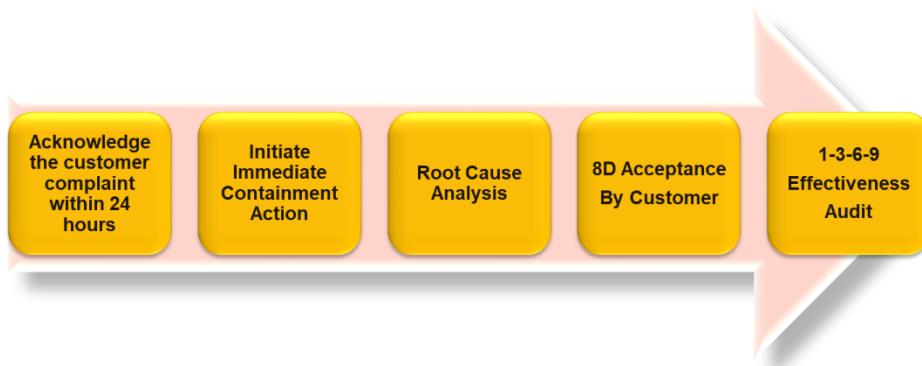
Furthermore, the guidelines mandate the Finance Senior Supervisor shall review and submit a credit rating to the CFO and VP for Marketing & Sales within five (5) working days from the end of the quarter (fiscal year basis).

One point demerit will be given per quarter for accounts with outstanding balance exceeding 120 days of no more than 20% of the total accounts receivable. Any customer/s receiving four (4) demerits for one fiscal period will be subject to a final credit review with Finance and Marketing.

The final review of the customer's credit standing shall be initiated by the Finance Senior Supervisor. If the final review reveals gross neglect on the part of the customer, a demand letter to settle the outstanding receivable within thirty (30) days from the receipt of written notice will be issued. Failure to settle the overdue shall automatically revoke the approved credit line granted to a customer. Sales will be on a cash or COD basis.

Policy on Customer Complaints

The section below lays out the Company's procedure in handling customer complaints. Per policy, TECH uses the 8D discipline whereby problem solving shall lead to root cause identification and then elimination. A corrective action is required to eliminate the cause of non-conformities in order to avoid reoccurrence.



More specifically, as shown on the figure above, a complaint is acknowledged within 24 hours of its receipt. An 8D Team would then be formed that shall be composed of a champion, a team leader, and its members – that will evaluate per the aforementioned discipline. Within the 24-hour window also, immediate containment action shall commence that would cover the inventories, machines, process, and shipped materials.

Around the same time, the 8D report would be finalized and subsequently presented to the customer by the assigned team. The report outlines the root cause analysis and validation that was done in connection to the complaint as well as the corrective and preventive actions that the Company had taken or is taking.

Finally, these actions would undergo an implementation and effectiveness audit via a 1.) 10 lot monitoring and 2.) 1-3-6-9 month audit. Once the analysis yields a satisfactory outcome, an 8D closure with the customer will be done.

Awards and recognition

The Cirtek Group has been presented with several awards by its customers. The table below lists some of the awards and certifications garnered by the Cirtek Group in recent years:

Award	Awarding Body	Year
<i>For Cirtek Electronics Corporation</i>		
Outstanding Assembler	Gan Systems	2018
Outstanding Achievement	Gan Systems	2017
Outstanding Achievement	Gan Systems	2016
Semiconductor Assembly and Test Supplier of the Year	Bourns, Inc	2016
Best New Product Introduction	Cambridge Semiconductor ("Camsemi")	2013
Plaque of Appreciation Success on New Product Introduction	Camsemi	2012
Technology Partner Award	Camsemi	2010
Most Improved Subcontractor Award	Supertex, Inc.	2009
Top Ranking Subcontractor	Triquit Semiconductor	2008
Excellent Partner Award	Sunpower Corp.	2008
Excellence in Delivery and Service Award	WJ Communications	2008
Delivery and Service Award	International Rectifier	2006
<i>For CATSI</i>		
Silver Core Partner Award	Huawei Technologies Co. Ltd	2011
Gold Core Partner Award	Huawei Technologies Co. Ltd	2010
Silver Core Partner Award	Huawei Technologies Co. Ltd	2009

Marketing

The Company appoints exclusive and non-exclusive sales agents around the globe to promote its products and services. These agents help promote and maintain strong relationships by working closely with customers to address and resolve quality issues and communicate timely responses to specific requirements and delivery issues. The Company through its Subsidiaries currently maintains a sales director in the USA and sales agents in the USA, Europe and Asia.

Cirtek also performs marketing research for technology development by working closely with its customers through collaboration, conducting surveys and gathering market trends to keep the Company abreast of new packaging techniques and product introductions.

Suppliers

Direct materials used by the Company in the manufacturing process are lead frames, molding compound, wires (gold and copper) and epoxy adhesives. Silicon wafers are provided by Cirtek's customers.

These direct materials are sourced abroad, mainly from Hongkong, Singapore, Malaysia and Korea. Shipment is mostly by air, except for the molding compound, which is by sea because of its weight. In order to mitigate the risk of shortage of these direct materials, the Company has at least two suppliers for each material. The table below lists the Company's major suppliers for each direct material as of the date of the Prospectus:

CEC Local

Product	Name of supplier and their business address
Production and Office Supplies	Tuborg Trading 170 Corazon De Jesus St., San Juan City
Gases	Air Liquide Lot 37 DBP Ave., FTI Complex, Taguig Metro Manila
Building Materials	Atlas Copco North Main Ave., Lot 12 Blk 2 Laguna Technopark Incorporated Biñan Laguna
Chemical Supplies	Quimicos Chemical Solution B14 L8 Jeremiah St., Pillar Executive Village. Almanza Uno, Las Piñas City 1750
Production Supplies	Gaintech Corporation 90-F National Road, Putatan, Muntinlupa City

Foreign

Product	Name of supplier and their business address
Leadframe	ASM Technology Singapore Pte Ltd 2 Yishun Avenue 7 Singapore 768924
Bonding Wire	Heraeus Oriental Hitec Co Ltd 587-122 Hakik -Dong Nam Ku Incheon 402-040 South Korea
Die Attach Epoxy	Sumitomo Bakelite Singapore 10 Shenton Way No.11-03 MAS Bldg Singapore
Die Attach Epoxy	Henkel Corporation 20021 Susana Road Rancho Dominguez CA 90221

Leadframe

QPL Limited

QPL Industrial Bldg., 2/F--6/F, 138 Texaco Road, Tsuen Wan, New Territories, Hongkong

CATSI

Product	Name of supplier and their business address
Metal (stripline, bracket, etc.)	Suzhou Dongshan Precision Mfg. Co., Ltd. 8 Fenghuangshan Road, Dongshan Industrial Park, Wuzhong District, Jiangsu Province, Suzhou
Build Antenna	Leadtone Communication Technologies Co., Ltd. No. 8 Xinhua Rd, Xinwu District, Wuxi, Jiangsu, 2141714, P.R. China
Cables	Changzhou Amphenol Fuyang Comm Equip Co. Ltd. No. 6 Fengqi Rd, Wujin Hi-Tech District Laguna
Diplexer	SiYuan Telecommunication Technology (Suzhou) Co., Ltd. # 6 DongZhuang Road, Wuzhong District, Suzhou City
Cables	Changzhou Heatron Conduction Technology Co., Ltd. Block 2, No. 198, Xiahe Road, Hutang Town, Wu District

QUINTEL

Product	Name of supplier and their business address
Antenna	Caytron International, Limited Hongkong
Antenna	Cirtek Advanced Technologies & Solutions Inc. Biñan Laguna, Philippines

The Company is not dependent on one or a limited number of suppliers for essential raw materials, energy or other items.

Impact of the COVID-19 pandemic to the supply chain

For the Cirtek Group's antenna business, it can be noted that majority of its suppliers are located in China where factories have returned to normal operation since April 2020. Therefore, the Antenna business is not experiencing delivery delays at this present time.

With regard to the direct raw materials supply chain, of the semiconductor business, Cirtek maintains multiple sources/suppliers based in China and other sites in the Asia Pacific region and the U.S.A.. This allows it to quickly source raw materials from elsewhere should there be difficulties in one location or supplier. Hence, there is no major impact to its business operations.

Employees

As of 28 February, 2021, the Cirtek Group's manpower complement numbered at 1,686.

Position	Total
Managers and Executives	47
Engineers	78
Administration	54
Support Group/Admin	483
Rank and File	1,024
Total	1,686

The Company does not expect any significant movement in the number of its employees within the ensuing twelve (12) months.

Contractual employees of the Company are primarily involved in mechanical functions in the production lines. Employees holding critical or highly technical functions such as management and oversight of the production process, which include engineers and key managers, are regular employees of the Company.

Management-Employee Relations

The Cirtek Group is not unionized. However, to foster better employee-management relations, the Cirtek Group has a Labor Management Council ("LMC") composed of committees with representatives from both labor and management. These committees include the committee on employee welfare and benefit, employee cooperative committee, employee discipline committee and sports and recreation committee, among others.

LMCs are established to enable the workers to participate in policy and decision-making processes in establishment, in so far as said processes will directly affect their rights, benefits, and welfare, except those which are covered by collective bargaining agreement or are traditional areas of bargaining. The scope of the council/committee's functions consists of information sharing, discussion, consultation, formulation, or establishment of programs or projects affecting the employees in general or the management.

There is an existing agreement between CEC and the United Cirtek Employees Association pertaining to minimum salary, benefits, emoluments, security of tenure, and other terms and conditions of employment. CATSI does not have a similar agreement with its employees.

None of the employees are on strike, or have been in the past three years, or are threatening to strike.

Employees of Cirtek's Contractors

As of February 28, 2021, the Group's contractors have assigned 603 direct employees to perform contracted work and services for the Group. These personnel comprise approximately 31% of the Cirtek Group's workforce. They are entitled to all the statutory employment rights and privileges vis-à-vis their direct employer, the contractor/agency.

As of the date of this prospectus, the Company is in compliance with all relevant labor laws including laws on permissible job contracting.

Properties

The Company, through its Subsidiary, owns the manufacturing plants in the Laguna Technopark as well as machinery such as bonder, auto test handler, optical inspection system, wafer back grinder, mold set, SMT equipment, MIC epoxy dispense, die attach, high-speed wire bonders, automated test stations, and other machinery necessary for the manufacture, assembly and testing of semiconductors and broadband wireless products. All of these properties are free and clear of liens, encumbrances, and other charges, and are not subject of any mortgage or other security arrangement.

CHPC does not own land. Thus, on January 1, 2011, CEC entered into a lease arrangement with CLC and Cayon to lease the land where the manufacturing facility is located. The manufacturing facility is composed of two buildings, with a total floor area of 152,000 square feet and is shared by CEC and CATSI.

The CEC lease agreement with CLC includes the land where CEC's Building 1 is located. The agreement calls for a P640,704 rent per annum for a period of 10 years and renewable thereafter by mutual agreement of the parties, subject to such new terms and conditions as they may then be mutually agreed-upon.

CEC's lease agreement with Cayon includes the land where CEC's Building 2 is located. The agreement calls for an annual rental of P582,144 for a period of 10 years and renewable thereafter by mutual agreement of the parties, subject to such new terms and conditions as they may then be mutually agreed-upon.

The leases with CLC and Cayon will expire in 2021 and the Company does not anticipate any issues with the lease renewals.

The Company does not expect to acquire new properties or enter into new leases in the next twelve months.

For a more comprehensive discussion on the leases, please refer to the sub-sections under "Related Party Transactions - Transactions with CLC and Cayon" on page 173 of the Prospectus.

Intellectual Property

Through its subsidiary Quintel, the Company has an Intellectual Property Portfolio a summary of which can be seen below:

Patents

Patent Family	Family ID	Country	Relation Type	Application #	Filing Date	Patent #	Grant Date	Status
P7	QUIN/P7240US	(US)	ORIGINAL	10/551,798	25/03/2004	7,400,296	15/07/2008	GRANTED
P7	QUIN/P7240USCON	(US)	CONTINUATION	12/111,901	29/04/2008	7,868,823	11/01/2011	GRANTED
P8	QUIN/P7243US	(US)	ORIGINAL	10/553,308	10/05/2004	7,450,066	11/11/2008	GRANTED
P8	QUIN/P7243MX	(MX)	ORIGINAL	PA/a/2005/011801	10/05/2004	250524	19/10/2007	GRANTED
P9	QUIN/P7315US	(US)	ORIGINAL	10/577,206	29/10/2004	7,420,507	02/09/2008	GRANTED
P9	QUIN/P7155USCON	(US)	CONTINUATION	12/201,688	29/08/2008	8,185,161	22/05/2012	GRANTED
P10	QUIN/P7386US	(US)	ORIGINAL	11/632,233	07/07/2005	8,208,962	26/06/2012	GRANTED
P16	QUIN/P7511US	(US)	ORIGINAL	12/280,813	10/08/2007	8,269,668	18/09/2012	GRANTED
P21	QUIN/P2100EP	(EP)	ORIGINAL	12765944.9	23/03/2012	2689493	31/01/2018	GRANTED
P21	QUIN/P2100US	(US)	ORIGINAL	13/429,042	23/03/2012	8,879,997	04/11/2014	GRANTED
P22	QUIN/P2200US	(US)	ORIGINAL	13/589,121	18/08/2012	9,344,176	17/05/2016	GRANTED
P22	QUIN/P2200KR	(KR)	ORIGINAL	10-2014-7004092	18/08/2012	10-1969701	11/04/2019	GRANTED
P22	QUIN/P2200CN	(CN)	ORIGINAL	201280050976.9	18/08/2012	201280050976.9	27/04/2016	GRANTED
P23	QUIN/P2300US	(US)	ORIGINAL	14/186,524	21/02/2014	9,438,278	06/09/2016	GRANTED
P23	QUIN/P2300DE	(DE)	ORIGINAL	14753700.5	21/02/2014	2959710	20/03/2019	GRANTED
P23	QUIN/P2300FR	(FR)	ORIGINAL	14753700.5	21/02/2014	2959710	20/03/2019	GRANTED
P23	QUIN/P2300GB	(GB)	ORIGINAL	14753700.5	21/02/2014	2959710	20/03/2019	GRANTED
P23	QUIN/P2300IT	(IT)	ORIGINAL	14753700.5	21/02/2014	2959710	20/03/2019	GRANTED
P23	QUIN/P2300ES	(ES)	ORIGINAL	14753700.5	21/02/2014	2959710	20/03/2019	GRANTED
P23	QUIN/P2300CN	(CN)	ORIGINAL	20140022268.3	21/02/2014	ZL20140022268.3	11/12/2018	GRANTED

P23	QUIN/P2300EP	(EP)	ORIGINAL	14753700.5	21/02/2014	2959710	20/03/2019	GRANTED
P24	QUIN/P2400EP	(EP)	ORIGINAL	15765512.7	16/03/2015			FILED
P24	QUIN/P2400CN	(CN)	ORIGINAL	201580014482.9	16/03/2015			FILED
P24	QUIN/P2400KR	(KR)	ORIGINAL	10-2016-7025212	16/03/2015			FILED
P24	QUIN/P2400	(US)	ORIGINAL	14/659,123	16/03/2015	9,960,500	01/05/2018	GRANTED
P26	QUIN/P2600US	(US)	ORIGINAL	14/610,987	30/01/2015	10,069,213	04/09/2018	GRANTED
P26	QUIN/P2600CON	(US)	CONTINUATION	16/117,212	30/08/2018			FILED
P26	QUIN/P2600CN	(CN)	ORIGINAL	201580017564.9	30/01/2015			FILED
P26	QUIN/P2600EP	(EP)	ORIGINAL	15743325.1	30/01/2015			FILED
P27	QUIN/P2700US	(US)	ORIGINAL	15/050,312	22/02/2016	9,979,079	22/05/2018	GRANTED
P27	QUIN/P2700USCON	(US)	CONTINUATION	15/983,708	18/05/2018			FILED
P27	QUIN/P2700CN	(CN)	ORIGINAL	201680023077.8	22/02/2016			FILED
P27	QUIN/P2700PH	(PH)	ORIGINAL	1-2017-501531	22/02/2016			FILED
P29	QUIN/P2900	(US)	ORIGINAL	15/632,443	26/06/2017			FILED
P29	QUIN/P2900-1CN	(CN)	ORIGINAL	201780057272.7	18/07/2017			FILED
P29	QUIN/P2900-1EP	(EP)	ORIGINAL	17831705.3	18/07/2017			FILED
P31	QUIN/P3100	(US)	ORIGINAL	16/158,876	12/10/2018	10,340,583	02/07/2019	GRANTED
P31	QUIN/P3100PCT	PCT	ORIGINAL	PCT/US2018/055613	12/10/2018			FILED
P32	QUIN/P3200	(US)	ORIGINAL	16/409,532	10/05/2019			FILED
P32	QUIN/P3200PCT	PCT	ORIGINAL	PCT/US2019/031846	10/05/2019			FILED
P33	QUIN/P3300	(US)	ORIGINAL	16/526,426	30/07/2019			FILED
P33	QUIN/P3300PCT	PCT	ORIGINAL	PCT/US2019/044136	30/07/2019			FILED
P34	QUIN/P3400	(US)	ORIGINAL	16/526,476	30/07/2019			FILED
P34	QUIN/P3400PCT	PCT	ORIGINAL	PCT/US2019/044149	30/07/2019			FILED

Note: A patent is generally granted for 20 years from the date the patent application is filed.

Trademarks Registered

Trademark	Description
Quintel	Registered Trademark (USA and European Community)
Multiserv	Trademark of Quintel Technology Limited
QTilt	Trademark of Quintel Technology Limited
SONWav	Trademark of Quintel Technology Limited
New Dimensions in Wireless	Trademark of Quintel Technology Limited

Research and Development

Research and development work is performed by a team of over 100 experienced engineers with skills developed internally and learned from previous work experiences. Skills are brought in through hiring when necessary while training is a continuing concern to hone the skills of the technical staff.

The Company, through CEC and CATSI, has successfully cooperated with customers on many projects, co-developing with them new technology that are customer specific that will ensure continuing engagement by the customers. This approach ties up customer with the Company over a long period of time generating revenues from a captive market.

The Company's technology roadmap covers material development and process improvement to improve on cost and to help maintain the margins. The latest materials are identified to meet ever increasing demand for higher quality and lower cost. These are product-application specific that are jointly codeveloped with the customers bringing benefits to both parties.

Although the Company engages in research and development activities, the expenses incurred by the Company incurred in connection with these activities are not material. Expenses related to research and development are usually 2% of the total sales per year.

Government Approval and Permits

All government approvals and permits issued by the appropriate government agencies or bodies which are material and necessary to conduct the business and operations of the Company, were obtained by the Company and are in full force and effect as certified by certified by Atty. Lowela P. Layao-Concha in her opinion issued on February 18, 2021.

The list of the permits and licenses of the Company and its Subsidiaries are set out below:

Issuing Agency	Title of Permit /License	Date of Issuance	Validity/Expiration Date	Status/Remarks
<i>For Cirtek Holdings Philippines Corporation</i>				
SEC	Certificate of Incorporation	February 10, 2011	Valid for the entire corporate term	Valid and subsisting
LGU of Binan, Laguna	Business Permit	January 15, 2021	December 31, 2021	Valid and subsisting

Issuing Agency	Title of Permit /License	Date of Issuance	Validity/Expiration Date	Status/Remarks
BIR	Certificate of Registration	March 11, 2011	None stated	Valid and subsisting
<i>For Cirtek Electronics Corporation</i>				
SEC	Certificate of Incorporation	May 31, 1984	Valid for the entire corporate term	Valid and subsisting
BIR	Certificate of Registration	May 20, 1987	None stated	Valid and subsisting
PEZA	Certificate of Registration	March 24, 1998	None stated	Valid and subsisting
PEZA	Certification of 5% Gross Income Tax Incentive	January 20, 2021	December 31, 2021	In the process of being renewed
PEZA	Certificate of Income Tax Holiday	January 29, 2021	December 31, 2021	In the process of being renewed
LGU of Binan, Laguna	Business Permit	January 18, 2021	December 31, 2021	In the process of being renewed
DOLE	Approved Application for Registration	February 4, 2003	None stated	Valid and subsisting

SSS	Certificate of Membership	January 20, 1999	None stated	Valid and subsisting
PhilHealth	Certificate of Registration	March 11, 2011	None stated	Valid and subsisting
HDMF	Certificate	March 24, 2011	None stated	Valid and subsisting
DENR-EMB Regional Office IV	Environmental Compliance Certificate	August 31, 2017	None stated	Valid and subsisting
LLDA	Clearance for Development Plan/ Program/Project in the Laguna de Bay Region	February 08, 2018	None stated	Valid and subsisting (covers Cirtek Advanced Technologies and Solutions, Inc.)
LLDA	Discharge Permit	February 19, 2020	January 18, 2023	Valid and subsisting
Bureau of Customs	Certificate of Registration	July 27, 2020	July 27, 2021	Valid and subsisting
DENR-EMB	Permit to Operate Air Pollution Source and Control Installations	October 17, 2016	October 29, 2021	Valid and subsisting
DENR-EMB	Permit to Operate (Air Pollution Source & Control Installations)	August 17, 2018	October 02, 2023	Valid and subsisting
DENR- EMB Region IV	Hazardous Waste Generator Registration Certificate	December 21, 2015	N/A	Valid and Subsisting
PDEA	License to Handle Controlled Precursors and Essential Chemicals (CPECS)	January 18, 2020	February 3, 2022	Valid and subsisting
For Cirtek Advanced Technologies and Solutions, Inc.				
SEC	Certificate of Incorporation	February 18, 2015	Valid for the entire	Valid and subsisting

			corporate term	
BIR	Certificate of Registration	February 6, 2018	None stated.	Valid and subsisting
PEZA	Certificate of Registration	March 16, 2015	None stated.	Valid and subsisting
Issuing Agency	Title of Permit /License	Date of Issuance	Validity/Expiration Date	Status/Remarks
PEZA	Certificate No. 2019-0480-5% GIT Incentive	January 25, 2021	December 31, 2021	In the process of being renewed
PEZA	Certificate No. 2019-0658-ITH Incentive	January 25, 2021	December 31, 2021	In the process of being renewed
LGU of Binan, Laguna	Business Permit	January 25, 2021	December 31, 2021	In the process of being renewed
DOLE Regional Office IV-A	Registry of Establishment	May 22, 2015	None stated	Valid and subsisting
SSS	Certificate of Membership	August 27, 2015	None stated	Valid and subsisting
PhilHealth	Certificate of Registration	April 30, 2016	None stated	Valid and subsisting
HDMF	Certification	July 10, 2015	None stated	Valid and subsisting
DENR-EMB Regional Office IV	Environmental Compliance	August 13, 2015	None stated	Valid and subsisting
DENR-EMB	Permit to Operate Air Pollution Source and Control Installations	October 17, 2016	October 25, 2021	Valid and subsisting

Legal Proceedings

As of 31 December 2020, the Company and its officers and directors are involved in the following legal proceedings:

Nature of Case	Principal Parties	Status	Effects on the Company's Business or Operations
Criminal case – Joint Complaint-Affidavit dated 17 February 2020 for alleged violation of Section 73 in relation to Section 161 of the Revised Corporation Code	Otilio Vicente F. Arellano II and Rafel Estrada (Complainants); and Jerry Liu, Jorge Aguilar, Michael Stephen Liu, Brian Gregory Liu, Justin Liu, Ernest Friz Server, Hector Villanueva, Corazon Guidote, Milet Cruzada, and Rosario Menguito (Respondents).	Preliminary investigation before the Office of the City Prosecutor of Biñan, Laguna	There is no material impact to the business or operations of the Company.
Petition for Declaratory Relief – seeking a declaration and/or confirmation of the Company's right to decline the demand to inspect corporate records on account of bad faith and ill motive.	Cirtek Holdings Philippines Corporation (Petitioner); and Otilio Vicente F. Arellano II and Rafel Estrada (Respondents).	Pending with the Regional Trial Court of the City of Biñan, Branch 154, and docketed as Civil Case No. B-10603	There is no material impact to the business or operations of the Company.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The incumbent Directors and Executive Officers of the Company are as follows:

Position	Name	Age	Citizenship
Chairman	Jerry Liu	71	Taiwanese
Vice Chairman, President, and Chief Executive Officer	Jorge Aguilar	62	Filipino
Director Vice President and Corporate Information Officer	Justin T. Liu	38	Filipino
Director Executive Vice-President and Chief Financial Officer	Brian Gregory Liu	33	Filipino
Director/EVP/Chief Technology Officer	Michael Stephen T. Liu	36	Filipino
Director	Ernest Fritz Server	77	Filipino
Independent Director	Hector Villanueva	85	Filipino
Independent Director	Corazon P. Guidote	60	Filipino
Independent Director	Bernardino Ramos	76	Filipino
Corporate Secretary	Everlene O. Lee	44	Filipino
Assistant Corporate Secretary	Nelia T. Liu	70	Filipino

Board of Directors and Executive Officers of the Issuer

The overall management and supervision of the Company is vested in its Board of Directors. The Company's officers and management team cooperate with its Board by preparing relevant information and documents concerning the Company's business operations, financial conditions and results of operations for its review and action. At present, the Board consists of nine members, including four independent directors in accordance with the requirements of the SRC and the SEC's New Code of Corporate Governance for Publicly Listed Companies. All the Directors of the Company were elected at the Company's annual stockholders' meeting held on July 30, 2020 and will continue to hold office until the next succeeding annual meeting and until their respective successors have been appointed or elected and qualified.

The Officers were elected by the Board of Directors at the organizational meeting of the Board on July 30, 2020. The Board also elected during the said meeting the chairman and members of the Audit Committee, the Nominations Committee, and the Compensation Committee. The following are the business experience/s of the company's Directors for the last five (5) years (or more):

Jerry Liu, 71 years old was elected as the Corporation's Chairman and President on 25 May 2012. He is currently the Chairman of the Corporation. He is also concurrently Chairman of CEC, Director of Cirtek

Land and Cayon Holdings, Inc. Mr. Liu holds a Bachelor of Science degree in Physics from Chung Yuan University of Taiwan and an MBA from the University of the East.

Jorge Aguilar, 62 years old, was elected as Director, Vice-Chairman and President on 10 May 2019. Mr. Aguilar served as a director of the Company from 2011 until 2015. He joined CEC in 1985 and is concurrently EVP/General Manager of CEC, a position he has held since 2004. Mr Aguilar has a Bachelor of Science degree in Mechanical engineering from the Manuel L. Quezon University and an MBA from the Colegio de San Juan de Letran.

Justin T. Liu, 38 years old, was elected as EVP Corporate Information Officer on January 31, 2019. He is also the President and Director of Figaro Coffee Systems; Inc. Mr. Liu graduated from the De La Salle University with a Bachelor of Science in Business Management and earned his Master's in Finance from the University of San Francisco in 2006.

Brian Gregory Liu, 33 years old, was elected as the Executive Vice-President and Chief Financial Officer on August 02,2019. He was formerly the Chief Operating Officer of TECH. He was first elected as Director on 11 May 2015. He is concurrently a stockholder in Cirtek Electronics Corporation, Cirtek Land Corporation and Turbog Trading. Mr. Liu trained as an Operations Trainee in Domino's Pizza from 2001 to 2002, then as an Analyst in Evergreen Stockbrokerage & Securities Inc. from 2003 to 2005. He obtained his degree in Management in Financial Institutions from the De La Salle University in 2009.

Michael Stephen T. Liu, 36 years old, is currently an EVP-CTO and General Manager of Cirtek Advanced Technology and Solutions (CATSI) a Cirtek company catering to the telecom and wireless broadband space. He was first elected as Director on 11 May 2015. Mr. Liu obtained his degree in Electronics and Communications Engineering from De La Salle University in 2007 and is a licensed Electrical Engineer.

Ernest Fritz Server, 77 years old, was elected as a Director of the Corporation on 30 July 2020. Mr. Server serves as the President of Multimedia Telephony Inc., Vice Chairman of RFM Corporation, Chairman of Arrakis Holdings, Inc., President of Seacage Industries, Inc., President of West Properties, Inc., President of Superior Las Pinas, Inc., a director of ABS CBN Convergence, Inc. and a director of BJS Development Corp. Previously, Mr. Server served as Vice Chairman of the Commercial Bank of Manila, Consumer Bank and Cosmos Bottling Corporation, President of Philippine Home Cable Holdings, Inc. and Philam Fund, and a director of Philippine Township, Inc.. Mr. Server graduated from the Ateneo de Manila University in 1963 with degree in Bachelor of Arts degree in Economics and holds an MBA Major in Banking and Finance from the University of Pennsylvania, Wharton Graduate School.

Hector Villanueva, 85 years old, was elected as Independent Director on May 2016 , has held senior positions in both private and public sectors. He was Chairman of the Board of First Metro Philippine Equity Exchange Traded Fund, Inc., Chairman, Postmaster General & CEO of Philippine Postal Corporation, Member of the Advisory Board, First Metro Investment Corporation, and Publisher and Editor-in-Chief, Sun Star Manila. Mr. Villanueva was also Cabinet Secretary from 1995-1998. Mr. Villanueva obtained a Bachelor of Science degree in Economics from the London School of Economics and Political Science, and post-graduate studies from Royal Institute of Bankers, United Kingdom.

Corazon P. Guidote, 60 years old, was elected as Independent Director on May 31,2019, a Certified Public Accountant, Ms. Guidote is a Bachelor of Science graduate, major in Accountancy at the University of Santo Tomas in 1982. The UST College of Commerce eventually recognized her as one of its most outstanding alumnae in 2004. She holds a Master's Degree in Applied Business Economics from the University of Asia and the Pacific where she likewise received an Achievement Award in 1997 from the ABEP Alumni Association. She is now a member of the teaching faculty at the Institute of Corporate Directors currently specializing in the field of Sustainability Reporting otherwise referred to as ESG or (Environmental, Social and Governance). She successfully concluded her 15-year career in Investor Relations on October 2017. It was during this period that her pioneering spirit ushered her into

two of her most challenging tasks of setting up the Investor Relations offices; first, at the Bangko Sentral ng Pilipinas (BSP), and second at SM Investments Corporation.

Mr. Bernardino Ramos, 76 years old, was elected as Independent Director on August 02,2019. He is a Certified Public Accountant and has a Bachelor Of Science degree in Business Administration Major in Accounting from the Far Eastern University and a Manager's Secondment/ On-the-Job Training at Ernst & Young (Formerly Ernst & Whinney) – Chicago, USA. He served as Partner in SGV& Co. (Affiliated with Arthur Andersen & Co. from 1985 to 2001, & Ernst & Young from 2002 to 2005), including almost 7 years as Partner/Advisor of DrsUtomo& Co., SGV Group.

Key Officers

Everlene O. Lee, 44 years old, was elected as the Company's new Corporate Secretary on February 01, 2019. Atty. Lee is a partner at the Angara Abello Concepcion Regala & Cruz Law Offices. Atty. Lee obtained her Bachelor of Laws degree from the University of the Philippines in 2009 and was part of the top twenty of her graduating class. She completed her degree in Behavioral Studies from the University of the Philippines, where she graduated cum laude in 1999. She also took up her Masters in Industrial Relations from the School of Labor and Industrial Relations of the University of the Philippines and completed 18 units.

Nelia T. Liu, 70, is the Assistant Corporate Secretary of Cirtek Holdings Philippines Corporation. She is currently the Corporate Secretary of Cirtek Electronics Corporation, President of Cirtek Land and Cayon Holdings, Inc. and Treasurer of Camerton, Inc. and Carmetheus, Inc..She is also Department Chairman of the Department of Pathology and Laboratory of the Lung Center of the Philippines, Cardinal Santos Medical Center and Perpetual Help Medical Center and an associate Professor of the College of Medicine of the University of the Philippines-Philippine General Hospital. Ms. Liu graduated from the University of the Philippines College of Medicine in 1975

Gina B. Gillen, 54 years old, was appointed as the Company's new Deputy Chief Information Officer to Vice President – Controller & Internal Audit, and Deputy Chief Information Officer on September 23, 2019. Ms. Gillen has a Bachelor degree in Accounting at Lyceum of the Philippines. She was the Senior Accounting Supervisor and Junior Auditor at Pancake House Group. She has been in the Cirtek Group since 2007. She held an Accounting Manager Position in Cirtek Electronics Corporation, Business Group II Director at Figaro Coffee Systems, and Comptroller- Corporate Audit Head-VP at Mercantile Insurance Company.

Ma. Lourdes C. Laraño, 29 years old, was appointed as the Company's new Chief Compliance Officer on February 01, 2019. Ms. Laraño has been in the Finance Department of the Company as an accounting analyst since 2013. She obtained her Bachelor's degree in Accounting at Polytechnic University of the Philippines.

Harreth Kalingking, 58 years old, was appointed as Principal Accounting Officer/Accounting Manager of the Company on 24 November 2020. She obtained her Bachelor's degree in Accounting at University of the Visayas. She served as a Finance & Admin Manager at Overgaard Subic, Inc.

Significant Employees

The Company is not highly dependent on the services of any one key personnel. Thus, it does not expect that any single person would make a contribution to the business whose significance would necessitate arrangements to assure that he or she will remain with the Company and not compete upon any termination.

Family Relationships

As of the date of this Prospectus, family relationships (by consanguinity or affinity within the fourth civil degree) between Directors and members of the Company's officers are as follows:

Jerry Liu, Chairman of the Board of Directors is the husband of Nelia T. Liu, Assistant Corporate Secretary. He is also the father of Justin T. Liu, Executive Vice-President and Corporate Information Officer; Michael Stephen T. Liu, Executive Vice-President- CTO and Director; and Brian Gregory T. Liu, Executive Vice-President and Chief Financial Officer. Apart from the foregoing, there are no other family relationships up to the fourth civil degree either by consanguinity or affinity among the directors or officers of the Company.

Executive Compensation

The aggregate compensation during the last fiscal year and to be paid in the ensuing fiscal year to the company's 4 most highly compensated officers and to its officers and directors as a Cirtek Group unnamed is as follows:

Name & Position	Year	Salary	Bonus
Jerry Liu (Chairman) Jorge Aguilar (Vice Chairman & President) Brian Gregory Liu (EVP & CFO) Justin Liu (EVP & CIO)	FY 2021	P 45 million	-
x Aggregate compensation paid to all officers and directors as a group unnamed		P 42 million	
Jerry Liu (Chairman) Jorge Aguilar (Vice Chairman & President) Brian Gregory Liu (EVP & CFO) Justin Liu (EVP & CIO)	FY 2020	P 43.0 million	-
x Aggregate compensation paid to all officers and directors as a group unnamed		P 40 million	-

Compensation of Directors

Under the By-Laws of the Company, by resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders.

Standard Arrangements and Other Arrangements

There are no other arrangements for compensation either by way of payments for committee participation or special assignments.

There are no other arrangements for compensation either by way of payments for committee participation or special assignments other than reasonable per diem. There are also no outstanding warrants or options held by the Company's Chief Executive Officer, other officers and/or directors.

Employment Contracts, Termination of Employment, Change-in-Control Arrangements

The Cirtek Group has executed employment contract with some of its key officers. Such contracts provide the customary provision on job description, benefits, confidentiality, non-compete, and non-solicitation clauses. There are no special retirement plans for executives. There is also no existing arrangement for compensation to be received by any executive officer from the Company in the event of change in control of the Company.

Warrants and Options

There are no outstanding warrants and options held by any of the Company's directors, executive officers or any other third person.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

None of the Company's directors, nominees for election as director, or executive officers have, in the five year period prior to the date of this Prospectus: (1) had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time, (2) have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses, (3) have been the subject of 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 their involvement in any type of business, securities, commodities or banking activities, or (4) have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, such judgment having not been reversed, suspended, or vacated.

Corporate Governance

The Corporation is committed to the ideals of good corporate governance. In compliance with the SEC requirement, the Corporation is studying best practices in good corporate governance to further improve the current corporate governance practices of the Corporation and to develop an efficient and effective evaluation system to measure or determine the level of compliance of the Board of Directors and top level management with its Manual of Corporate Governance.

Corporate governance rules/principles were established to ensure that the interest of stakeholders are always taken into account; that directors, officers and employees are conducting business in a safe and sound manner; and that transactions entered into between the Corporation and related interests are conducted at arm's length basis and in the regular course of business. There are no incidences of deviation from the Corporation's Manual of Corporate Governance.

The Corporation has sufficient number of independent directors that gives the assurance of independent views and perspective.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following management's discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's audited financial statements, including the related notes, contained in this Prospectus. This Prospectus contains forward-looking statements that are based largely on the Company's current expectations and projections about future events and trends affecting its business and operations. The Company cautions investors that its business and financial performance is subject to substantive risks and uncertainties. The Company's actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set out in "Risk Factors." In evaluating the Company's business, investors should carefully consider all of the information contained in "Risk Factors."

The summary financial data as at September 30, 2020 were derived from the Company's audited consolidated financial statements, including the notes thereto, which are included in this Prospectus.

The financial statements as of September 30, 2020 was reviewed by R.S. Bernaldo & Associates while the financial statements as of December 31 2018 and 2017 were audited by SyCip, Gorres, Velayo & Co. and were all prepared in accordance with the PFRS. The summary financial information set out below does not purport to project the results of operations or financial condition of the Company for any future period or date.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 VERSUS SEPTEMBER 30, 2019

RESULTS OF OPERATIONS

The Company's Consolidated Net Sales, Gross Profit, Net Income, EBITDA and EPS are provided in the following table:

For the Nine Months Ended September 30		
	2020	2019
<i>In US\$ Thousand except EPS</i>	(Unaudited)	(Unaudited)
NET SALES	\$59,522	\$69,560
COST OF SALES	(44,375)	(54,367)
GROSS PROFIT	15,147	15,193
NET INCOME	3,624	3,688
Basic/Diluted EPS	\$0.001	\$0.001
EBITDA	\$13,990	\$12,125

The Company recorded consolidated revenue of US\$59.5 million for the nine months ending September 30, 2020, a decrease of 14% from US\$69.6 million for the same period in 2019. The decrease accounted for was mainly due to 30% decrease in revenue contribution of Quintel, a US-based product and R&D company acquired in August 2017.

Revenue contribution from Quintel for the nine-month period ending September 30, 2020 amounted to US\$16.5 million.

Revenues from the RF/MW/mmW and antenna manufacturing business before consolidation for the nine months ending September 30, 2020 amounted to US\$17.1 million, a 4% increase compared to the US\$16.4 million for same period in 2019.

Revenues from the semiconductor business amounted to US\$25.9 million compared to US\$29.6 million for the same period in 2019 a 12% decrease.

Disaggregated Revenue Information

Set out below is the disaggregation of the Group's revenue from contracts with customers as of September 30, 2020 and 2019.

	Nine Months Ended September 30	
	(Reviewed)	(Unaudited)
	2020	2019
6 port antennas	\$ 13,725,029	\$ 8,665,373
8 port antennas	10,218,400	17,520,447
Multichips	6,958,198	5,644,778
New product	5,952,309	6,972,251
Discrete	5,515,554	5,841,897
Dual and quad flat no leads	3,981,140	4,704,622
Integrated Circuits	3,267,459	5,668,484
Remec, manufacturing services	3,001,656	4,147,970
12 port antennas	2,055,934	6,216,410
Hermetics	1,513,413	1,280,111
Others	1,385,608	1,545,337
Indoor radio frequency	1,117,375	556,130
Brackets	421,725	387,221
Cougar	244,140	130,969
Outdoor unit	88,666	97,651
10 port antennas	66,333	169,907
Bridgewave	8,937	10,518
	\$ 59,521,876	\$ 69,560,076

Gross and Gross Margin

The Company's cost of sales (COS) is composed of: raw materials, spare parts, supplies; direct salaries, wages and employees' benefits; depreciation and amortization; utility expenses directly attributable to production, freight and duties; and others. The Company's cost of sales decreased by 18% to US\$44.4 million for the nine months ending September 30, 2020 from US\$54.4 million for the same period in 2019. The decrease was mainly due to:

- Raw materials, spare parts, supplies and other inventories decreased by 25% to US\$27.8 million for the nine months ending September 30, 2020 from US\$37.2 million for the same period in 2019.
- Salaries, wages and employees' benefits decreased by 8% to US\$6.4 million for the nine months ending September 30, 2020, from US\$6.9 million for the same period in 2019.
- Freight and duties increased by 37% to US\$1.9 million for the nine months ending September 30, 2020 from US\$3.1 for the same period in 2019.
- Utility expenses amounted to US\$2.3 million for the nine months ending September 30, 2020, from US\$2.9 million for the same period in 2019, a decrease of 20%

The Company's gross margin was 25% for the nine months ending September 30, 2020, 4 percentage points higher than the gross margin recorded for the same period in 2019.

Operating Expenses

The Company's operating expenses for the nine months ending September 30, 2020 amounted to US\$7.4 million, 3% higher compared to the US\$7.1 million recorded during the same period in 2019. The significant increase is due to:

- Professional fees increased by 9% to US\$0.89 million for the nine-months ending September 30, 2020, from US\$0.82 million for the same period in 2019. 2020 professional fees included Quintel's legal expenses to secure the settlement in Huawei litigation.
- Commissions increased by 7% to US\$0.58 million for the nine months ending September 30, 2020, from US\$0.54 million for the same period in 2019.
- Depreciation Amortization increased by 201% to US\$0.91 million for the nine months ending September 30, 2020 from US\$0.30 million for the same period in 2019.
- Service fee cost increased by 1,656% to \$0.33 million for the nine months ending September 30, 2020, from US\$0.02 million for the same period in 2019.

Income Before Income Tax

For the nine months ending September 30, 2020, the Company recorded a net income before income tax of US\$3.7 million, a decrease of 8% compared with US\$4.1 million recorded for the same period in 2019.

Provision for / Benefit from Income Tax

Benefit from income tax for the 12 months ending December 31, 2019 amounted to US\$0.4 million compared with a provision for income tax of US\$1.5 million for the same period in 2018.

Net Income After Tax

The Company's net income from continuing operations for the 12 months ending December 31, 2019 amounted to US\$8.4 million, an increase of 1% compared with US\$8.3 million for the same period in 2018. Income from discontinued operations (Quintel Technology, Ltd, based in UK) amounted to \$13.7 million. Quintel UK, the former supply chain and R&D facility of Quintel Group was moved to Quintel USA and discontinued to further bring down Quintel's operating cost.

Total Comprehensive Income

The Company's total comprehensive income for the 12 months ending December 31, 2019 amounted to US\$20.1 million, compared to US\$8.6 million for the same period in 2018, an increase of 134% mainly due to onetime income from discontinued operations.

FINANCIAL CONDITION

Financial Condition

For the six-month period ending September 30, 2020 compared to the period ending December 31, 2019

Assets

The Company's cash and cash equivalent for the nine months ending September 30, 2020 amounted to US\$10.2 million, compared with US\$15.4 million for the period ending December 31, 2019, a decreased of US\$5.1 million or 33%.

Trade and other receivables for the nine months ending September 30, 2020 amounted to US\$61.4 million, compared with US\$43.7 million for the period ending December 31, 2019, a 40% increase.

Inventory levels for the nine months ending September 30, 2020 amounted to US\$49.7 million, 35% higher compared with US\$36.8 million for the period ending December 31, 2019.

Due from related parties for the nine months ending September 30, 2020 amounted to US\$6.2 million compared to US\$23.0 million for the period ending December 31, 2019, a 73% decreased.

Assets held for sale pertain to the Company's Carmelray property which is being actively marketed for sale.

Non-current assets, comprised of Available-for-sale (AFS) financial asset, HTM investments, property, plant and equipment (PPE), intangible assets, deferred income taxes and other noncurrent assets for the nine months ending September 30, 2020 amounted to US\$143 million compared with US\$133 million for the period ending December 31, 2019, an increase of 8%.

Liabilities

The Company's current liabilities is comprised of trade and other payables, short-term loans, long-term debt – current portion, amounts owed to related parties, and income tax payable. For the nine months ending September 30, 2020, current liabilities were at US\$132.5 million, compared with US\$93.4 million the period ending December 31, 2019, an increase of 42%.

For the nine months ending September 30, 2020, the Company's non-current liabilities, comprised of long-term debt – net of current portion, retirement benefit obligation, and deferred income tax liability amounted to US\$41.6 million compared with US\$59.2 million for the period ending December 31, 2019, a 30% decreased.

Equity

The Company's shareholders' equity for the nine months ending September 30, 2020 amounted to US\$115.5 million compared with US\$114.3 million for the period ending December 31, 2019.

Liquidity and Capital Resources

For the nine months ending September 30, 2020, the Company's principal sources of liquidity were cash from sales of its products, bank credit facilities, proceeds from its corporate notes issuances, and proceeds from its follow-on offering. The Company expects to meet its working capital, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from the proceeds of the Company's follow-on offering, proceeds of the Company's corporate notes issuances, short-term credit facilities and cash flows from operations. It may also from time to time seek other sources of funding, which may include debt or equity financings, including dollar and peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

For the next 12 months, the Company plans to increase its production further by increasing volume deliveries to existing customers, entering into new production agreements, and expanding its customer base through new product introduction and aggressive sales and marketing activities.

The following table sets out the Company's cash flows for the nine months ending September 30, 2020 and the same period in 2019.

<i>In US\$ Thousands</i>	For the nine months ending September 30	
	2020	2019
Net cash flows provided by/ (used for) operating activities	(21,892)	(6,489)
Net cash flows provided by/ (used for) investing activities	(15,784)	(9,098)
Net cash flows provided by/ (used for) financing activities	32,551	4,398
Net increase (decrease) in cash equivalents	(5,126)	(11,189)

Net Cash Flows from Operating Activities

Net cashflow used for operating activities was (US\$21.9) million for the nine months ending September 30, 2020, compared with net cash inflow of (US\$6.5) million for the same period in 2019.

This was mainly due to increase in accounts receivables, and increase in accounts payables.

Investing Activities

Net cash outflow used for investing activities amounted to (US\$15.8) million for the nine months ending September 30, 2020. Investing activities mainly involved increase in PPE.

Financing Activities

Net cash flow from financing activities for the nine months ending September 30, 2020 amounted to US\$32.6million. Major financing activities involved proceeds from availment of short-term loans, less acquisition of parent company shares by subsidiary, payment of cash dividends, payment of interest, payment of short-term and long-term loans, and net movement in amounts owed by and owed to related parties. For the same period in 2019 net cash flow from financing activities amounted to US\$4.4 million.

Material Changes to the Company's Unaudited Income Statement as of September 30, 2020 compared to the Unaudited Income Statement as of September 30, 2019 (increase/decrease of 5% or more)

- 14% decrease in net sales
 - Decrease in revenue contribution of Quintel
- 18% decrease in cost of sales
 - Decrease in raw materials, salaries, utilities, inward freight and duties and others
- 3% increase in operating expenses
 - Increase in Professional fees, Commissions, Depreciation, Service fee and others
- 8% decrease in Income Before income Tax
 - Lower revenue, and decrease in other income

Material Changes to the Company's Unaudited Balance Sheet as of September 30, 2020 compared to the Unaudited Balance Sheet as of December 31, 2019 (increase/decrease of 5% or more)

- 33% decrease in Cash and Cash Equivalent
 - Increase in net cash flow from investing and financing activities
- 40% increase in Trade and Other Receivables – Net
 - Longer collection period for certain major customers
- 498% increase in in Other Noncurrent Assets
 - Increase in advances to major suppliers
- 46% increase in Trade and Other Payables
 - Negotiated longer terms with trade suppliers
- 28% increase in Short-term Loans
 - Additional availment of short-term credit facilities used for working capital
- 139% Increase in Current Portion of Long-term Debt
 - Maturing long term credit facilities
- 88% Decrease in Income Tax Payable
 - Payment of income tax due

KEY PERFORMANCE INDICATORS

The Company's top five (5) key performance indicators are listed below:

<i>Amounts in thousand US\$, except ratios, and where indicated</i>	2018 Full year	2019 Full year	2020 Nine Months
EBITDA	20,452	8,138	13,990
EBITDA Margin	19%	17%	24%
Sales Growth/(Declined)	20%	(11%)	(14%)
Current Ratio (x)	1.45x	1.43x	1.10x
Earnings per share (US\$)	0.011	0.001	0.001

Note:

**Earnings per Share was calculated using CHPC's average outstanding common shares for the years 2020 and 2019*

***Earnings per share was calculated less dividends for preferred shares which has a fixed amount per quarter*

- *EBITDA and EBITDA Margin*

Earnings before interest, tax, depreciation and amortization (EBITDA) provides an indication of the rate of earnings growth achieved.

The EBITDA margin shows earnings before interest, tax, depreciation and amortization as a percentage of revenue. It is a measure of how efficiently revenue is converted into EBITDA.

EBITDA and EBITDAR Margin are not measures of performance under PFRS, and investors should not consider EBITDA and EBITDA Margin in isolation or as alternatives to net income as an indicator of our Company's operating performance or to cash flow from operating, investing and financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various EBITDA and EBITDA Margin calculation methods, the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies.

The following table sets out the Company's EBITDA after consolidation entries.

<i>In US\$ 000</i>	For the years ended December 31		For Nine Months Ended September 30
	2018	2019	2020
Net income	8,334	8,422	3,624
Add back:			
Interest expense/income-net	4,805	4,851	4,473
Provision for / Benefit from			
income tax	1,452	391	123
Depreciation and			
amortization	5,861	5,997	5,770
EBITDA	20,452	19,661	13,990

The table sets forth a reconciliation of the Company's consolidated EBITDA to consolidated net income.

<i>In US\$ 000</i>	For the years ended December 31		For Nine Months Ended September 30
	2018	2019	2020
EBITDA	20,452	19,661	13,990
Deduct:			
Interest expense/income-net	(4,805)	(4,851)	(4,473)
Provision for / Benefit from			
income tax	(1,452)	(391)	(123)
Depreciation and			
amortization	(5,861)	(5,997)	(5,770)
Net Income	8,334	8,422	3,624

- *Sales growth*
Sales growth is a key indicator of the Company's ability to grow the business
- *Current ratio*
Current ratio measures a company's short-term liquidity, i.e. its ability to pay its debts that are due within the next 12 months. It is expressed as the ratio between current assets and current liabilities.
- *Earnings per share*
Earnings per share show the Company's attributable profit earned per common share. At constant outstanding number of shares, as the Company's earnings increase, the earnings per share correspondingly increase.

FINANCIAL RISK DISCLOSURE

The Company is not aware of any known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

The Company is not aware of any event that will trigger direct or contingent financial obligation that is material to the Company, including default or acceleration of any obligation.

The Company does not have any off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

The Company has allocated up to US\$8 Million for capital expenditure for full year 2018, from the proceeds of the Company's Follow-on Offering and cash flows from operations. It may also from time to time seek other sources of funding, which may include debt or equity financings, including dollar and peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

The Company is not aware of any trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

The Company does not have any significant elements of income or loss that did not arise from its continuing operations.

The Company does not have any seasonal aspects that had a material effect on the financial conditions or results of operations.

FINANCIAL SOUNDNESS INDICATORS
SEPTEMBER 30, 2020 AND DECEMBER 31, 2019

Ratios	Formula	September 30	December 31,
		2020	2019
(i) Current Ratio	Current Assets/Current Liabilities	1.10	1.43
(ii) Debt/Equity Ratio	Bank Debts'/Total Equity	1.22	1.11
(iii) Net Debt/Equity Ratio	Bank Debts'-Cash & Equivalents/Total Equity	1.13	0.98
(iv) Asset to Equity Ratio	Total Assets/Total Equity	2.51	2.33
(v) Interest Cover Ratio	EBITDA/Interest Expense	3.07	4.06
(vi) Profitability Ratios			
GP Margin	Gross Profit/Revenues	0.75	0.29
Net Profit Margin	Net Income/Revenues	0.06	0.11
EBITDA Margin	EBITDA/Revenues	0.24	0.25
Return on Assets	Net Income/Total Assets	0.01	0.03
Return on Equity	Net Income/Total Equity	0.03	0.08

¹ Sum of short-term loans and long-term debts

² EBITDA is calculated as income before income tax plus depreciation and amortization and financial income (expense).

³ Based on balances as at September 30, 2020 and December 31, 2019

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019 VERSUS DECEMBER 30, 2018

RESULTS OF OPERATIONS

The Company's Consolidated Net Sales, Gross Profit, Net Income, EBITDA and EPS are provided in the following table:

<i>In US\$ Thousands except EPS</i>	Years Ended December 31		
	2019	2018	2017
REVENUE FROM CONTRACTS WITH CUSTOMERS	80,119	106,475	88,710
COST OF SALES	57,091	84,624	70,430
GROSS PROFIT	23,028	21,851	18,279
NET INCOME	8,422	8,334	3,150
TOTAL COMPREHENSIVE INCOME	20,047	8,549	3,306
Basic/Dilutes EPS	US\$0.011	US\$0.011	US\$0.008
EBITDA	\$19,661	20,452	10,697

Revenue from Contracts with Customers

The Company achieved US\$80.12 million of consolidated revenues for the 12 months ending December 31, 2019, a decrease of 25% from US\$106.47 million for the same period in 2018. The widespread slowdown in global markets particularly in the Semicon industry and slow 5G rollout in the US market hindered the growth of Cirtek's operating units.

Revenue contribution from Quintel Group amounting to US\$ 25.2 million accounted for the 55% of the total revenue decline in 2019. It dropped by 54% compared to the revenue of \$54.6 million of the same period in 2018 due to lower demand for 12 port and 8 port legacy antennas and slow 5G antenna rollouts in North America market.

Revenues from the semiconductor business amounted to US\$31.1 million compared to US\$44.2 million for the same period in 2018, a 30% decrease mainly due to automotive, telecommunications and industrial space underperforming in 2019.

Revenues from the RF/MW/maw and antenna manufacturing business before consolidation amounted to US\$23.7 million, a 45 % decrease compared to 2018.

Disaggregated Revenue Information

Set out below is the disaggregation of the Group's revenue from contracts with customers as of December 31, 2019.

Product	Revenue Contribution
8 port antennas	\$19,242,837
6 port antennas	13,774,254
12 port antennas	6,428,062
Discrete	6,425,672
New product	6,195,194

Multichips	6,110,854
Integrated circuits	6,079,549
Remec manufacturing services	5,729,194
Dual and quad flat no-leads	5,001,100
Hermetics	1,328,190
Indoor radio frequency unit	981,759
Brackets	466,836
Cougar	211,164
10 port antennas	171,075
Outdoor unit	120,114
Bridgewave	11,794
Others	1,841,069
TOTAL	\$80,118,716

Gross and Gross Margin

The Company's cost of sales (COS) is composed of: raw materials, spare parts, supplies; direct salaries, wages and employees' benefits; depreciation and amortization; utility expenses directly attributable to production, freight and duties; and changes in finished goods and work in process inventories. The Company's cost of sales decreased by 33% to US\$ 57.1 million in the 12 months ending December 31, 2019 from US\$84.6 million for the same period in 2018. The decrease was mainly due to:

- Raw materials, spare parts, supplies and other inventories decreased by 37% to US\$34.16 million for the 12 months ending December 31, 2019 from US\$53.98 million for the same period in 2018.
- Salaries, wages and employees' benefits decreased by 26% to US\$ 9.5 million for the 12months ending December 31, 2019, from US\$12.82 million for the same period in 2018.
- Freight and duties decreased by 48% to US\$4.2 million for the 12 months ending December 31, 2019 from US\$8.15 million for the same period in 2018.
- Utility expenses amounted to US\$ 3.9 million for the 12 months ending December 31, 2019, from US\$4.5 million for the same period in 2018, a decrease of 11%
- Depreciation and amortization increased by 1% to US\$5.3 million for the 12 months ending December 31 2019, from US\$5.2 million for the same period in 2018.

The Company's gross margin was 29% for the 12 months ending December 31, 2019, 8% increased of the gross margin recorded for the same period in 2018.

Operating Expenses

The Company's operating expenses for the 12 months ending December 31, 2019 amounted to US\$9.8 million, 37% lower compared to the US\$15.6million recorded during the same period in 2018.

The account is composed of the following expenses:

	2019	2018	2017
Salaries, wages and employees' benefits (Note 27)	\$ 3,782,002	\$ 7,579,136	\$ 5,181,761
Commissions	1,022,828	1,324,413	1,050,523

Utilities	993,787	485,756	630,039
Professional fees	965,697	2,308,451	2,965,595
Transportation and travel	595,526	752,810	602,944
Depreciation and amortization (Notes 15,16 and 17)	436,614	651,094	93,584
Taxes and licenses	362,081	417,298	676,068
Provision for estimated credit losses (Note 8)	250,000	250,000	200,000
Entertainment, amusements and recreation	189,833	198,932	186,020
Insurance	142,563	154,756	122,041
Supplies	23,971	346,036	274,472
Provision for probable losses (Note 19)		151,840	
Others	1,080,058	966,879	232,308
	\$ 9,844,960	\$ 15,587,401	\$ 12,214,355

Income Before Income Tax

For the 12 months ending December 31, 2019, the Company recorded a net income before income tax of US\$ 8.8 million, a decrease of 10% compared with US\$9.8 million recorded for the same period in 2018.

Provision for / Benefit from Income Tax

Benefit from income tax for the 12 months ending December 31, 2019 amounted to US\$0.4 million compared with a provision for income tax of US\$1.5 million for the same period in 2018.

Net Income After Tax

The Company's net income from continuing operations for the 12 months ending December 31, 2019 amounted to US\$8.4 million, an increase of 1% compared with US\$8.3 million for the same period in 2018. Income from discontinued operations (Quintel Technology, Ltd, based in UK) amounted to \$13.7 million. Quintel UK, the former supply chain and R&D facility of Quintel Group was moved to Quintel USA and discontinued to further bring down Quintel's operating cost.

Total Comprehensive Income

The Company's total comprehensive income for the 12 months ending December 31, 2019 amounted to US\$20.1 million, compared to US\$8.6 million for the same period in 2018, an increase of 134% mainly due to onetime income from discontinued operations

FINANCIAL CONDITION

Assets

The Company's cash and cash equivalent for the 12months ending December 31, 2019 amounted to US\$15.4 million, compared with US\$17.4 million for the period ending December 31 2018, a decrease of US\$2.1 million or 12%.

Trade and other receivables for the 12 months ending December 31, 2019 amounted to US\$43.7 million, compared with US\$14.7 million for the period ending December 31, 2019, a 197% increase.

Inventory levels for the 12 months ending December 31, 2019 amounted to US\$36.8 million, a 30% higher compared with US\$28.3 million for the period ending December 31, 2018.

Amounts owed by related parties amounted to US\$23.0 million compared to US\$57.0 million in the previous year, a 60% decrease.

Assets held for sale pertain to the Company's vacant factory located in Carmelray 1, Canlubang which is being actively marketed for sale.

In 2018, land and building with a total carrying value of \$8.6million reclassified to investment properties as disclosed in Note 14 and building plant and machineries with a total carrying value of \$2,846,227 were reclassified to property, plant and equipment. Management assessed that the sale of these properties is no longer probable and no longer meet the classification criteria set by PFRS 5, Non-current Assets Held for Sale and Discontinued Operations, as disclosed in Notes 13 and 14. Depreciation recognized has the properties not been reclassified as non-current asset held for sale amounted to \$0.5 million presented under "Operating expenses" in the consolidated statement of comprehensive income.

Non-current assets comprised of Available-for-sale (AFS) financial asset, HTM investments, property, plant and equipment (PPE), intangible assets, deferred income taxes and other noncurrent assets for the 12 months ending December 31, 2019 amounted to US\$133.2 million compared with US\$144.5 million for the period ending December 31, 2018, a decrease of 8%.

Below is the corrected details of Product development cost:

Product development cost

Movements of product development cost are as follows:

	2019	2018
Carrying amount		
Cost	\$ 2,944,300	\$ 1,327,019
Accumulated amortization	(821,243)	(606,190)
	2,123,057	720,829
Movements during the year		
Balance, January 1	2,123,057	720,829
Additions	2,537,984	1,617,281

Amortization (Notes 24 and 25)	(320,724)	(215,053)
Balance, December 31	\$ 4,340,317	\$ 2,123,057

Product development cost pertain to the capitalized cost of developing certain packages or products for the specific customers. The development cost met the requirements of PAS 38 for capitalization.

Of the total additions above, only \$1,382,211 has been paid in cash during the year. The remaining balance amounting to \$1,155,733 pertains to non-cash adjustment related to of Quintel's product development cost capitalized in the books of the Group.

Liabilities

The Company's current liabilities is comprised of trade and other payables, short-term loans, long-term debt – current portion, amounts owed to related parties, and income tax payable. For the 12 months ending December 31, 2019, current liabilities were at US\$93.4 million compared with US\$82.8 million for the period ending December 31, 2018, a 13% increase.

For the 12 months ending December 31, 2019, the Company's non-current liabilities comprised of long-term debt – net of current portion, retirement benefit obligation, and deferred income tax liability amounted to US\$59.2 million, a 13% decrease compared to US\$67.9 million for the period ending December 31, 2018.

The Company's long-term loans, both current and non-current portion, amounted to US\$62.5 million as of December 31, 2019 compared with US\$73.3 million as of December 31, 2018, a 14.7% decrease.

Below is the corrected Details of long-term loans being as follows:

	Current	Non-current	Total
December 31, 2019			
Principal	\$ 9,680,000	\$ 53,110,000	\$ 62,790,000
Deferred finance cost	(28,864)	(280,216)	(309,080)
	\$ 9,651,136	\$ 52,829,784	\$ 62,480,920
December 31, 2018			
Principal	\$ 11,180,000	\$ 62,610,000	\$ 73,790,000
Deferred finance cost	(134,249)	(309,080)	(443,329)
	\$ 11,045,751	\$ 62,300,920	\$ 73,346,671

Equity

The Company's shareholders' equity as of the 12 months ending December 31, 2019 amounted to US\$114.3 million compared with US\$113.8 million for the period ending December 31, 2018, a 0% increase.

The discrepancy per Note 35.03 versus amount per Changes in Equity pertains to prior year adjustments.

Below is the corrected detail of Cash Dividend Declaration:

On January 30, 2019, the Group's BOD approved the declaration of cash dividend to its equity holders for payment and distribution on the following dates:

Date of declaration	Record date	Payment date	Dividend per share	Shares outstanding	Total dividends
January 30, 2019					
Preferred B-2	March 6, 2019	March 8, 2019	\$ 0.015313	67000000	\$ 1,025,937.50
Preferred B-2	June 6, 2019	June 10, 2019	\$ 0.015313	67000000	\$ 1,025,937.50
Preferred B-2	September 5, 2019	September 9, 2019	\$ 0.015313	67000000	\$ 1,025,937.50
Preferred B-2	December 5, 2019	December 9, 2019	\$ 0.015313	67000000	\$ 1,025,937.50
					\$ 4,103,750.00

On May 24, 2019 the Group's BOD approved the declaration of cash dividends to its equity holders, for payment and distribution on the following dates:

Date of declaration	Record date	Payment date	Dividend per share	Shares outstanding	Total dividends
May 24, 2019					
Common	June 11, 2019	June 28, 2019	\$ 0.002366	419063353	\$ 991,462.99
Common	November 11, 2019	November 29, 2019	\$ 0.002386	419063353	\$ 1,000,000.00
Preferred A	June 10, 2019	June 28, 2019	\$ 0.000012	700000000	\$ 8,537.01
					\$ 2,000,000.00

The cash dividend shall be paid in Philippine Peso at the BSP exchange rate one day prior to payment date.

In 2019, 2018 and 2017, cash dividends paid amounted to \$5,863,974, \$7,841,801 and \$3,361,762, respectively, net of Dividends paid to its subsidiary amounting to aggregate sum of \$226,297 in 2019. Accordingly, as of December 31, 2019 and 2018, dividends payable amounted to \$29,138 and \$ 20,601 respectively.

Retained earnings include undistributed earnings amounting to \$26.2 million, \$25.1 million and \$24.3 million as of December 31, 2019, 2018 and 2017, respectively, representing accumulated earnings of subsidiaries, which are not available for dividend declaration until received in the form of dividends from the combining entities. Retained earnings available for dividend declaration as at December 31, 2018 amounted to \$3.6 million.

Retained earnings are further restricted for the payment of dividends to the extent of unrealized foreign exchange gains except those attributable to cash and cash equivalents, net fair value gain on investment properties, deferred income tax assets recognized that reduced the income tax expense and increased net income and retained earnings, and other unrealized gains or adjustments as of December 31, 2019 and 2018.

Liquidity and Capital Resources

For the 12 months ending December 31, 2019, the Company's principal sources of liquidity were cash from sales of its products, bank credit facilities and collection of advances from related parties.

The following table sets out the Company's cash flows for the 12 months ending December 31, 2019 and the same period 2018:

<i>In US\$ Thousands</i>	For the 12 months ending December 31	
	2019	2018
Net cash flows provided by/ (used for) operating activities	(32,609)	2,991
Net cash flows provided by/ (used for) investing activities	(3,696)	(10,074)
Net cash flows provided by/ (used for) financing activities	34,578	(12,643)
Net increase (decrease) in cash equivalents	(2,088)	(19,779)

Net Cash Flows from Operating Activities

Net cash flow provided by operating activities was US\$32.6 million for the 12 months ending December 31, 2019, compared with US\$3.0 million for the same period in 2018.

For the 12 months ending December 31, 2019, net income before tax was US\$8.8 million. After adjustments for depreciation, interest income/expense, operating net unrealized foreign exchange gains, income before change in working capital was US\$6.5 million decreased by 65% compared with \$18.4 million for the same period in 2018. This was mainly due to increase in trade and other receivables amounting to \$29.0 million and additional inventory amounting to \$8.5 million.

Investing Activities

Net cash outflow from investing activities amounted to US\$ 3.7 million for the 12 months ending December 31, 2019. Investing activities in 2019 mainly involved acquisition of machineries and equipment and investments in researched and development for Quintel.

Financing Activities

Net cash inflow from financing activities for the 12 months ending December 31, 2018 amounted to US\$34.6 million. Major financing activities involved proceeds from availment of short-term loans, sale by subsidiary of Parent Company shares less payment of cash dividends, payment of short-term and long-term loans, interest, acquisition by subsidiary of Parent Company Shares, stock issue cost, and net movement in amounts owed by and owed to related parties. For the same period in 2018 net cash inflow financing activities amounted to US12.6 million.

The Company's inclusion of prior period errors amounting to \$1,484,680 in the adjustments for operating cash flows before working capital was taken up in 2019 however the previous balances were not corrected that's why the Cash Flow was affected.

Based on the Company's review, there was a mis-posting in the Note 19 of the Consolidated Audited Financial Statements (CAFS). The amount of \$634,136 reported in 2019 CAFS in Note 19 should be Accruals (Others) and not Accrual of interest. The accrued interest payable in 2019 is actually \$3,544,831.00. Below is the corrected computation and the disclosure in Note 19 to reflect the correct accrued interest payable:

19. TRADE AND OTHER PAYABLES

The components of trade and other payables account are as follows:

	2019	2018
Trade	\$ 8,373,400	\$ 10,835,308
Accruals	6,366,967	2,371,077
Contract liabilities (Note 23)	1,807,952	2,041,270
Provisions	641,949	1,272,860
Others	429,761	290,060
	\$ 17,620,029	\$ 16,810,575

Trade payables are noninterest-bearing and are generally on 60-90 day's terms.

Accruals comprise mainly of accruals for payroll, utilities, communication, security, shuttle services and professional services. Accruals include accrual of interest amounting to \$3,544,831, \$755,977 and \$257,793 in 2019, 2018 and 2017, respectively.

Provisions pertain to the Group's estimate of the cost to repair or replace defective products in accordance with agreed specifications and potential liability for legal and other claims.

Others pertain to statutory liabilities.

The movements in the provisions are as follows:

	2019	2018
Balance at January 1	\$ 1,272,860	\$ 2,302,670
Reversal of warranty claims (Note 28)	(630,911)	(1,181,650)
Provision for legal and other claims (Note 25)	-	151,840
	\$ 641,949	\$ 1,272,860

Computation of Accrued Interest Payable:

Interest payable,beg	755,977.00
Interest Expense	4,907,331.00
Interest payable,end	(3,544,831.00)
Interest paid	2,118,477.00

Accruals:

Payroll	(1,504,058.00)
Utilities	(683,942.00)
Interest	(3,544,831.00)
Others	(634,136.00)
Total Accruals	(6,366,967.00)

Material Changes to the Company's Audited Income Statement as of December 31, 2019 compared to the Audited Income Statement as of December 31, 2018 (increase/decrease of 5% or more)

- 25% decrease in net sales
Sales decline of Quintel mainly from 12 port and 8 port legacy antennas
- 33% decrease in cost of sales

Significant cost reduction from materials and manpower cost, increased outsourcing of materials and antennas from China Contract Manufacturers

- 38% decrease in operating expenses
50% reduction in selling, general and admin manpower cost and reduction professional fees
- 10% decrease in Income Before Income Tax
Lower sales and other income, 2018 with one-time gains recognized as other income
- 73% decrease in Provision for Income Tax
Lower taxable income for CHPC

Material Changes to the Company's Audited Balance Sheet as of December 31, 2019 compared to the Audited Balance Sheet as of December 31, 2018 (increase/decrease of 5% or more)

- 12% decrease in Cash and Cash Equivalent
Increase in working capital, Investments in PPE
- 199% increase in Trade and Other Receivables – Net
Longer payment term for certain key and/ new customers of Quintel and CATSI
- 30% increase in inventories
Increase in raw materials stocks to anticipate increase volume of production and high level of slow-moving FG inventory in Quintel
- 60% decrease in amounts owed by related parties
Collection from advances to related parties
- 8% decrease in Non-current Assets
Reclassification of Remec CIP 1 plant from Investment Properties back to Noncurrent assets held for sale
- 13% increase in Current Liabilities
Increase in short term loans
- 13% decrease in Noncurrent Liabilities
Decrease in long-term loans

KEY PERFORMANCE INDICATORS

The Company's top five (5) key performance indicators are listed below:

<i>Amounts in thousand US\$, except ratios, and where indicated</i>	2017 Full year	2018 Full year	2019 Full year
EBITDA	10,697	20,452	19,661
EBITDA Margin	12%	19%	25%
Sales Growth	19%	20%	(25%)
Current Ratio (x)	1.41x	1.45x	1.43x
Earnings per share (US\$)	0.008	0.011	0.011

Note:

*Earnings per Share was calculated using CHPC's average outstanding common shares for the years 2019, 2018 and 2017

EBITDA and EBITDA Margin

Earnings before interest, tax, depreciation and amortization (EBITDA) provides an indication of the rate of earnings growth achieved.

The EBITDA margin shows earnings before interest, tax, depreciation and amortization as a percentage of revenue. It is a measure of how efficiently revenue is converted into EBITDA.

EBITDA and EBITDAR Margin are not measures of performance under PFRS, and investors should not consider EBITDA and EBITDA Margin in isolation or as alternatives to net income as an indicator of our Company's operating performance or to cash flow from operating, investing and financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various EBITDA and EBITDA Margin calculation methods, the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies.

The following table sets out the Company's EBITDA after consolidation entries.

For the years ended December 31			
In US\$ 000	2017	2018	2019
Net income	3,150	8,334	8,422
Add back:			
Interest expense/income- net	3,320	4,805	4,851
Benefit from income tax	101	1,452	391
Depreciation and Amortization	4,126	5,861	5,997
EBITDA	10,697	20,452	19,661

The table sets forth a reconciliation of the Company's consolidated EBITDA to consolidated net income.

For the years ended December 31			
In US\$ 000	2017	2018	2019
EBITDA	10,697	20,452	19,661
Deduct:			
Interest expense/(income)	(3,320)	(4,805)	(4,851)
Benefit from income tax	(101)	(1,452)	(391)
Depreciation and Amortization	(4,126)	(5,861)	(5,997)
Net Income	3,150	8,334	8,422

- Sales growth

Sales growth is a key indicator of the Company's ability to grow the business

- Current ratio

Current ratio measures a company's short-term liquidity, i.e. its ability to pay its debts that are due within the next 12 months. It is expressed as the ratio between current assets and current liabilities.

- Earnings per share

Earnings per share show the Company's attributable profit earned per common share. At constant outstanding number of shares, as the Company's earnings increase, the earnings per share correspondingly increase.

FINANCIAL RISK DISCLOSURE

The Company is not aware of any known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

The Company is not aware of any event that will trigger direct or contingent financial obligation that is material to the Company, including default or acceleration of any obligation.

The Company does not have any off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

The Company has allocated up to US\$5.6 million for capital expenditure for full year 2019 from the proceeds of its bank credit facilities and cash flows from operations. It may also from time to time seek other sources of funding, which may include debt or equity financings, including dollar and peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

The Company is not aware of any trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

The Company does not have any significant elements of income or loss that did not arise from its continuing operations.

The Company does not have any seasonal aspects that had a material effect on the financial conditions or results of operations.

FINANCIAL SOUNDNESS INDICATORS

Ratios	Formula	December 31, 2019	December 31, 2018
(i) Current Ratio	Current Assets/Current Liabilities	1.43	1.45
(ii) Debt/Equity Ratio	Bank Debts ¹ / Total Equity	1.11	1.12
(iii) Net Debt/Equity Ratio	Bank Debts ¹ -Cash & Equivalents/Total Equity	0.98	0.96
(iii) Asset to Equity Ratio	Total Assets/Total Equity	2.33	2.33
(iv) Interest Cover Ratio	EBITDA ² /Interest Expense	4.06	4.22
(v) Profitability			

Ratios				
GP Margin	Gross Profit/Revenues	0.29	0.21	
Net Profit Margin	Net Income/Revenues	0.11	0.08	
EBITDA Margin	EBITDA/Revenues	0.25	0.19	
Return on Assets	Net Income/Total Assets ³	0.03	0.03	
Return on Equity	Net Income/Total Equity ³	0.08	0.07	

¹ Sum of short-term loans and long-term debts

² EBITDA is calculated as income before income tax plus depreciation and amortization and financial income (expense).

³ Based on balances as at December 31, 2019 and December 31, 2018

Summary of Significant Accounting Policies

Adoption of New and Revised Accounting Standards

The Philippine Financial Reporting Standards Council (FRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS). The term “PFRS” in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the FRSC and adopted by SEC.

These new and revised PFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Group. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

New and Revised PFRSs with Material Effect on Amounts Reported in the Current Year

PFRS 16 Leases has been applied in the current period and had materially affected the amounts reported in these financial statements. Details of other new and revised PFRSs applied in these financial statements that have had no material effect on the financial statements are set out in section 2.03.

- PFRS 16, Leases

PFRS 16 replaces PAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases – Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Moreover, it introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

On the other hand, it substantially carries forward the lessor accounting requirements in PAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

PFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The Group elected to apply this standard in accordance with modified retrospective approach. The details are provided in Note 36.

New and Revised PFRSs Applied with No Material Effect on the Financial Statements

The following new and revised PFRSs have also been adopted in these financial statements. The application of these new and revised PFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to PAS 28, Long-term Interests in Associates and Joint Ventures

The amendment clarifies that the exclusion of PFRS 9 applies only to interests a Group accounts using the equity method. A Group applies PFRS 9 to other interests in associates and joint venture, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures.

The amendments are effective for annual periods beginning on or after January 1, 2019 and shall be applied retrospectively.

- Amendments to PFRS 9, Prepayment Features with Negative Compensation

This amends the existing requirements in PFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The sign of prepayment amount is not relevant (i.e. this is depending on the interest rate prevailing at the time of termination), a payment may also be made in favor of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain.

The amendments are effective for annual periods beginning or after January 1, 2019 and shall be applied retrospectively.

- Amendments to PAS 19, Plan Amendment, Curtailment or Settlement

The amendments require that if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the period after the remeasurement shall be determined using the assumptions used for the remeasurement. It clarifies the effect of a plan amendment, curtailment or settlement on the requirements regarding asset ceiling.

The amendments are effective for annual periods beginning on or after January 1, 2019.

- Annual Improvements to PFRSs 2015-2017 Cycle

Amendments to PFRS 3 and PFRS 11 - Previously held interest in a joint operation – The amendments to PFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interest in that business. The amendments to PFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interest in that business.

- Amendments to PAS 12 - Income tax consequences of payments on financial instruments classified as equity – The amendments clarify that the requirements in the former paragraph 52B (to recognize the income tax consequences of dividends where the transactions or events that generated distributable profits are recognized) apply to all income tax consequences of dividends by moving the paragraph away from 52A that deals only with situations where there are different tax rates for distributed and undistributed profits.

- Amendments to PAS 23 - Borrowing costs eligible for capitalization – The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

The amendments are effective beginning on or after January 1, 2019.

- Philippine Interpretation IFRIC-23, Uncertainty over Income Tax Treatments

It clarifies the accounting for uncertainties in income taxes. An entity is required to use judgment to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together.

The decision should be based on which approach provides better predictions of the resolution of the uncertainty.

An entity is to assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so.

An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.

The amendments are effective for annual reporting periods beginning on or after January 1, 2019.

New and Revised PFSSs in Issue but Not Yet Effective

The Group will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFSSs, to have significant impact on the financial statements.

Standard Adopted by FRSC and Approved by the Board of Accountancy (BOA)

- PFSS 17, Insurance Contracts

PFSS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds.

It requires an entity that issues insurance contracts to report them on the balance sheet as the total of the fulfilment cash flows and the contractual service margin.

It requires an entity to provide information that distinguishes two ways insurers earn profits from insurance contracts: the insurance service result and the financial result. It requires an entity to report as insurance revenue the amount charged for insurance coverage when it is earned, rather than when the entity receives premium. It requires that insurance revenue to exclude the deposits that represent the investment of the policyholder, rather than an amount charged for services. Similarly, it requires the entity to present deposit repayments as settlements of liabilities rather than as insurance expense.

PFSS 17 is effective for annual periods beginning on or after January 1, 2025.

Early application is permitted for entities that apply PFSS 9 Financial Instruments and PFSS 15 Revenue from Contracts with Customers on or before the date of initial application of PFSS 17.

An entity shall apply PFSS 17 retrospectively unless impracticable, except that an entity is not required to present the quantitative information required by paragraph 28(f) of PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and an entity shall not apply the option in paragraph B115 for periods before the date of initial application of PFSS 17. If, and only if, it is impracticable, an entity shall apply either the modified retrospective approach or the fair value approach.

- Amendments to PFRS 3, Definition of a Business

The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

It narrows the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing reference to an ability to reduce costs. It adds guidance and illustrative examples to help entities assess whether a substantive process has been acquired. It removes the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. It adds an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective beginning on or after January 1, 2020. Earlier application is permitted.

- Amendments to PAS 1 and PAS 8, Definition of Material

The definition of material has been amended as follows: information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

Deferred

- Amendments to PFRS 10 and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the treatment of the sale or contribution of assets between an investor and its associate and joint venture. This requires an investor in its financial statements to recognize in full the gains and losses arising from the sale or contribution of assets that constitute a business while recognize partial gains and losses if the assets do not constitute a business (i.e. up to the extent only of unrelated investor share).

On January 13, 2016, the FRSC decided to postpone the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated balance sheet based on current/noncurrent classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

Fair Value Measurement

The Group measures certain financial instruments and nonfinancial assets at fair value at each balance sheet date. Also, the Group discloses the fair values of financial instruments measured at amortized cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

Financial Instruments - Effective January 1, 2018

Financial assets

Initial recognition and measurements

Financial assets are classified as financial assets measured at amortized cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVTOCI").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are remeasured at the transaction price determined under PFRS 15 (refer to the Revenue Recognition policy).

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

- Financial assets at amortized cost - This category is the most relevant to the Cirtek Group. The Cirtek Group measures financial assets at amortized cost if both of the following conditions are met:
 - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss, when the asset is derecognized, modified or impaired.

As at December 31, 2018, this category includes the Cirtek Group's cash and cash equivalents, trade and other receivables, amounts owed by related parties, investment in Philippine government securities, rental and security deposits, loans to employees and miscellaneous deposits.

- Financial assets designated at FVTOCI (equity instruments) - Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the profit or loss. Dividends are recognized as other income in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVTOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

As at December 31, 2018, this category includes the Group's investment in unquoted shares.

- Financial assets designated at FVTOCI (debt instruments) - The Group measures debt instruments at FVTOCI if both of the following conditions are met:
 - The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
 - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

As of December 31, 2018, the Group has no debt instruments classified as financial assets designated at FVTOCI.

- Financial assets at FVTPL - Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are accounted for as financial assets at FVTPL unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the consolidated balance sheet at fair value with net changes in fair value presented as “Unrealized mark-to-market gain” (positive net changes in fair value) or “Unrealized mark-to-market loss” (negative net changes in fair value) in profit or loss.

As of December 31, 2018, this category includes the Group’s investment in Unit Investment Trust Fund (UITF).

Derecognition

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred assets is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, short-term loans, amounts owed to related parties, dividend payable and long-term debts.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below.

- **Financial liabilities at FVTPL** - Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability at FVTPL.

- **Loans and borrowings** - This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well through the amortization process.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Derecognition

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

Impairment of Financial Assets - Effective January 1, 2018

Beginning January 1, 2018, upon adoption of PFRS 9, the Group recognizes an allowance for ECLs for all financial assets except debt instruments held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest (EIR). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For receivables that do not contain significant financing component, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVTOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

For financial assets at amortized costs being individually assessed for ECLs, the Group applied lifetime ECL calculation. This involves determination of probability of default and loss-given default based on available data, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants. In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Instruments - Effective Prior to January 1, 2018

Financial assets

Initial recognition

Financial assets within the scope of PAS 39 are classified as either financial assets at FVTPL, loans and receivables, HTM investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates such classifications at every reporting date.

Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at FVTPL, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and cash equivalents, trade and other receivables, financial assets at FVTPL, HTM investments, AFS financial asset, amounts owed by related parties, loans to employees (reported as part of 'Other current assets' and 'Other noncurrent assets' in the consolidated balance sheet) and deposits (reported as part of 'Other current assets' and 'Other noncurrent assets' in the consolidated balance sheet).

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition as at FVTPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or purchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by PAS 39. Financial assets at FVTPL are carried in the consolidated balance sheet at fair value with gains or losses recognized in profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value when their risks and economic characteristics are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVTPL. These embedded derivatives are measured at fair value with gains or losses arising from changes in fair value recognized in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of FVTPL.

Financial assets designated as FVTPL are designated by management on initial recognition when any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

As of December 31, 2017, the Group designated its investment in UITF as financial asset at FVTPL.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest method, less impairment. This method uses an EIR that exactly discounts estimated cash receipts through the expected life of the financial assets to the net carrying amount of the financial asset. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Assets in this category are included in current assets except for maturities greater than 12 months after the end of the reporting period, which are classified as noncurrent assets.

As of December 31, 2017, the Group has designated as loans and receivables its cash in banks and cash equivalents, trade and other receivables, amounts owed by related parties, loans to employees (reported as part of 'Other current assets' and 'Other noncurrent assets' in the consolidated balance sheet) and deposits (reported as part of 'Other current assets' and 'Other noncurrent assets' in the consolidated balance sheet).

HTM investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as HTM when the Group has the positive intention and ability to hold it to maturity. After initial measurement, HTM investments are measured at amortized cost using the effective method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. Gains and losses are recognized in profit or loss when the investments are derecognized or impaired, as well as through the amortization process.

As of December 31, 2017, the Group has HTM investments in Philippine government securities.

AFS financial assets

AFS financial assets are non-derivative financial assets that are designated as AFS or are not classified in any of the three preceding categories. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or change in market conditions.

After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized directly in OCI until the investment is derecognized, at which time the cumulative gain or loss recorded in equity is recognized in profit or loss, or determined to be impaired, at which time the cumulative loss recorded in equity is recognized in profit or loss.

As of December 31, 2017, the Group's AFS financial asset pertains to investment in unquoted equity shares.

Financial liabilities

Initial recognition

Financial liabilities within the scope of PAS 39 are classified as financial liabilities at FVTPL, other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every financial reporting date.

Financial liabilities are recognized initially at fair value and, in the case of financial liabilities not at FVTPL, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, short-term loans, long-term debt and amounts owed to related parties.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria as defined by PAS 39.

Gains and losses on liabilities held for trading are recognized in profit or loss.

The Group does not have a financial liability at FVTPL as of December 31, 2017.

Other financial liabilities

Other financial liabilities are initially recognized at fair value of the consideration received, less directly attributable transaction costs. After initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the amortization process.

As of December 31, 2017, the Group's other financial liabilities includes trade and other payables, short-term loans, amounts owed to related parties and long-term debt.

Impairment of Financial Assets - Effective Prior to January 1, 2018

The Group assesses, at each balance sheet date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Objective evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If such evidence exists, any impairment loss is recognized in profit or loss.

The Financial assets carried at amortized costs

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Financial assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Inventories

Inventories are valued at the lower between cost and net realizable value (NRV). Costs incurred in bringing each inventory to its present location and conditions are accounted for as follows:

Raw materials, spare parts, supplies and other	- purchase cost on a first-in, first-out (FIFO) basis;
Finished goods and work-in-process inventories	cost of direct materials and labor and a proportion of manufacturing overhead cost. Costs are determined on a standard cost basis. Standard costs take into account normal levels of materials and supplies, labor, efficiency and capacity utilization. They are regularly reviewed and, if necessary, revised in light of current conditions.

NRV of finished goods and work-in-process inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. NRV of raw materials, spare parts, supplies and others is the current replacement cost.

Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost, less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of such property, plant and equipment and borrowing cost when that cost is incurred and if the recognition criteria are met. Repairs and maintenance are recognized in profit or loss as incurred. Land is carried at cost less any impairment in value.

When each major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied.

Construction in progress represents property under construction and is stated at cost. This includes costs of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and put into operational use.

Depreciation commences when an asset is in its location and condition and capable of being operated in the manner intended by management. Depreciation is calculated on a straight-line method over the estimated useful lives of the property, plant and equipment as follows:

Category	Number of Years
Machinery and equipment	7-15
Buildings and improvements	5-25
Facility and production tools	5-8
Furniture, fixtures and equipment	2-5
Transportation equipment	5-7

Depreciation ceases at the earlier of the date that the item is classified as held for sale (included in a disposal group) in accordance with PFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations, and the date the asset is derecognized.

The property, plant and equipment's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

Fully depreciated assets are retained in the accounts until these are no longer in use. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Noncurrent Assets Held for Sale

Property, plant and equipment are classified as held for sale if their carrying amount will be recovered principally through a sale transaction expected to be completed within one year from the date of classification, rather than through continuing use. Noncurrent assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale or distribution is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification, unless the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the assets.

Property, plant and equipment are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated balance sheet.

The Group shall measure a noncurrent asset that ceases to be classified as held for sale at the lower of its:

- a. carrying amount before the asset was classified as held for sale, adjusted for any depreciation and amortization that would have been recognized had the asset not been classified as held for sale; and
- b. recoverable amount at the date of the subsequent decision not to sell or distribute.

If the Group has classified an asset as held for sale, but the criteria for held for sale classification are no longer met, the Group shall cease to classify the asset as held for sale.

The Group shall recognize any required adjustment to the carrying amount of a noncurrent asset that ceases to be classified as held for sale in profit or loss in the period in which the criteria are no longer met.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee (IVSC).

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in PFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Foreign currency exchange differences are included in the determination of borrowing costs to be capitalized, but only to the extent that they are an adjustment to the interest cost on the borrowing.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible asset with finite life is amortized over its economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each balance sheet date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit (CGU) level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the assessment can be supported. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The Group recognizes an intangible asset acquired in a business combination if it is identifiable and distinguishable from goodwill. The Group considers an intangible asset as identifiable if:

- it is separable, i.e., there is evidence of exchange transactions for the asset or an asset of a similar type, even if those transactions are infrequent and regardless of whether the Group is involved in those transactions; or
- it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations ("contractual-legal" criterion).

The Group's intangible assets recognized from business combination pertain to customer relationship, trademark and technology. Trademark and customer relationships are estimated to have an indefinite useful life, and will be subject to yearly impairment testing. The Group estimates that technology will have an economic life of 10 years.

Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;

- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit, which is estimated to be five (5) to ten (10) years. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that a nonfinancial asset may be impaired. The Group has designated as nonfinancial assets its prepaid expenses, advances to suppliers, property, plant and equipment, intangible assets, project development costs and other assets. If any such indication exists, or when annual impairment testing for a nonfinancial asset is required, the Group makes an estimate of the nonfinancial asset's recoverable amount. A nonfinancial asset's estimated recoverable amount is the higher of a nonfinancial asset's or CGU's fair value less costs to sell and its value in use (VIU) and is determined for an individual asset, unless the nonfinancial asset does not generate cash inflows that are largely independent of those from other nonfinancial assets or groups of nonfinancial assets. Where the carrying amount of a nonfinancial asset exceeds its estimated recoverable amount, the nonfinancial asset is considered impaired and is written down to its estimated recoverable amount. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the nonfinancial asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For nonfinancial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the nonfinancial asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the nonfinancial asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the non-financial asset in prior years. Such reversal is recognized in profit or loss.

Capital Stock

Capital stock, which consists of common stock and preferred stock, is measured at par value for all shares issued. Proceeds and/or fair value of consideration received in excess of par value, if any, are recognized as additional paid-in capital (APIC).

Subscription Receivable

The unpaid portion of the subscribed shares is deducted from capital stock and is measured at subscription price for all shares subscribed.

Deposit for Future Stock Subscription

Deposit for future stock subscription represent the amount received that will be applied as payment in exchange for a fixed number of the Parent Company's own shares of stock. When the Parent Company does not have sufficient unissued authorized capital stock but the BOD and stockholders have approved for a proposed increase in authorized capital stock that has been presented for filing or has been filed with the Philippine SEC as of the balance sheet date, the deposit for future stock subscription is presented in the equity section of the consolidated balance sheet. Otherwise, this is presented in the liability section of the consolidated balance sheet.

Retained Earnings

The amount included in retained earnings includes profit or loss attributable to the Group's equity holders and reduced by dividends on capital stock. Retained earnings may also include effect of changes in accounting policies as may be required by the standards' transitional provisions.

The Group may pay dividends in cash or by the issuance of shares of stock. Cash and property dividends are subject to the approval of the BOD, while stock dividends are subject to approval by the BOD, at least two-thirds of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose, and by the Philippine SEC. Cash and property dividends on preferred and common stocks are recognized as liability and deducted from equity when declared. Stock dividends are treated as transfers from retained earnings to paid-in capital.

Equity Reserve

Equity reserve represents the effect of the application of the pooling-of-interests method and the difference of carrying amount and consideration of reissued Parent Company shares held by a subsidiary.

Parent Company Shares Held by a Subsidiary

These shares represent the Parent Company's common shares acquired by its subsidiary. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of these equity instruments. Any difference between the carrying amount and the consideration, if reissued, is charged or credited to Equity Reserve.

Other Comprehensive Income

Other comprehensive income comprises items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group includes net changes in fair values of financial assets at FVTOCI and AFS financial assets, and remeasurements on retirement benefit obligation.

Revenue Recognition - Effective January 1, 2018

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has concluded that it is principal in all of its revenue arrangements since it is the primary obligor in all revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

Sale of goods

Revenue from sale of goods is recognized at the point in time when the goods have been transferred to the customer (i.e., upon delivery). The Group's normal credit term is 30 to 120 days upon delivery.

Revenue is measured based on the transaction price the Group expects to be entitled to. The Group's contracts with customers generally provide customers with discounts. If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Variable considerations include discounts and right of return. Discounts and returns are not significant to the Group.

Contract balances

- *Contract assets.* A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays the consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.
- *Trade receivables.* A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under Financial Assets and Financial Liabilities - Financial assets at amortized cost (debt instruments).

- *Contract liability.* A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Revenue Recognition - Effective Prior to January 1, 2018

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, returns, rebates and other sales taxes or duties. The Group assesses its revenue arrangement against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

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

Sale of goods

Revenue from the sale of goods (including scrap) is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods, net of discounts and returns. Discounts and returns are not significant to the Group.

Interest Income

Interest income is recognized as it accrues using the effective interest method.

Costs and Expenses Recognition

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

Cost of sales

Cost of sales is recognized when the related sale has met the criteria for recognition.

Operating expenses

Operating expenses are recognized in the period in which they are incurred.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfillment of the arrangements is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one of the following applies:

- a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
- b. A renewal option is exercised and extension granted, unless the term of the renewal or extension was initially included in the lease term;
- c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
- d. There is a substantial change to the asset.

When a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances give rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

The Group as a lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in profit or loss on a straight-line basis over the lease term.

Retirement Benefits Costs

Defined benefit plans

CEC and CATS are covered by a noncontributory defined benefit retirement plan. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. These are retained in other comprehensive income until full settlement of the obligation.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of plan assets is based on market price information.

When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value and when, and only when, reimbursement is virtually certain.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The Group has a defined contribution plan covering substantially all employees of Quintel USA and Quintel Technology, Inc.

Foreign Currency-denominated Transactions

The consolidated financial statements are presented in US dollars, which is the Parent Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency spot rate ruling at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date.

All differences are taken to profit or loss. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

Income Taxes

Current income tax

Current income tax liabilities for the current and prior periods are measured at the amount expected to be paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial reporting date. Current income tax for the current and prior periods, shall, to the extent unpaid, be recognized as a liability in the consolidated balance sheet. If the amount already paid in respect of the current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset and be presented as part of "Other current assets" in the consolidated balance sheet.

Deferred income tax

Deferred income tax is provided using the balance sheet liability method on temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO) to the extent that it is probable that taxable profit will be available against which the deductible temporary difference, and the carryforward of unused tax credits from excess MCIT over RCIT and unused NOLCO can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred income tax relating to items recognized directly in equity is recognized directly in equity and not in profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to offset current tax assets against current tax liabilities exist and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets or liabilities are expected to be settled or recovered. Subsidiaries file income tax returns on an individual basis. Thus, the deferred income tax assets and deferred income tax liabilities are offset on a per entity basis.

Earnings Per Share (EPS)

Basic EPS is calculated by dividing the net income for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year, adjusted for the effects of shares held by subsidiaries and with retroactive adjustments for any stock dividends and stock split.

For the purpose of calculating diluted earnings per share, the net income and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

Operating Segments

The Group operating businesses are organized and managed separately according to the nature of products as well as the geographical locations of businesses. The segments are segregated as follows: (a) manufacture and sale of semiconductor packages based in the Philippines through CEC, (b) manufacture and sale of radio frequency, microwave, and millimeter-wave products based in the Philippines through CATS - Philippine Branch, and (c) sale of advanced high-efficiency, high-performance antenna solutions for wireless cellular networks based in the U.S. through Quintel. The Group operates and derives its revenue from its domestic operation and from its operation in the U.S. through Quintel.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies

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

CAPITALIZATION AND INDEBTEDNESS

The following table sets out the Company's debt, shareholders' equity and capitalization as at 31 December 2019, and as adjusted to reflect the sale of the Preferred Shares at the Offer Price of US\$1.00 per Preferred B-2 Share (Amounts in US\$).

A. Short-term Loans:

		September 30, 2020 (Reviewed)	December 31, 2019 (Audited)
Rizal Commercial Banking Corporation (RCBC)	(a)	\$ 28,447,150	\$ 40,399,593
China Banking Corporation (CBC)	(b)	-	10,500,000
Security Bank Corporation (SBC)	(c)	8,575,000	9,800,000
Shinhan Bank	(d)	3,600,000	4,000,000
Citibank	(e)	748,700	-
		41,370,850	64,699,593
Commercial Paper	(f)	41,241,365	-
		\$ 82,612,215	\$ 64,699,593

B. Long-term Loans:

	Current	Non-current	Total
September 30, 2020			
Principal	\$ 23,180,650	\$ 35,500,000	\$ 58,680,650
Deferred finance cost	\$ (72,135)	\$ (182,613)	\$ (254,748)
	\$ 23,108,515	\$ 35,317,387	\$ 58,425,902
December 31, 2019			
Principal	\$ 9,680,000	\$ 53,110,000	\$ 62,790,000
Deferred finance cost	\$ (28,864)	\$ (280,216)	\$ (309,080)
	\$ 9,651,136	\$ 52,829,784	\$ 62,480,920

C. Capital:

	September 30, 2020	December 31. 2019
	(Reviewed)	(Audited)
Common stock	\$ 9,594,321	\$ 9,594,321
Preferred stock	2,615,995	2,615,995
Additional paid-in-capital	100,469,659	100,469,659
Equity reserve	4,030,214	4,030,214
Other comprehensive income(loss)	(906,973)	(906,973)
Retained Earnings	26,301,216	26,217,617
Parent company shares held by a subsidiary	(26,645,872)	(27,753,128)
	\$ 115,458,560	\$ 114,267,705

The table below shows the estimated Current and Debt-to-Equity ratios of the Company assuming that (a) no CPs would be issued and (b) the full issue size amounting to PhP 2,000,000,000 of the CPs would be issued.

Without CP Issuance								2024	2025
		2018	2019	2020	2021	2022	2023		
Current Ratio		1.45	1.43	1.44	3.06	4.47	2.74	.54	3.72
Debt / Equity		1.12	1.11	0.97	0.31	0.21	0.25	.18	0.13
With CP Issuance									
		2018	2019	2020	2021	2022	2023	2024	2025
Current Ratio		1.45	1.43	1.19	1.43	1.12	1.07	1.21	1.79
Debt / Equity		1.33	1.11	1.26	0.77	0.79	0.71	0.52	0.31

MATERIAL CONTRACTS AND AGREEMENTS

The financing and credit facility agreements discussed below are subject to representations and warranties, covenants and events of default standard for similar agreements. A comprehensive discussion of the agreements below is provided in the Company's consolidated financial statements and related notes. Outstanding principal balances disclosed below are exclusive of interest payable and deferred financing costs.

1. Agreement with Metropolitan Bank & Trust Company ("Metrobank")

Long Term Loan

On December 18, 2014, the Company entered into a US\$10 million Note Facility Agreement with Metrobank as Initial Noteholder, Metrobank – Trust Banking Group as Facility Agent and Paying Agent, and First Metro Investment Corporation as Arranger (the "Notes"). The Notes were first issued on December 22, 2014 (the "Issue Date") with an interest rate of 3.75%. As of December 31, 2019, the Note Facility Agreement was already fully paid.

2. Agreement with the Bank of the Philippine Islands ("BPI")

Long-term Debt

On September 20, 2016, the Company entered into a US\$30 million Note Facility Agreement with BPI as Initial Noteholder, BPI – Asset Management and Trust Group as Facility Agent and Paying Agent, and BPI Capital Corporation as Arranger (the "Notes"). The Notes were issued on September 21, 2016 with an interest rate of 3.60%. The Maturity Date is on August 26, 2021.

The carrying amount of the loan from the 2016 NFA as of February 28, 2021 and December 31, 2019 amounted to \$20.00 million and \$23.25 million, respectively.

The Company will repay 30% of the Notes in 12 equal consecutive quarterly installments in the amount equivalent to 2.50% of the Notes, commencing at the end of the 5th quarter until the end of the 16th quarter from the issue date. The Company will repay the remaining 70% of the Notes in four (4) equal consecutive quarterly installments in the amount equivalent to 17.50% of the Notes commencing at the end of the 17th quarter from the issue date until the Maturity Date.

The net proceeds of the issuance of the Notes were used by the Company to refinance capital expenditures, working capital requirements, and partially finance the acquisition of Quintel.

Under this Notes Facility Agreement, the following financial ratios must be maintained:

- debt to equity ratio shall not, at any time, exceed 2:1
- shall not, as of relevant testing date, be less than 1.5
- current ratio shall not at any time be less than 1:1, provided however, this ratio shall not apply after the fourth anniversary of the issue date.

The Company is in compliance with the debt covenants as of the date of this prospectus.

3. Credit Facility Agreements with Rizal Commercial Banking Corporation ("RCBC")

Long Term Loan

On April 12, 2018, the Company entered into a Note Facility Agreement with RCBC as Noteholder which provided for the conversion of the outstanding balance of CHPC's short-term bridge loan facilities amounting to \$20.0 million into long-term credit facilities through the issuance of 7-year fixed rate corporate note which bears interest of 6.25% per annum payable quarterly.

Under the Note Facility Agreement, the Company shall pay 30% of the loan outstanding on issue date in 24 equal consecutive quarterly payments commencing at the end of the first year until the end of the 28th quarter from the issue date. The remaining 70% of the loan outstanding shall be paid in a single balloon payment at maturity date. As of February 28, 2021, the outstanding carrying amount of the loan amounts to \$18.4 million.

Moreover, under this NFA, the following financial ratios must be maintained:

- debt to equity ratio shall not, at any time, exceed 70-30;
- debt service coverage ratio shall not, as of the relevant testing date, be less than 1.15x; and
- the current ratio shall not, at any time, be less than 1.10x.

The proceeds of the pertinent issuance was used to refinance the bridge loan facilities used to acquire 100% ownership of Quintel.

The Company is in compliance with the debt covenants as of the date of this prospectus.

4. Quintel Acquisition Agreement and Plan of Merger

On July 12, 2017, the Company entered into an Agreement and Plan of Merger under which the Company, through its subsidiary CEIC and the latter's subsidiary Cirtek Corporation, a Delaware corporation ("Cirtek Delaware"), will acquire 100% of Quintel Cayman Ltd. ("Quintel Cayman").

The transaction was structured as a reverse triangle merger whereby the Company established Cirtek Cayman Ltd. to merge with Quintel Cayman, with the latter as the surviving corporation. Pursuant to the transaction, all outstanding shares, warrants, and stock options in Quintel Cayman were converted to a right to receive the consideration from the Company and Cirtek Delaware. As a result of the merger, Quintel Cayman will be a wholly-owned subsidiary of Cirtek Delaware. The memorandum of association and articles of association of Quintel Cayman as surviving company shall be amended to conform to the organizational documents of Cirtek Cayman Ltd.

The Company acquired Quintel for at least US\$ 77 million, subject to the adjustments in the pre- and post- closing statements, setting forth the different amounts comprising the total consideration, prepared by Quintel Cayman and the Company, which statements will be finalized within 60 to 90 days from July 31, 2017.

On August 4, 2017, the Assistant Registrar of Companies for the Cayman Islands issued a Certificate of Merger stating that the companies have merged effective on said date.

Loan Collateral

None of the Company's loans are secured by a collateral.

REGULATORY AND ENVIRONMENTAL MATTERS

Philippine Economic Zone Authority

The PEZA is an attached agency to the Department of Trade and Industry and is tasked to promote investments, extend assistance, register, grant incentives to, and facilitate the business operations of investors in export-oriented manufacturing and service facilities located inside selected areas throughout the country proclaimed by the President of the Philippines as PEZA Special Economic Zones. It oversees and administers incentives to developers/operators and locators in Special Economic Zones.

Entities registered with the PEZA are entitled to fiscal and non-fiscal incentives. Fiscal Incentives include income tax holiday; tax and duty free importation of raw materials, capital equipment, machineries and spare parts; VAT zero rating; exemption from payment of local government imposts, fees, licenses, and taxes; and exemption from expanded withholding tax. Non-fiscal incentives include simplified import-export procedures; and special non-immigrant visa with multiple entry privileges for certain officers and employees. PEZA also extends visa facilitation assistance to foreign nationals and their spouses and dependents.

PEZA registered entities are required to maintain distinct and separate books for its operations inside the Special Economic Zones and are mandated to submit financial and other reports/documents to PEZA. Below are some of the periodic reports/documents required to be submitted to PEZA and their respective due dates:

Types of Report	Due Date
Economic Zone Monthly Performance Report	every 20 th day of the following month
Annual Report (For Developer/Operator Enterprises)	90 days after the end of the accounting period
Audited Financial Statements (“AFS”) (For Developer/Operator Enterprises)	30 days after filing with BIR
Quarterly Income Tax Returns (For Developer/Operator Enterprises)	15 days after filing with BIR
Annual Income Tax Returns (“ITR”) (For Developer/Operator Enterprises)	30 days after filing with BIR
Annual Tax Incentives Report- Income Tax Based Incentives	30 days from statutory deadline for filing of Final Adjustment Return for Income Tax and payment of tax due thereon
Annual Tax Incentives Report- VAT, Excise Tax and Duty-based Incentives	15 March of the succeeding year
Breakdown/Schedule of Sales per Activity	Together with AFS & Annual ITR

Breakdown/Schedule of Other Income	Together with AFS & Annual ITR
Data on Revenues and Taxes Paid	Together with AFS & Annual ITR
Change of Corporate Name & Equity Ownership	30 days after the said change

As PEZA-registered entities, CEC and CATSI are required to submit the periodic reports described above to PEZA. They are also required to submit quarterly, semi-annual and annual reports to the DENR as part of their ECC requirements. The failure to comply with these reports and with any other requirements or regulations of these government agencies could expose CEC and CATSI to penalties and the revocation of their respective registrations.

CEC and CATSI ensure compliance with these requirements by assigning dedicated personnel to monitor, prepare the necessary filings and liaise with the relevant government agencies.

Environmental Laws

Presidential Decree No.1586 established the Environmental Impact Statement (“EIS”) System which is concerned primarily with assessing the direct and indirect impacts of a project or undertaking to the quality of the environment and ensures that these impacts are addressed by appropriate environmental protection and enhancement measures. The EIS system successfully culminates in the issuance of an Environmental Compliance Certificate (“ECC”).

The ECC serves as a government certification based on the representations of the proponent that: (i) the proposed project or undertaking will not cause a significant negative environmental impact; (ii) that the proponent has complied with all the requirements of the EIS system and; (iii) that the proponent is committed to implement its approved environmental management plan in the EIS or, Initial Environmental Examination (“IEE”). The ECC also contains specific measures and conditions that a project proponent must undertake before, during, and in some cases, at the abandonment of a project.

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an ECC prior to commencement. The DENR, through its regional offices or through the Environmental Management Bureau (the “EMB”), determines whether a project is environmentally critical or located in an environmentally critical area. As a pre-requisite for the issuance of an ECC, an environmentally critical project must submit an EIS to the EMB while a project in an environmentally critical area is generally required to submit an IEE to the proper DENR regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the direct and indirect consequences to human welfare and the ecological as well as environmental integrity. The Initial Environmental Examination refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the terms and conditions of an EIS or an IEE may vary from project to project, as a minimum it contains all relevant information regarding the project's environmental effects. The entire process of organization, administration, and assessment of the effects of any project on the quality of the physical, biological, and socio-economic environment as well as the design of appropriate preventive, mitigating, and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a Government

certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System; and that the proponent is committed to implementing its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property, and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund when an ECC is eventually issued. In any case, the establishment of an Environmental Monitoring Fund must not occur later than the initial construction phase of the project. The Environmental Monitoring Fund must be used to support the activities of a multi-partite monitoring team, which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

CEC and CATSI incur expenses for complying with environmental laws that consist primarily of payments for Government regulatory fees. Such fees are standard in the industry and are minimal.

CEC is required to obtain the following environmental certifications and permits from the Department of Environment and Natural Resources Environmental Management Bureau for its operations:

Permit	Issuance	Expiration
Permit to Operate (Air Pollution Source & Control Installations)	Aug. 31, 2017	Apr. 29, 2022
Environmental Clearance Certificate (ECC) ²	Aug. 31, 2017	N/A
Permit to Operate (Air Pollution Source & Control Installations)	Oct. 17, 2016	Oct. 29, 2021
Permit to Operate (Air Pollution Source & Control Installations)	Aug. 17, 2018	Oct. 2, 2023
Permit to Operate (Air Pollution Source & Control Installations)	Aug. 13, 2019	Oct. 1, 2024
Hazardous Waste Generator Registration Certificate	Dec. 21, 2015	N/A
Chemical Control Order Registration Certificate	May 27, 2014	N/A

CATSI is required to obtain the following environmental permits for its operations:

Permit	Issuance	Expiration
Environmental Clearance Certificate (ECC)	Aug. 13, 2015	N/A
Permit to Operate (Air Pollution Source & Control Installations)	Oct 17, 2016	Oct. 25, 2021

² An Environmental Clearance Certificate (ECC) expressly states that it is a planning tool and not a permit. It remains in effect provided the company complies with conditions stipulated under the ECC, and therefore has no expiration date. The DENR/EMB monitors the company/project periodically to ensure compliance with stipulations in the ECC.

All development projects, installations, and activities that discharge liquid waste into and pose a threat to the environment of the Laguna de Bay region are also required to obtain a discharge permit from the Laguna Lake Development Authority (LLDA). CEC's discharge permit is currently being renewed.

Toxic Substances, Hazardous and Nuclear Wastes Control Act

The Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 ("R.A. No. 6969") mandates control and management of the import, manufacture, process, distribution, use, transport, treatment and disposal of toxic substances and hazardous and nuclear wastes. R.A. No. 6969 is primarily enforced by the DENR, with the assistance of the Inter-Agency Technical Advisory Council. It seeks to protect public health and the environment from unreasonable risks posed by these substances. Persons (natural or juridical) who generate or produce hazardous wastes, through any commercial, industrial or trade activities, are required to register with the EMB Regional Office having jurisdiction over the location of the waste generator. A DENR I.D. Number shall be issued upon registration. This is a one-time permit unless there is a change in the hazardous wastes produced.

In addition, waste generators are required to (1) notify the DENR of the type and quantity of waste generated in accordance with the form and in a manner approved by the DENR and pay the prescribed fee; (2) provide the DENR, on a quarterly basis, with certain information including the type and quantity of the hazardous waste generated, produced or transported outside in a form approved by the DENR; (3) continue to own and be responsible for the hazardous waste generated or produced in the premises until the hazardous waste has been certified by the waste treater as adequately treated, recycled, reprocessed or disposed of; (4) prepare and submit to the DENR comprehensive emergency contingency plans that conform with DENR guidelines to mitigate spills and accidents involving hazardous wastes; and (5) train and inform personnel and staff on (a) the implementation of the emergency contingency plan, and (b) the hazards posed by the improper handling, storage, transport, and use of hazardous waste and their containers.

Aside from R.A. No. 6969, those involved in hazardous waste management are also required to comply with the requirements of other specific environmental laws, such as Presidential Decree No. 984 (National Pollution Control Decree of 1976), Presidential Decree No. 1586 (Environmental Impact Statement System Law), RA 8749 (Philippine Clean Air Act of 1999) and RA 9003 (Ecological Solid Waste Management Act of 2000) and their implementing rules and regulations.

Philippine Clean Air Act

The Philippine Clean Air Act of 1999 ("R.A. No. 8749") focuses primarily on pollution prevention and provides for a comprehensive management program for air pollution. Consistent with the policies of R.A. No. 8749, all planned sources of air pollution that have the potential to emit 100 tonnes per year or more of any regulated air pollutant, or when required under the ECC, must secure an Authority to Construct and Permit to Operate from the EMB prior to commencement of construction or operation. The Authority to Construct is a one-time permit while the Permit to Operate must be renewed at least 30 days before its expiration date.

Philippine Clean Water Act

The Philippine Clean Water Act of 2004 ("R.A. No. 9275") focuses primarily on water quality management in all water bodies and the abatement and control of pollution from land based sources. All owners or operators of facilities that discharge regulated effluents pursuant to this Act are required to secure a permit to discharge. The discharge permit shall be the legal authorization granted by the DENR to discharge wastewater.

The DENR, as part of the permitting procedure, also urges the adoption of waste minimization and waste treatment technologies when such technologies are deemed cost effective. The DENR also develops procedures in relation to the current water quality guideline or the projected water quality guideline of a given receiving water body with total pollution loadings from various sources, so that effluent quotas can be properly allocated in the discharge permits. Effluent trading may be allowed in each management area.

For compliance with R.A. No. 9275, fiscal and non-fiscal incentives are provided such as the inclusion in the investment priorities plan and tax and duty exemption of donations, legacies and gifts for the support of waste management programs.

Ecological Solid Waste Management

Ecological Solid Waste Management Act of 2000, which provides for the proper management of solid waste which includes, discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centers and facilities. The National Solid Waste Management Commission, together with other government agencies and the different local government units, are responsible for the implementation and enforcement of the said law.

Nationality Restrictions

The Philippine Constitution limits ownership of land in the Philippines to Filipino citizens or to corporations the outstanding capital stock of which is at least 60% owned by Philippine Nationals. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning buildings and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40% where the condominium corporation owns the land where the condominium development is located.

Republic Act No. 7042, as amended, otherwise known as the Foreign Investments Act of 1991, and the Eleventh Regular Foreign Investment Negative List, provide that certain activities are nationalized or partly-nationalized, such that the operation and/or ownership thereof are wholly or partially reserved for Filipinos. Under these regulations, and in accordance with the Philippine Constitution, ownership of private lands is partly-nationalized and thus, landholding companies may only have a maximum of 40% foreign equity.

The Company does not currently own real estate. However, if the Company acquires real estate in the future, it would be subject to nationality restrictions found under the Philippine Constitution and other laws limiting land ownership to Philippine Nationals. The term "Philippine National" as defined under the R.A. No. 7042, as amended, shall mean a citizen of the Philippines, a domestic partnership or association wholly owned by citizens of the Philippines or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Corporation Code of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals.

Labor Code and Other Labor Legislation

The Labor Code recognizes subcontracting arrangements, whereby a principal (i.e. CEC or CATSI, as the case may be) puts out or farms out with a contractor the performance or completion of a specific job, work or service within a definite or predetermined period, regardless of whether such job, work or service is to be performed or completed within or outside the premises of the principal. Such arrangements involve a "trilateral relationship" among: (i) the principal who decides to farm out a job,

work or service to a contractor; (ii) the contractor who has the capacity to independently undertake the performance of the job, work, or service; and (iii) the contractual workers engaged by the contractor to accomplish the job, work, or service.

On March 16, 2017, the Department of Labor and Employment ("DOLE") issued DOLE Department Order No. 174-17 or *Rules Implementing Articles 106 to 109 of the Labor Code, As Amended* ("D.O. No 174-17"), under the principle that non-permissible forms of contracting and subcontracting arrangements undermine the constitutional and statutory right to security of tenure of workers. D.O. No 174-17 empowered the Secretary of Labor and Employment to regulate contracting and subcontracting arrangement by absolutely prohibiting labor-only contracting, and restricting job contracting allowed under the provisions of the Labor Code. Labor-only contracting refers to arrangement where the contractor or subcontractor merely recruits, supplies or places workers to perform a job or work for a principal, and the contractor or subcontractor does not have substantial capital, or the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee.

The Department Order provides that in the event that there is a finding that the contractor or subcontractor is engaged in labor-only contracting and other illicit forms of employment arrangements, the principal shall be deemed the direct employer of the contractor's or subcontractor's employees. Further, in the event of violation of any provision of the Labor Code, including the failure to pay wages, there exists a solidary liability on the part of the principal and the contractor for purposes of enforcing the provisions of the Labor Code and other social legislations, to the extent of the work performed under the employment contract.

The Rules for Occupational Safety and Health Standards ("OSHS") issued by the Bureau of Working Conditions of the DOLE establishes the threshold limit values ("TLV") for toxic and carcinogenic substances which may be present in the atmosphere of the work environment. The TLV refer to airborne concentration of substances and represent the conditions under which it is believed that nearly all workers may be repeatedly exposed daily without adverse effect. The TLV refers to the time weighted concentrations for an eight-hour workday and a total of 48 work hours per week.

The employees' exposure to the substances identified in the OSHS must be limited to the ceiling value given for the relevant substance in the OSHS or must not exceed the 8-hour time weighted average limit given for that substance in the OSHS, as the case may be.

To protect the employees, an employer is required to furnish its workers with protective equipment for the eyes, face, hands, and feet as well as protective shields and barriers, whenever necessary, by reason of the hazardous nature of the process or environment, chemical or radiological or other mechanical irritants or hazards capable of causing injury or impairment in the function of any part of the body through absorption, inhalation or physical contact. The employer is responsible for ensuring the adequacy and proper maintenance of personal protective equipment used in its workplace.

To ensure compliance with the OSHS, every establishment or place of employment will be inspected at least once a year. Special inspection visits may be authorized by the Regional Labor Office to investigate accidents, occupational illnesses or dangerous occurrences, especially those resulting in permanent total disability or death, to conduct surveys of working conditions for the purpose of evaluating and assessing environmental contaminants and physical conditions, or to conduct investigations, inspections or follow-up inspections upon request of an employer, worker or a labor union of the establishment.

Any violation of the provisions of the OSHS will be subject to the applicable penalties provided in the Labor Code. The Labor Code imposes a fine of not less than ₱1,000.00 nor more than ₱ 10,000.00 or imprisonment of not less than three months nor more than three years, or both such fine and imprisonment, at the discretion of the court. If the offense is committed by a corporation, the penalty will be imposed upon the guilty officers of such corporation.

Depending on the size of the workforce and the nature of the work place as either hazardous or nonhazardous, an employer is obliged to provide certain free medical and dental attendance and facilities. For large-scale industries where the number of workers is from 200 to 600, the employer is required to provide the services of a part-time occupational health physician and a part-time dentist, each of whom is required to stay in the premises of the workplace at least four hours a day, six times a week, and each working in alternate periods with the other. It is also required to provide the services of a fulltime occupational health nurse and a full-time first aider. The employer must further maintain an emergency clinic, unless there is a hospital or dental clinic which can be reached in 25 minutes of travel, and it has facilities readily available for transporting its workers to the hospital or clinic in case of emergency.

Under the OSHS, every place of employment is required to have a health and safety committee. Further, the employer has the duty to write administrative policies on safety in conformity with OSHS. It must report to the DOLE copies of the policies adopted and the health and safety organization established to carry out the program on safety and health within one month after the organization or reorganization of the health and safety committee.

DOLE released Department Order No. 198-18 which implemented Section 32 of Republic Act No. 11058. It aims to protect every worker against injury, sickness or death through safe and healthful working conditions.

It mandates the Company to create an Occupational Safety and Health Program which needs to be approved by DOLE prior to construction. Any willful failure or refusal of an employer, contractor or subcontractor to comply with the following OSH standards or with a compliance order issued by the Secretary of Labor and Employment or his/her authorized representative shall be penalized with administrative fines.

Moreover, Republic Act No. 7877 makes it the duty of every employer to create a committee on decorum and investigation of sexual harassment cases. Such committee must be composed of at least one representative each from management, the union, the employees from the supervisory rank, and the rank-and-file employees. In addition, it is likewise the duty of the employer to promulgate rules and regulations prescribing the procedure for the investigation of sexual harassment cases and the administrative sanctions therefor, which rules must be formulated in consultation with and later jointly approved by the employees.

The Philippine Labor Code and other statutory enactments provide the minimum benefits that employers must grant to their employees, which include certain social security benefits, such as benefits mandated by the Social Security Act of 1997 (R.A. No. 8282), the National Health Insurance Act of 1995 (R.A. No. 7875), as amended, and the Home Development Fund Law of 2009 (R.A. No. 9679).

Under the Social Security Act of 1997, social security coverage is compulsory for all employees under 60 years of age. An employer is obligated to deduct and withhold from each employee's monthly salary, wage, compensation or earnings, the employee's contribution, and the employer, for its part, makes a counterpart contribution for the employee, and remits both amounts to the Social Security System ("SSS"). This enables the employees to claim their pension, death benefits, permanent disability benefits, funeral benefits, sickness benefits, and maternity-leave benefits. The Social Security Act of 1997 imposes penal sanctions if an employer fails to remit the contributions to the SSS. For corporate employers, the penalty is imposed on its president and members of the board of directors.

The National Health Insurance Act created the National Health Insurance Program ("NHIP") to provide health insurance coverage and ensure affordable and accessible health care services to all Filipino citizens. Under the law, all members of the SSS are automatically members of the NHIP. The NHIP will then subsidize personal health services required by the employee subject to certain terms and conditions under the law. The National Health Insurance Act likewise imposes penal sanctions if an

employer does not remit the contributions to PhilHealth. For corporate employers, the penalty is imposed on its president and members of the board of directors.

The Home Development Fund Law (R.A. No. 9679) or the Pag-IBIG Fund Law, created the Home Development Mutual Fund ("HDMF"), a national savings program as well as a fund to provide for affordable shelter financing to Filipino workers. Coverage under the HDMF is compulsory for all SSS members and their employers. Under the law, an employer must deduct and withhold 2% of the employee's monthly compensation, up to a maximum of ₱5,000.00, and likewise make a counterpart contribution of 2% of the employee's monthly compensation, and remit the contributions to the HDMF. The Pag-IBIG Fund Law also imposes penal sanctions if the employer does not remit the contributions to the HDMF.

Philippine Competition Act

R.A. No. 10667, or the Philippine Competition Act ("PCA"), is the primary competition policy of the Philippines. It aims to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities.

The PCA prohibits and imposes sanctions on:

1. Anti-competitive agreements between or among competitors, which restrict competition as to price, or other terms of trade and those fixing price at an auction or in any form of bidding including cover bidding, bid suppression, bid rotation and market allocation and other analogous practices of bid manipulation; and those which have the object or effect of substantially preventing, restricting or lessening competition;
2. Practices which are regarded as abuse of dominant position, by engaging in conduct that would substantially prevent, restrict or lessen competition; and
3. Merger or acquisitions which substantially prevent, restrict or lessen competition in the relevant market or in the market for goods or services.

Moreover, the parties to a merger, acquisition or joint venture are required to comply with the compulsory notification requirements of the Philippine Competition Commission ("PCC"), the agency responsible for the implementation of the PCA, within 30 days from signing the definitive agreement and before consummating the transaction where:

1. In a merger or acquisition of assets, the value of the transaction exceeds Two Billion Four Hundred Million Pesos (₱2,400,000,000.00), and the aggregate annual gross revenues or value of the assets in the Philippines of the ultimate parent entity of one of the parties to the transaction exceeds Six Billion Pesos (₱6,000,000,000.00); or
2. In an acquisition of voting shares of a corporation or of an interest in a non- corporate entity, the acquiring entity, together with its affiliates, would own thirty-five percent (35%) of the voting shares or shares entitled to profits, or, if the acquiring entity had already owned at least said percentage prior to the transaction, increase its shareholdings to fifty percent (50%), and the value of the assets of the target or its gross revenues in or into the Philippines exceeds Two Billion Four Hundred Million Pesos (₱2,400,000,000.00), and the aggregate annual gross revenues or value of the assets in the Philippines of the ultimate parent entity of one of the parties to the transaction exceeds Six Billion Pesos (₱6,000,000,000.00); or

3. In a notifiable joint venture transaction, if either (i) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds Two Billion Four Hundred Million Pesos (₱2,400,000,000.00) or (ii) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed Two Billion Four Hundred Million Pesos (₱2,400,000,000.00), and the aggregate annual gross revenues or value of the assets in the Philippines of the ultimate parent entity of one of the parties to the transaction exceeds Six Billion Pesos (₱6,000,000,000.00), or

An agreement consummated in violation of the compulsory notification requirement shall be considered void, and shall subject the parties to an administrative fine of one percent (1%) to five percent (5%) of the value of the transaction.

Moreover, Section 4 (eee) of Republic Act No. 11494, or the “Bayanihan 2 Act” exempts from compulsory notification all mergers and acquisitions with transaction values below ₱50 billion if entered into within two years from the effectivity of Bayanihan 2 Act, or from 15 September 2020. A transaction is considered “entered into” upon signing by the parties of the definitive agreement.

Under the PCC rules implementing Section 4 (eee) of the Bayanihan 2 Act, mergers and acquisitions shall still be subject to compulsory notification when:

- (a) the transaction value is at least Fifty Billion Pesos (₱50,000,000,000); or
- (b) the transaction is entered into prior to the effectivity of the Bayanihan 2 Act and exceeds the thresholds applicable.

Additionally, the Bayanihan Act 2 suspends PCC’s power to motu proprio review mergers and acquisitions for one year from the effectivity of the law.

However, transactions entered into prior to the effectivity of the Bayanihan 2 Act which have not yet been reviewed by the PCC; and transactions pending review by the PCC prior to the effectivity of the Bayanihan 2 Act shall not be covered by the exemption from the PCC’s power to review transactions motu proprio.

Any voluntary notification shall constitute a waiver to the exemption from review.

Data Privacy Act

The Philippines government enacted legislation with the aim to protect the fundamental human right to privacy while ensuring the free flow of information. Republic Act No. 10173, or the “Data Privacy Act of 2012” applies to processing of all types of information, whether that be of individuals or legal entities, except for publicly available information, or those required for public functions. The law provides that when an entity collects personal data, the purpose and extent of processing of such information collected must be legitimate and declared specifically to the owner of the personal information (i.e. whether such information will be used for marketing, data-sharing and the like), and that consent must be obtained from the owner. This requirement applies to all data collectors and data processors. The term “data collectors” refers to a natural or juridical person who controls or supervises the person collecting, storing, or processing the relevant personal information, while the term data processors refers to a natural or juridical person who processes the information, whether or not outsourced by the data collector.

Personal information that is collected must be retained only for a reasonable period of time. Such a reasonable period of time is the reasonable amount of time the collector needs the information for its purposes, and the collector must notify the owner of the personal information of that duration. The data

collector must implement appropriate measures for the storage and protection of the collected personal information from accidental alteration, destruction, disclosure and unlawful processing. Furthermore, the data controller must assign compliance officer(s) to ensure compliance with the provisions of the data privacy law and its accompanying implementing rules and regulations.

Laws on Importation

Republic Act No. 1937 ("R.A. No. 1937") or the "Tariff and Customs Code of the Philippines" provides that all articles, when imported from any foreign country into the Philippines, shall be subject to duty upon each importation, even though previously exported from the Philippines, except as otherwise specifically provided for in this Code or in other laws.

In 2014, the Department of Finance issued DO No. 12-2014 requiring importers to secure an Importer Clearance Certificate ("ICC") from the BIR as a pre-requisite for accreditation with the Bureau of Customs ("BOC"). This is the first stage of the accreditation process that will enable the importers to import and transact business with the BOC. Importers will then present the BIR ICC to the BOC as a final requirement for accreditation and to be able to enter the customs premises.

The BIR then issued Revenue Memorandum Order No. 10-2014 ("RMO 10-2014"), which provides for the requirements and guidelines for ICC applicants, and required ICC applicants to establish a physical and legitimate presence in the Philippines and to demonstrate compliance with existing tax laws and regulations.

Under BOC Memorandum Order No. 26-2019 in furtherance of CMO No. 19-2019 on "Decentralizing the CPRS Activation of Entities Accredited by other Government Agencies and the Renewal of Accreditation of Customs Brokers to the District Collectors", all PEZA locators that have already been registered and approved by PEZA through the Client Profile Registration System ("CPRS") shall be activated immediately by the BOC-Management Information System and Technology Group ("MISTG") after presentation of the BOC official receipt showing payment of the application fee and the copy of the CPRS notification from the PEZA. The memorandum order was issued with the objective of promoting an effective and efficient customs management by streamlining and simplifying the BOC accreditation procedure for PEZA locators, thereby creating a more business and investor-friendly environment.

Bayanihan Act

On March 25, 2020, Republic Act No. 11469, otherwise known as the "Bayanihan to Heal As One Act" (the "Bayanihan Act"), was signed into law, declaring a state of national emergency over the entire country, and authorizing the President of the Philippines to exercise certain powers necessary to address the COVID-19 pandemic.

On September 11, 2020, the Bayanihan to Recover as One Act (the "Bayanihan 2 Act") was signed into law by President Duterte. Similar to the Bayanihan Act, the Bayanihan 2 Act confers emergency powers to President Duterte which will be in effect until December 19, 2020. The Bayanihan 2 Act seeks to provide a stimulus package to struggling sectors as part of the country's COVID-19 response and recovery plan, and to scrutinize the government's implementation of programs related to the pandemic.

GENERAL CORPORATE INFORMATION

INCORPORATION

The Company is duly organized as a corporation under the laws of the Philippines and was registered with the SEC on February 10, 2011.

ARTICLES OF INCORPORATION AND BY-LAWS

The Articles of Incorporation of the Company was approved by the SEC on February 10, 2011. The latest amended Articles was approved by the SEC on September 29, 2017.

The By-Laws of the Company was registered with the SEC on February 10, 2011. The latest amended By-Laws was approved by the SEC on July 23, 2015.

PRIMARY PURPOSE

Under the Articles, the Company's primary purpose is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, hypothecate, exchange, or otherwise dispose real and personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefor in money or by exchanging therefor, stocks, bonds, or other evidences of indebtedness or securities of this or any other corporation, and while the owner or holder of any such real or personal property, stock, bonds, debentures, contracts, or obligations, to guarantee obligations, debts, or loans of a subsidiary related to the foregoing and to receive, collect and dispose of the interest, dividends, and income arising from such property, and to possess and exercise in respect thereof all the rights, powers and privileges of ownership.

CORPORATE TERM

The Company is authorized to exist for a term of 50 years from the date of its incorporation. This term may be renewed through an amendment to the Articles approved by the SEC.

FISCAL YEAR

The business year of the Company begins on the first day of January and ends on the last day of December of each year.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Articles of Incorporation and By-laws are available for inspection at the principal office of the Company, during normal business hours on any day on which such office is open for business. Copies may also be inspected at the office of the SEC as well as the Company's website: cirtekholdings.com.

PHILIPPINE TAXATION

Following is a general description of certain Philippine tax aspects of investment by prospective CP Holders. This discussion is based upon Philippine tax laws, in particular the Tax Code, its implementing regulations and rulings in effect at the date of this Prospectus. Subsequent legislative, judicial or administrative changes or interpretations may be retroactive and could affect the tax consequences to the prospective CP Holders.

The tax treatment of a prospective CP Holder may vary depending on such CP Holder's particular situation and certain prospective CP Holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a prospective CP Holder.

This general description does not purport to be a comprehensive description of the Philippine tax aspects of investment in the CPs and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing the CPs under applicable tax laws of other jurisdictions and the specific tax consequence in light of particular situations of acquiring, owning, holding and disposing the CPs in such other jurisdictions.

EACH PROSPECTIVE CP HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH CP HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE CPs, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines but who is not a citizen of the Philippines; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines; a non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines"; otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not doing business in the Philippines." A "resident foreign corporation" is a foreign corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a foreign corporation not engaged in trade or business within the Philippines. The term "foreign" when applied to a corporation means a corporation which is not domestic while the term "domestic" when applied to a corporation means a corporation created or organized in the Philippines or under its laws.

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion (the "**TRAIN Law**") took into effect. The TRAIN Law amended provisions of the Tax Code including provisions on Documentary Stamp Tax, tax on interest income and other distributions, Capital Gains Tax on the sale and disposition of securities, Estate Tax, and Donor's Tax.

As of date, there is a pending bill entitled, "Corporate Recovery and Tax Incentives Reform Act", ("CREATE") which, if passed into law, would further amend the provisions of the Tax Code, including the provisions on corporate income tax and percentage tax. On 26 November 2020, the Senate of the Philippines approved on its third and final reading Senate Bill No. 1357. The Bicameral Conference Committee has yet to reconcile the disagreeing provisions of Senate Bill No. 1357 and House Bill No. 4157. The passage of the CREATE bill into law as presently drafted may impact the incentives currently being enjoyed by some of the Issuer's subsidiaries under their respective PEZA registrations.

Taxation of Interest Income

Interest income/Discount earned by individuals

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine-sourced income subject to Philippine income tax.

As a general rule, interest income earned or yield or any other monetary benefit from the CPs realized by individual citizens of the Philippines, resident aliens and non-resident aliens engaged in trade or

business in the Philippines is subject to a final withholding tax at the rate of 20% based on the gross amount of the interest.

Transfers or assignments of the CPs by the CP Holders are subject to a final tax on the interest income already earned by the transferor CP Holder which shall be borne by the CP Holder.

Interest income received by non-resident aliens not engaged in trade or business in the Philippines shall generally be subject to a final withholding tax of 25%. However, such tax rate may be reduced under an applicable tax treaty force between the Philippines and the country of residence of the non-resident CP Holder. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 15% in cases where the interest arises in the Philippines and is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment or perform in the Philippines professional services from a fixed base and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment or fixed base.

Interest income/Discount earned by corporations

Interest income earned or yield or any other monetary benefit derived by domestic and resident foreign corporations from the CPs shall be subject to a final withholding tax of 20% of such interest income based on the gross amount of the interest.

On the other hand, interest income received by a non-resident foreign corporation shall be subject to 30% final withholding tax. This rate may also be reduced under an applicable tax treaty. The said income tax is withheld at source and constitutes a final settlement of Philippine income tax liability with respect to such interest

Interest income/Discount earned by trusts

A trust is generally taxed in the same way as an individual pursuant to the Tax Code which provides that the tax imposed upon individuals shall apply to the income of any kind of property held in trust (except qualifying employee's trust considered tax-exempt). Accordingly, since trusts are, for tax purposes, treated as an individual, interest income earned by trusts are likewise subject to the 20% final withholding tax.

Tax-exempt persons

All sums payable by the Issuer to tax-exempt persons shall be paid in full without deductions for taxes, duties, assessments, or government charges, subject to the submission to the Registrar by the CP Holder claiming the exemption of reasonable evidence of such exemption. CP Holders who are subject to a lower rate of final withholding tax may avail of such preferential rate by submitting the necessary documents.

Said CP Holders shall submit the following requirements, in form and substance prescribed by the Issuer, to the Registrar or to the Underwriter or selling agents (together with their completed Application) who shall then forward the same to the Registrar: (i) a copy of the current and valid original tax exemption certificate, ruling or opinion (dated no earlier than required to be considered valid under applicable tax regulations at the relevant time) issued by the BIR, addressed to the applicant confirming the exemption, and certified by an authorized officer of the applicant as being a true copy of the original on file with the applicant; (ii) a duly notarized undertaking, in prescribed form, executed by (ii.a) the Corporate Secretary or any authorized representative, who has personal knowledge of the exemption based on his official functions, if the applicant purchases the Commercial Papers for its account, or (ii.b) the Trust Officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Commercial Papers pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting that the same CP Holder named in the tax exemption certificate described in (i) above, is specifically exempt from the relevant tax or is subject to a preferential tax rate for the relevant tax, undertaking to immediately notify the Issuer and the Registrar and Paying Agent (a) of any suspension, revocation, amendment or invalidation (in whole

or in part) of the tax exemption certificates or preferential rate entitlement; (b) if there are any material changes in the factual circumstances of the CP Holder including but not limited to its character, nature and method of operation, which are inconsistent with the basis for its income tax exemption; or (c) if there are any change of circumstance, relevant treaty, law or regulation or any supervening event that may or would result in the interest income of the Commercial Papers being ineligible for exemption or preferential rate, with a declaration and warranty of its tax exempt status or entitlement to a preferential rate, and agreeing to indemnify and hold the Issuer and Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities arising from the non-withholding of the required tax; and (iii) such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief, which shall include, (a) for initial interest due, duly accomplished and filed Certificate of Residence for Tax Treaty Relief (CORTT) Form or the prescribed certificate of residence of their country together with the CORTT Form as required under BIR Revenue Memorandum Order No. 8- 2017 and/or a duly notarized and consularized, if executed outside of the Philippines, Special Power of Attorney executed by the CP Holder in favor of its authorized representative (if the CORTT Form and other documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the CP Holder is not doing business in the Philippines to support the applicability of a tax treaty relief; and (b) for subsequent interests due, three originals of Part II (D) of the CORTT Form shall be submitted by the CP Holder/Registrar to the Issuer no later than the first day of the month when such subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto and (iv) such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities; provided that the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the CP Holder on the interest payments to such CP Holder; provided further that, all sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for Taxes, duties, assessments, or government charges, subject to the submission by the CP Holder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar and Paying Agent.

DOCUMENTARY STAMP TAXES

The Tax Code imposes a documentary stamp tax on all debentures, certificates of indebtedness, due bills, bonds, loan agreements, deposit substitute debt instruments at the rate of ₱1.50 on every ₱200, or fractional part thereof, of the face value of such securities; Provided, that for such debt instruments with terms of less than one (1) year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to three hundred sixty-five (365) days. The Company has undertaken to pay the documentary stamp tax on the issuance of the CPs.

No documentary stamp tax is imposed on the subsequent sale or disposition of the CPs, provided that the subsequent sale or disposition does not constitute a renewal or entail a change in the maturity date of the CPs.

VALUE-ADDED TAX AND GROSS RECEIPTS TAX

At issuance, no VAT shall be imposable upon the CPs. Subsequent transfers shall similarly be free of VAT, unless the CP Holder is a dealer in securities. In that instance, the CP Holder shall be liable to pay 12% VAT on the gross income derived from the trading of the CPs.

Under Republic Act No. 9238, services rendered in the Philippines by, among others, banks, non-bank financial intermediaries, quasi-banks, finance companies, and other financial intermediaries not performing quasi-banking functions (excluding insurance companies) are exempted from the coverage of the VAT. The exemption, which took effect retroactively on 1 January 2004, reverts to the application of the GRT regime on services rendered by banks, non-bank financial intermediaries, quasi-banks, finance companies, and other financial intermediaries not performing quasi-banking functions (excluding insurance companies). Rates of GRT shall be as follows:

- (1) Banks and Non-Bank Financial Intermediaries Performing Quasi-Banking Functions:
 - (a) On interest, commission and discounts from lending activities as well as income from financial leasing, on the basis of the remaining maturities of instruments from which such receipts are derived:

- Maturity period is five years or less – 5%
- Maturity period is more than five years – 1%
- (b) On dividends and equity shares in net income of subsidiaries – 0%
- (c) On royalties, rentals of real or personal property, profits from exchange and all other items treated as gross income under the Tax Code – 7%
- (d) On net trading gains within the taxable year on foreign currency, debt securities, derivatives and other similar financial instruments – 7%
- (2) Other Non-Bank Financial Intermediaries:
 - (a) On interest, commission, discounts and all other items treated as gross income under the Tax Code – 5%
 - (b) On interest, commission and discounts from lending activities as well as income from financial leasing, on the basis of the remaining maturities of instruments from which such receipts are derived:
 - Maturity period is five years or less – 5%
 - Maturity period is more than five years – 1%

TAXATION ON SALE OR OTHER DISPOSITION OF THE COMMERCIAL PAPERS

CP Holders may transfer their PDEx-listed Commercial Papers at any time, regardless of tax status of the transferor vis-à-vis the transferee. Transfers taking place in the Register of CP Holders after the CPs are listed on PDEx may be allowed between taxable and tax-exempt entities without restriction provided the same are in accordance with the relevant rules, conventions and guidelines of PDEx and PDTC. A selling or purchasing CP Holder claiming tax-exempt status is required to submit the following documents to the Issuer, within three (3) Business Days from settlement date: (i) a written notification of the sale or purchase, including the tax status of the selling or buying party, and (ii) an indemnity agreement wherein the new CP Holder undertakes to indemnify the Issuer for any tax that may later on be assessed from the Issuer on account of such transfer.

Income Tax

Ordinary asset – Any gain realized from the sale, exchange or retirement of CPs will, as a rule, form part of the gross income of the sellers, for purposes of computing the relevant taxable income subject to the regular rates of 20-35% effective January 1, 2018 until December 31, 2022 and 15%-35% effective January 1, 2023 for individuals or 30% for domestic and foreign corporations, as the case may be.

For non-resident alien not engaged in trade or business in the Philippines, the gain shall be subject to the 25% final withholding tax.

Gross income derived by non-resident foreign corporations on the sale or other disposition of the CPs is subject to a 30% income tax unless a preferential rate is allowed under a tax treaty subject to such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief.

Any gains realized by non-residents on the sale of the CPs may be exempt from Philippine income tax under an applicable tax treaty subject to such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief.

Value-added Tax

Gross receipts arising from the sale of the CPs in the Philippines by dealers in securities shall be subject to a 12% value-added tax. The term "gross receipt" means gross selling price less acquisition cost of the CPs sold.

"Dealer in securities" means a merchant of stock or securities, whether an individual partnership or corporation, with an established place of business, regularly engaged in the purchase of securities and their resale to customers, that is, one who as a merchant buys securities and sells them to customers with a view to the gains and profits that may be derived therefrom.

ESTATE AND DONOR'S TAX

The transfer of the CPs by a decedent to his heirs, whether or not such decedent was residing in the Philippines, will be subject to an estate tax taxes at a fixed rate of 6% which is levied on the net estate of the deceased.

Individual and corporate holders, whether or not citizens or residents of the Philippines, who transfer shares of stock by way of gift or donation are liable to pay Philippine donors' tax on such a transfer of CPs at the rate of 6% computed on the basis of the total gifts in excess of ₱250,000.00 made during the calendar year.

The estate tax, as well as the donor's tax in respect of the CPs, shall not be collected if: (a) the deceased at the time of his death or donation was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) the laws of the foreign country of which the deceased or the donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

TAXATION OUTSIDE THE PHILIPPINES

The tax treatment of non-resident CP Holders in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax considerations for such non-resident holders under laws other than those of the Philippines.

MARKET INFORMATION AND DIVIDENDS ON THE COMPANY'S COMMON SHARES AND RELATED STOCKHOLDER MATTERS

Market Information

The Company's Common Shares are traded on the PSE under the symbol "TECH".

The following table sets out, for the periods indicated, the high and low sales prices for the Company's Common Shares, as reported on the PSE:

In PhP	High	Low
2017		
1 st Quarter	24.00	22.30
2 nd Quarter	26.70	22.80
3 rd Quarter	40.95	26.30
4 th Quarter	45.00	40.65
2018		
1 st Quarter	56.70	46.50
2 nd Quarter	51.90	45.90
3 rd Quarter	44.00	28.50
4 th Quarter	39.00	32.50
2019		
1 st Quarter	31.80	28.30
2 nd Quarter	21.20	19.20
3 rd Quarter	9.20	8.60
4 th Quarter	4.78	4.00
2020		
1 st Quarter	7.45	3.62
2 nd Quarter	9.99	5.81
3 rd Quarter	8.45	5.07
4 th Quarter	7.44	5.07

The price of the Corporation's common shares as of March 18, 2021 trading date was PhP5.87 per share.

The price of the Corporation's Preferred B2- A shares as of March 18, 2021 trading date was \$0.86 per share.

The price of the Corporation's Preferred B2- B shares as of March 18, 2021 trading date was \$1.00 per share.

Holders

Members of the Liu family, through their control of Camerton, Inc., a private holding company incorporated in the Philippines, are the majority shareholders of and effectively control the Company. As of February 28, 2021, Camerton, Inc. holds or owns 29.10% of the outstanding common shares and 100% of the outstanding voting Preferred A Shares of the Company.

As of February 28, 2021, Cirtek's other principal shareholders was PCD Nominee Corporation at 68.31%.

The table below summarizes the security ownership of certain records and beneficial owners of more than 5% as of February 28, 2021

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (of total outstanding shares)
Common	PCD Nominee Corporation	Same as Record Owner	Filipino	286,250,747	68.31
Common	Camerton, Inc.	Same as Record Owner	Filipino	121,960,791	29.10

The following are the top 20 registered holders of the Company's securities as of 28 February 2021:

Stockholder's Name	Class of Securities	No. Shares	% of Total	Nationality
PCD Nominee Filipino	Common	286,250,747	68.31	Filipino
Camerton, Inc.	Common	121,960,791	29.10	Filipino
PCD Nominee Non-Filipino	Common	10,780,746	2.57	Others
Beant Singh Grewal	Common	37,000	0	Indian
Anna Loraine Mendoza	Common	17,500	0	Filipino
Raymond Alvin Mendoza	Common	13,100	0	Filipino
Myra Villanueva	Common	2,000	0	Filipino
Eduardo Lizares	Common	1,000	0	Filipino
Julius Victor Emmanuel Sanvictores	Common	145	0	Filipino
Stephen Soliven	Common	122	0	Filipino

Owen Nathaniel S. Au ITF LI Marcus Au	Common	106	0	Filipino
Jesus San Luis Valencia	Common	62	0	Filipino
Dondi Ron R. Limgenco	Common	11	0	Filipino
Shareholders' Association of The Philippines, Inc.	Common	10	0	Filipino
Joselito T. Bautista	Common	3	0	Filipino
Jorge Aguilar	Common	1	0	Filipino
Rafael Estrada	Common	1	0	Filipino
Corazon Guidote	Common	1	0	Filipino
Brian Gregory Liu	Common	1	0	Filipino
Jerry Liu	Common	1	0	Taiwanese
Justin T. Liu	Common	1	0	Filipino
Michael Stephen Liu	Common	1	0	Filipino
Hector Villanueva	Common	1	0	Filipino
Bernardino Ramos	Common	1	0	Filipino
Ernest Fritz Server	Common	1	0	Filipino
Total	Common	419,063,353	100	

Holders of Preferred Shares

As of 28 February 2021, the following are the holders of the Company's preferred shares.

Stockholder Name	Series	Number of Preferred Shares Held	Percentage of Shareholding	Nationality
Camerton, Inc.	Preferred A	700,000,000	100	Filipino
Camerton, Inc.	Preferred B-1	70,000,000	100	Filipino
PCD Nominee Corp. (Filipino)	Preferred TCB2A	66,582,500	99.377	Filipino

PCD Nominee Corp. (Non-Filipino)	Preferred TCB2B	417,500	0.623	Non-Filipino
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Security Ownership of Directors and Management

The following table sets forth the number of common shares beneficially owned by the Company's Directors and Officers as of 28 February 2021:

Title of Class	Name & address of record owner & relationship with Issuer	Name of beneficial owner & relationship with record owner	Citizenship	No. of shares held	% of Total
Common	Jerry Liu ³ Chairman <i>24 Buchanan St., North Greenhills San Juan Metro Manila, Philippines</i>	Same as the record owner	Taiwanese	121,960,792	29.10%
Common	Jorge Aguilar Vice Chairman and President <i>Phase 2, Lot 2, Blk 2, Rosal St. Greenland Cainta Rizal, Philippines</i>	Same as the record owner	Filipino	1	0.00%

³ The family of Messrs. Jerry Liu, Justin T. Liu, Michael Stephen T. Liu and Brian Gregory T. Liu, through Charmview Enterprises, Ltd. and Carmetheus Holdings, Inc., owns Camerton, which in turn is the principal stockholder of the Company.

Common	Justin T. Liu Director, Executive Vice President and CIO <i>24 Buchanan St., North Greenhills San Juan Metro Manila, Philippines</i>	Same as the record owner	Filipino	1	0.00%
Common	Brian Gregory Liu Director, EVP and Chief Financial Officer <i>24 Buchanan St., North Greenhills San Juan Metro Manila, Philippines</i>	Same as the record owner	Filipino	1	0.00%
Common	Michael Stephen Liu Director, EVP CTO <i>24 Buchanan St., North Greenhills San Juan Metro</i>	Same as the record owner	Filipino	1	0.00%

	<i>Manila, Philippines</i>				
Common	Ernest Fritz Server Director <i>319 Chico Drive, Ayala Alabang Village, Muntinlupa City, Philippines</i>	Same as the record owner	Filipino	1	0.00%
Common	Bernardino Ramos Independent Director <i>206 Balayan Street, Ayala Alabang Village, Muntinlupa City, Philippines</i>	Same as the record owner	Filipino	1	0.00%
Common	Hector Villanueva Independent Director <i>4419 Bluebelle</i>	Same as the record owner	Filipino	1,001	0.00%

	<i>Road, Sun Valley Subd., Barangay Sun Valley, Paranaque City Philippines</i>				
Common	Corazon Guidote Independent Director <i>6A South Edades, North South Executive Village, Commonwealth Avenue, Quezon City Philippines</i>	Same as the record owner	Filipino	1	0.00%

There is no director or key officer of the Company that directly owns at least 10% of its issued and outstanding shares of common stock.

DIVIDENDS

Limitations and Requirements

Under Philippine law, dividends may be declared out of a corporation's Unrestricted Retained Earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the SEC. The approval of the Board of Directors is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose. From time to time, the Company may reallocate capital among its Subsidiaries depending on its business requirements.

The Philippine Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: (1) when justified by definite expansion plans approved by the board of directors of the corporation; (2) when the required consent of any financing institution or creditor to such distribution has not been secured; (3) when retention is necessary under special circumstances, such as when there is a need for special reserves for probable contingencies; or (4) when the non-distribution of dividends is consistent with the policy or requirement of a government office.

Record Date

Pursuant to existing SEC rules, cash dividends declared by the Company must have a record date not less than 10 nor more than 30 days from the date of declaration. In case no record date is specified, the same is deemed to be fixed at 15 days from such declaration. However, companies that are obliged to pay dividends may have a single declaration for several cash dividends within a year, subject to the condition that their record and payment dates are also explicitly provided.

For stock dividends, the record date should not be less than 10 nor more than 30 days from the date of the shareholders' approval, provided however, that the set record date is not less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC.

Dividend Policy

On April 28, 2011, the Company's Board approved an annual dividend payment ratio of approximately 30% of its consolidated net income from the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of dividends including, but not limited to, when the Company undertakes major projects and developments requiring substantial cash expenditures or when it is restricted from paying cash dividends by its loan covenants. The Company's Board may, at any time, modify such dividend payout ratio depending upon the results of operations and future projects and plans of the Company.

The Subsidiaries have no defined dividend policy; nevertheless the Subsidiaries, in declaring and paying dividends, take into consideration the interests of their shareholders as well as their working capital, capital expenditures and debt servicing requirements, and tax regimes. Historically, the Subsidiaries have declared and paid up dividends to CHPC amounting to approximately 50% to 100% of their unrestricted retained earnings on an annual basis.

Dividend History

The dividend history of the Company from 2014 to 2020 is provided below:

Stock Dividends

Class	Declaration Date	Percent	No. of Actual Shares Issued	Record Date	Payment Date
Common	11-Jul-14	10%	28,021,765 ⁴	25-Jul-14	20-Aug-14
Common	12-May-15	10%	30,823,937 ⁴	26-May-15	18-Jun-15

Cash Dividend

Class	Declaration Date	Rate/Share	Total Cash Dividend	Record Date	Payment Date
Common	29-Jan-14	US\$0.00428	US\$1,200,000.00	13-Feb-14	25-Feb-14
Common	30-May-14	US\$0.00214	US\$ 600,000.00	16-Jun-14	7-Jul-14
Common	23-Feb-15	US\$0.003893	US\$1,200,000.00	10-Mar-15	27-Mar-15
Common	10-Aug-15	US\$0.002628	US\$900,000.00	25-Aug-15	28-Aug-15
Preferred A	10-Aug-15	US\$0.000022		25-Aug-15	28-Aug-15
Common	28-Jan-16	US\$0.005000	US\$2,100,000.00	12-Feb-16	29-Feb-16

Preferred A	28-Jan-16	US\$0.000021		12-Feb-16	29-Feb-16
Common	9-Jun-16	US\$0.003620	US\$1,520,000.00	23-Jun-16	7-Jul-16
Preferred A	9-Jun-16	US\$0.000001		23-Jun-16	7-Jul-16
Common	23-Jan-17	US\$0.004322	US\$1,820,000.00	6-Feb-17	22-Feb-17
Preferred A	23-Jan-17	US\$0.000021		6-Feb-17	22-Feb-17
Common	15-Sep-17	US\$0.004629	US\$1,940,000.00	29-Sep-17	6-Oct-17
Common	02-Feb-18	US\$0.004609	US\$1,940,000.00	19-Feb-18	21-Feb-18
Preferred B2	27-Feb-18	US\$0.015353	US\$1,025,937.50	06-Mar-18	08-Mar-18
Preferred B2	04-June-18	US\$0.015313	US\$1,025,937.50	06-June-18	08-June-18
Preferred B2	04-June-18	US\$0.015313	US\$1,025,937.50	06-Sep-18	10-Sep-18
Preferred B2	04-June-18	US\$0.015313	US\$1,025,937.50	06-Dec-18	10-Dec-18
Common	03-Sep-18	US\$0.0048	US\$2,000,000	08-Sep-18	24-Sep-18
Preferred B2	30-Jan-19	US\$0.015313	US\$1,025,937.50	06-Mar-19	08-Mar-19
Preferred B2	30-Jan-19	US\$0.015313	US\$1,025,937.50	06-June-19	10-June-19
Preferred B2	30-Jan-19	US\$0.015313	US\$1,025,937.50	05-Sep-19	09-Sep-19
Preferred B2	30-Jan-19	US\$0.015313	US\$1,025,937.50	05-Dec-19	09-Dec-19
Common	24-May-19	US\$0.002366	US\$ 984,220.54	11-June-19	28-June-19
Common	24-May-19	US\$0.002386	US\$ 1,000,000.00	11-Nov-19	29-Nov-19
Preferred B2	17-Feb-20	US\$0.015313	US\$1,025,937.50	04-Mar-20	09-Mar-20
Preferred B2	17-Feb-20	US\$0.015313	US\$1,025,937.50	02-June-20	08-June-20
Preferred B2	17-Feb-20	US\$0.015313	US\$1,025,937.50	02-Sept-20	08-Sept-20
Preferred B2	17-Feb-20	US\$0.015313	US\$1,025,937.50	02-Dec-20	09-Dec-20
Common	17-July-20	US\$0.001193	US\$500,000.00	04-Aug-20	11-Aug-20

Voting Trust Holders of 5% or More

The corporation is not aware of any person holding more than 5% of the common shares of the corporation under a voting trust or similar agreement as there has been no voting trust agreement which has been filed with the corporation and the Securities and Exchange Commission.

Change in Control

As of the date of this Prospectus, there are no arrangements which may result in a change in control of the Company.

Recent Sale of Unregistered or Exempt Securities

The following securities were issued as exempt from the registration requirements of the SRC and therefore have not been registered with the SEC.

In 2015, the Company declared a total of 30,823,934 (10%) Common Shares as stock dividends to all stockholders of record as of May 26, 2015.

On July 22, 2015, the SEC approved the Company's increase in authorized capital stock from ₱400,000,000.00 to ₱560,000,000.00, which created 400,000,000 Preferred A Shares with a par value of ₱0.10 per share. Camerton, Inc. subscribed to 400,000,000 Preferred A Shares at the par value of ₱0.10 per share and partially paid ₱10,000,000.00 for the subscription.

On September 20, 2016, the Company entered into a Note Facility Agreement with Bank of the Philippine Islands as Initial Noteholder, Bank of the Philippine Islands – Asset Management and Trust Group as Facility Agent and Paying Agent, and BPI Capital Corporation as Arranger. The Company was authorized to constitute and issue corporate notes in the aggregate principal amount of US\$30 million, which the Company issued to BPI. The corporate note is an exempt security under SRC Rule 10.1.4 as an issuance of indebtedness to a primary institutional lender.

On September 29, 2017, the SEC approved the Company's increase in authorized capital stock from ₱560,000,000.00 to ₱860,000,000.00. The increase resulted into: (i) the increase of Preferred A Shares from ₱40,000,000.00 to ₱70,000,000.00, with an additional 300,000,000 Preferred A Shares with a par value of ₱0.10 per share; and (ii) the creation of ₱270,000,000 worth of Preferred B Shares with a par value of ₱1.00 per share, classified into the following series: (i) ₱70,000,000 worth of Preferred B-1 Shares, and (ii) ₱200,000,000 worth of Preferred B-2 Shares. The Board approved the issuance to Camerton, Inc. of: (i) 300,000,000 Preferred A Shares at the par value of ₱0.10 per share, for which Camerton, Inc. partially paid ₱7,500,000.00; and (ii) 70,000,000 Preferred B-1 Shares at the par value of ₱1.00 per share, for which Camerton, Inc. partially paid ₱17,500,000.00.

No underwriting discounts or commissions were incurred or paid for the foregoing issuances of shares. No request for confirmation of exemption was filed by the Company for the sale of securities relying upon exemptions under Sec. 10.1(d) and (i) of the SRC, and SRC Rule 10.1.4.

INDEPENDENT AUDITORS

The consolidated financial statements as of December 31, 2019 was audited by R.S. Bernaldo & Associates ("RSBA") while the consolidated financial statements as of December 31 2018 and 2017 were audited by SyCip Gorres Velayo & Co. ("SGV") a member practice of Ernst & Young Global, all in accordance with Philippine Financial Reporting Standards ("PFRS"). The Company's fiscal year begins on 1 January and ends on 31 December of each year.

SGV & Co. has acted as the Company's independent auditors since inception until the calendar year of 2018. Kristopher S. Catalan was the audit partner and has served the Company since 2016. Prior to Kristopher S. Catalan, Ladislao Z. Avila, Jr. and then Martin Guantes acted as the Partners-in-Charge for the audit years 2011 to 2015. The Company, in compliance with SRC Rule 68, paragraph 3 (b) (iv) re: compliance with the five (5) year rotation requirement for external auditors, has requested for a new Partner-in-Charge from SGV to handle its accounts. Kristopher S. Catalan has been assigned by SGV & Co. as Partner-in-Charge effective 2016 Audit. The Company has not had any material disagreements on accounting and financial disclosures with its current independent auditors for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of the Company. SGV & Co. will not receive any direct or indirect interest in the Company or its securities (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

During the annual stockholders' meeting of the Company, the stockholders delegated the authority to appoint the external auditor to the Board of Directors upon favorable recommendation by the Audit and Risk Management Committee.

The Board of Directors, upon recommendation by the management and the Audit and Risk Management Committee, approved the appointment of R.S. Bernaldo & Associates ("RSBA") as the Company's external auditor for calendar year 2019 on 20 December 2019.

Management, after careful study, deemed that the audit requirements of the Company will be best addressed by RSBA.

The previous external auditor of the Company was SGV & Co., with Mr. Kristopher S. Catalan as the handling partner.

The following table sets out the aggregate fees billed for 2019 by R.S. Bernaldo & Associates and for 2018 and 2017 by SGV & Co. for the professional services they have rendered, excluding fees directly related to the Offer.

In Php	2019	2018	2017
Audit and Audit-related Fees ^a	1,500,000.00	1,991,272.73	1,875,308.73
All Other Fees ^b	245,700.00	703,170.69	458,000.00
Total	1,745,700.00	2,694,443.42	2,830,244.00

^aAudit and Audit-Related Fees. This category includes the audit of annual financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years. This is exclusive of out-of-pocket expenses incidental to the independent auditors' work.

b All Other Fees. This category includes other services rendered by SGV & Co. such as agreed upon procedures and tax compliance services.

In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual, which was approved by the Board of Directors on December 15, 2010 (revised on 2 June 2017), provides that the audit committee shall, among other activities, (i) evaluate significant issues reported by the independent auditors in relation to the adequacy, efficiency, and effectiveness of policies, controls, processes, and activities of the Company, (ii) ensure that other non-audit work provided by the independent auditors are not in conflict with their functions as independent auditors, and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

RELATED PARTY TRANSACTIONS

The Liu family, primarily through Camerton, Inc., is the largest shareholder in the Corporation, and as of March 31 2020 owns 208,888,558 shares, or approximately 49.85% of the Corporation's issued and outstanding common shares.

Related party relationship exists when the party has the ability to control, directly or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships.

In the normal course of business, the Group has entered into transactions with affiliates. The significant transactions consist of the following:

- a. Advances for operating requirements of CHI, former parent of CEC and CEIC;
- b. Rental of land and lease deposit with Cirtek Land Corporation (CLC), an affiliate, where the manufacturing building 1 and administrative building is situated;
- c. Payments and /or reimbursements of expenses made or in behalf of the affiliates; and
- d. Rental of land with Cayon Holdings, Inc. (Cayon), an affiliate, where the building 2 of the Group is situated;
- e. Collections made by Camerton in behalf of the Group;
- f. Advances to officers and stockholders.

The consolidated balance sheets and consolidated statements of comprehensive income include the following significant account balances resulting from the above transactions with related parties:

- a. Amounts owed to related parties

		Transactions		Balances as of			2018 Terms	Conditions
		2019	2018	2019	2018			
<i>Other related parties</i>								
CLC	Rental	\$ -	\$11,559	\$431,720	\$470,607	Due demand; non-interest bearing	on Unsecured	
Cayon	Rental	3,561	10,503	98,219	94,658	Due demand; non-interest bearing	on Unsecured	
Stockholders	Payment made on behalf of the Group	-	35,928	35,928	35,928	Due demand; non-interest bearing	on Unsecured	
				\$565,867	\$601,193			

b. Amounts owed by related parties

		Transactions		Balances as of		Terms	Conditions
		2019	2018	2019	2018		
<i>Immediate Parent</i>							
Camerton	Assignment liabilities	of \$33,978,936	\$54,960,066	\$20,981,130	\$54,960,066	Due on demand; non-interest bearing	Unsecured; no impairment
<i>Other related entities</i>		33,191	2,548	1,992,840	2,026,031	Due on demand; non-interest bearing	Unsecured; no impairment
				\$22,973,970	\$57,004,906		

c. Others

		Transactions		Balances as of		Terms	Conditions
		2019	2018	2019	2018		
<i>Other related parties</i>							
CLC	Rental deposits	\$–	\$–	\$1,142,374	\$1,142,374	Due on demand; non-interest bearing	Unsecured;
Camerton	Deposits for future stock subscription	–	189,107	189,107	\$189,107	Due on demand; non-interest bearing	Unsecured;
	Dividend payable	–	20,601	20,601	20,601	Due on demand	Unsecured; non-interest bearing

The above related parties, except the stockholders, are entities under common control of the ultimate parent company.

Transactions with individual stockholders, Camerton Inc.

As of December 31, 2019, advances to stockholder, Camerton, Inc., which are due and demandable and non interest-bearing, amounted to \$20.9 million. Camerton, Inc. undertakes to pay the remaining amounts owed by the stockholders amounting to \$20.9 million in 2020.

Transactions with CHI, Charmview Enterprises Ltd (CEL)

The amount owed by an officer amounting to \$7.7 million as of December 31, 2010 was transferred in 2011 to CEL, the former ultimate parent of CEC and CEIC. CEL now owns 40% interest in Camerton, the parent of CHPC.

The amounts owed by and to CHI as of December 31, 2010 represent advances for working capital in the normal course of business when CEC and CEIC were then still subsidiaries of CHI.

For purposes of settling outstanding balances with the Group and as part of corporate restructuring in preparation for the planned Initial Public Offering (IPO) of the Parent Company, on March 17, 2011, CHI, CEL and the officer, with the consent of the Group, entered into assignment agreements whereby CHI absorbed the amounts owed by CEL and by the officer as of March 17, 2011 amounting to \$7.7 million and \$0.8 million, respectively.

The Group, with the consent of the related parties, entered into assignment agreements whereby the Parent Company absorbed the amount owed by CEIC to CHI totaling \$3.6 million representing unpaid advances of \$2.3 million and dividends of \$1.3 million as of March 17, 2011 (see Note 28).

Thereafter, on March 18, 2011, the Parent Company and CHI, in view of being creditors and debtors to each other as a result of the assignment agreements above, entered into a set-off agreement for the value of the Group's liability aggregating \$6.8 million. The amount represents the above-mentioned total liability of \$3.6 million and the balance outstanding from the Parent Company's purchase of CEC and CEIC amounting to \$3.2 million, as revalued from the effect of foreign exchange rate.

The amount owed by CHI as of December 31, 2017 and 2016 pertains to the outstanding receivable arising from the assignments and set-off agreements as discussed above.

Transactions with CLC and Cayon

CLC is an entity under common control of the ultimate parent company. CEC had a lease agreement on the land where its manufacturing plant (Building 1) is located with CLC for a period of 50 years starting January 1, 1999. The lease was renewable for another 25 years at the option of CEC. The lease agreement provided for an annual rental of \$151,682, subject to periodic adjustments upon mutual agreement of both parties.

On January 1, 2005, CEC terminated the lease agreement with CLC but has continued to occupy the said land for no consideration with CLC's consent. With the termination of the lease agreement, the Group has classified the rental deposit amounting to P60.1 million (\$1.1 million and \$1.2 million as of December 31, 2018 and 2017, respectively) as current asset as the deposit has become due and demandable anytime from CLC (see Note 10).

On January 1, 2011, CEC entered into an agreement with CLC to lease the land where CEC's Building 1 is located. The agreement calls for a P640,704 rent per annum for a period of 10 years and renewable thereafter by mutual agreement of the parties subject to such new terms and conditions as they may then be mutually agreed-upon. Total rent expense charged to operations amounted to \$11,559, \$12,713 and \$12,777 in 2018, 2017 and 2016, respectively.

CEC also entered into an agreement with Cayon starting January 1, 2011 to lease the land where CEC's Building 2 is located. The agreement calls for an annual rental of P582,144 for a period of 10 years and renewable thereafter by mutual agreement of the parties subject to such new terms and conditions as they may then be mutually agreed upon. Total rent expense charged to operations amounted to \$3,561, \$10,503 and \$11,551 in 2019, 2018 and 2017, respectively.

Future minimum rental payables under these operating leases are as follows:

	2019	2018
Within one year	\$3,561	\$23,257
After one year but not more than five years	7,122	46,514
	\$10,683	\$69,771

The compensation of key management personnel of the Group are as follows:

	Year Ended December 31, 2019	
	Audited	
	2019	2018
Short-term	\$ 1,788,483	\$2,017,640
Long-term	\$ 6,160	\$6,850
	\$ 1,794,643	\$2,024,490

FINANCIAL INFORMATION

The following pages set forth the Company's unaudited and audited consolidated financial statements for the period ended December 31, 2019, 2018, and 2017 for each of the one-year period.