

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

☐ Preliminary Information Statement

☒ Definitive Information Statement

2. Name of Registrant as specified in its charter Asian Hospital, Inc. ("AHI")
3. Province, country or other jurisdiction of incorporation or organization Philippines
4. SEC Identification Number ASO94-00011249
5. BIR Tax Identification Code 004-502-062-000
6. 2205 Civic Drive, Filinvest Corporate City, Alabang, Muntinlupa City 1780
Address of principal office Postal Code
7. Registrant's telephone number, including area code (632) 8771-9000 to 9002
8. Date, time and place of the meeting of security holders

Date: **May 2, 2023**

Time: **1:00 P.M.**

Place: **To be conducted virtually and may be accessed at:**

https://us06web.zoom.us/webinar/register/WN_IIfNV6FdATnCH4RZjgkm3rw

9. Approximate date on which the Information Statement is first to be sent or given to security holders April 4, 2023
10. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code ("SRC") (information on number of shares and amount of debt is applicable only to corporate registrants): **NOT APPLICABLE**
11. None of AHI's securities is listed on the Philippine Stock Exchange.

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

Date: May 2, 2023

Time: 1:00 P.M.

Place: To be conducted virtually and may be accessed at:

https://us06web.zoom.us/webinar/register/WN_IfNV6FdATnCH4RZigkm3rw

Mailing Address: 2205 Civic Drive, Filinvest Corporate City Alabang
Muntinlupa City 1780

The Notice of Meeting is attached hereto as **Annex "A"**

The date on which the Information Statement is first to be sent or given to stockholders is on or before April 4, 2022.

2. Dissenters' Right of Appraisal

Under Section 80 of the Revised Corporation Code of the Philippines (the "Revised Corporation Code"), a stockholder has the right to dissent and demand payment of the fair value of his shares in the following cases: (i) amendments to the Articles of Incorporation which have the effect of changing or restricting the rights of any stockholder or class of shares; or of authorizing preferences in any respect superior to those of outstanding shares of any class; or of extending or shortening the term of corporate existence; (ii) sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; (iii) merger or consolidation, and (iv) investment of corporate funds for any purpose other than the primary purpose of the corporation.

At the May 2, 2023 annual stockholders' meeting (the "Annual Meeting"), no matter shall be acted upon by stockholders as would give rise to a right of appraisal.

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

There is no person who has been a director or officer of AHI at any time since the beginning of the last fiscal year, or who is a nominee for election as director, or an associate of any of the foregoing persons who has a substantial interest, direct or indirect, in any matter to be acted upon at the Annual Meeting. No member of the AHI's Board of Directors (the "Board") has informed AHI that he/she intends to oppose any action to be taken by AHI at the Annual Meeting.

B. CONTROL AND COMPENSATION INFORMATION

4. Voting Securities and Principal Holders Thereof

- (a) The total number of shares issued and outstanding as of December 31, 2022 is 1,936,728,391 shares. All these shares are common shares, with each share entitled to one vote in accordance with the Amended By-Laws of AHI. In respect of the Annual Meeting, all of the issued and outstanding shares have voting rights, with the exception of delinquent 4,949,956 shares. Under Section 70 of the Revised Corporation Code, no delinquent stock shall be voted for or be entitled to vote or to representation at any stockholders' meeting, nor shall the holder thereof be entitled to any of the rights of a stockholder except the right to dividends in accordance with the provisions of the Revised Corporation Code.
- (b) The record date for purposes of determining the stockholders entitled to vote at the May 2, 2023 Annual Meeting is April 12, 2023 (the "Record Date"). Stockholders are entitled to cumulative voting in the election of the members of the Board as provided in the Revised Corporation Code.
- (c) Under Section 23 of the Revised Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of AHI multiplied by the total number of directors to be elected: provided, however, that no delinquent stock shall be voted.

There is no condition precedent to the exercise of the stockholders' cumulative voting right.

(d)(i) Security Ownership of Certain Record and Beneficial Owners

The names, addresses, number of shares held, and percentage to total of persons (including any group) that own more than 5% of the outstanding voting shares of AHI (all common) as of **March 31, 2023**, are as follows:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner	Citizenship	No. of Shares	Percentage of Class
Common	Metro Pacific Hospital Holdings, Inc. (formerly Neptune Stroika Holdings, Inc.) ("MPHHI") 10 th Floor MGO Building, Legazpi cor. Dela Rosa	MPHHI	Filipino	1,016,151,999	52.47

¹ The voting of the shares owned by MPHHI will be directed by such person as may be duly authorized by the Board of Directors of MPHHI and as may be named in the proxy letter that will be submitted by MPHHI to AHI's Corporate Secretary in accordance with AHI's Amended By-laws. In a Proxy dated 13 April 2022, MPHHI designated Mr. Augusto P. Palisoc, Jr., or in his absence, Mr. Reymundo S. Cochangco, or in his absence, Mr. Jose Noel C. De La Paz, or in his absence, the Chairman of the Stockholders' Meeting of the Company, as MPHHI's proxy to represent MPHHI and vote all shares of stock in the Company owned by MPHHI at all annual and/or special meetings of the stockholders of the Company. The Proxy is valid for a period of five (5) years, unless sooner terminated in writing, copy furnished the Corporate Secretary of the Company.

	Streets, Legazpi Village, Makati City Stockholder				
Common	AHI Hospital Holdings Corporation (formerly, Bumrungrad International Phils., Inc.) ("AHHC") ² 10F Net One Center, 26 th cor. 3 rd Avenues, Bonifacio Global City, Taguig, Metro Manila Stockholder	AHHC	Filipino	532,582,396	27.50
Common	Metro Pacific Investments Corporation ("MPIC") ³ 10th Floor MGO Building, Legazpi cor. Dela Rosa Streets, Legazpi Village, Makati City Stockholder	MPIC	Filipino	109,278,743	5.64

Except as stated above, the Board and Management of AHI have no knowledge of any person who, as of the Record Date, was directly or indirectly the beneficial owner of more than 5% of AHI's outstanding shares of common stock or who has voting power or investment power with respect to shares comprising more than 5% of AHI's outstanding common stock.

(d)(ii) Security Ownership of Management as of March 31, 2023:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent of Class
Common	Augusto P. Palisoc, Jr. Chairman	1	-- Direct	Filipino	Nil
Common	Beaver R. Tamesis, MD President & CEO/ Director	1	-- Direct	Filipino	Nil
Common	Manuel V. Pangilinan Director	1	-- Direct	Filipino	Nil
Common	Reymundo S. Cochangco Director	1	-- Direct	Filipino	Nil
Common	Celso Bernard G. Lopez Director	1	-- Direct	Filipino	Nil
Common	Jose Noel C. de la Paz Director	1	-- Direct	Filipino	Nil
Common	Sol Z. Alvarez Director	295,754	-- Direct	Filipino	0.02%
Common	Fernandino Jose A. Fontanilla Independent Director	442,478	--Direct & --Indirect	Filipino	0.02%

² In a Proxy dated 13 April 2022, AHHC designated Mr. Augusto P. Palisoc, Jr., or in his absence, Mr. Reymundo S. Cochangco, or in his absence, Mr. Jose Noel C. De La Paz, or in his absence, the Chairman of the Stockholders' Meeting of the Company, as AHHC's proxy to represent AHHC and vote all shares of stock in the Company owned by AHHC at all annual and/or special meetings of the stockholders of the Company. The Proxy is valid for a period of five (5) years, unless sooner terminated in writing, copy furnished the Corporate Secretary of the Company.

³ On May 20, 2014, MPIC executed a Deed of Assignment transferring all of its beneficially and directly-owned shares of stock in AHI to MPHHL. The application for issuance of the Certificate Authorizing Registration ("CAR") is currently being processed with the Bureau of Internal Revenue. MPIC has also executed an Irrevocable proxy in favor of MPHHL authorizing MPHHL to exercise and enjoy all rights arising from the AHI shares sold pending the transfer of legal title over the shares to MPHHL. MPIC has likewise executed a Proxy dated 13 April 2022, designating Mr. Jose Ma. K. Lim, or in his absence, Mr. Augusto P. Palisoc, Jr., or in his absence, the Chairman of the Stockholders' Meeting of the Company, as MPIC's proxy to represent MPIC and vote all shares of stock in the Company owned by MPIC at all annual and/or special meetings of the stockholders of the Company. The Proxy is valid for a period of five (5) years, unless sooner terminated in writing, copy furnished the Corporate Secretary of the Company.

Common	Carmelita I. Quebengco Independent Director	1	-- Direct	Filipino	Nil
Common	Retired Chief Justice Artemio Panganiban Independent Director	1	-- Direct	Filipino	Nil
TOTAL		738,240			0.04%

(d)(iii) Voting Trust Holders of 5% or More

Under the Voting Agreement dated February 18, 2005, MPHHI, Dr. Jorge M. Garcia and AHHC agreed to vote together as one block with respect to various stockholder matters, including the renewal of the Management and Consultancy Services Agreement between AHI and AHHC dated December 8, 1997, as amended on February 17, 2005 ("Management Agreement"), election of Directors of AHI and the amendment of AHI's Articles of Incorporation. For this purpose, each of MPHHI, Dr. Jorge M. Garcia and AHHC have agreed to execute irrevocable proxies. The Voting Agreement refers to the outstanding common shares of stock in AHI of each of MPHHI, Dr. Jorge M. Garcia and AHHI. The Voting Agreement is effective until terminated by mutual agreement of the parties or upon expiration of the Management Agreement (as the same may be renewed from time to time), whichever is earlier.

(e) Changes in Control

There is no arrangement which may result in a change of control of AHI since the last fiscal year.

5. Directors and Executive Officers

- (a)(i) Members of the Board shall serve for a term of one year and until their successors shall have been duly elected and qualified. The following are the current directors and executive officers of AHI, including the respective business experience during the past five (5) years of each director and executive officer:

AHI Directors

Name of Director	Age	Citizenship	Date of First Election to the Board
Fernandino Jose A. Fontanilla (Independent Director)	58	Filipino	July 25, 2006
Manuel V. Pangilinan	76	Filipino	December 6, 2011
Augusto P. Palisoc Jr.	65	Filipino	December 6, 2011
Carmelita I. Quebengco (Independent Director)	75	Filipino	March 21, 2012

Jose Noel C. de la Paz	66	Filipino	April 30, 2015
Sol Z. Alvarez	90	Filipino	August 7, 2015
Retired Chief Justice Artemio Panganiban (Independent Director)	86	Filipino	March 3, 2017
Reymundo S. Cochangco	56	Filipino	September 15, 2020
Celso Bernard G. Lopez	49	Filipino	September 15, 2020
Beaver R. Tamesis	63	Filipino	November 1, 2022

FERNANDINO JOSE A. FONTANILLA is a medical doctor by profession and one of AHI's credentialed Ophthalmologists since 2002. He is also actively practicing as an ophthalmologist in The Medical City where he serves as the Head of the Uveitis Section of the Department of Ophthalmology. He was the former Dean of San Beda University – College of Medicine from 2013-2022. In June of 2022, he was appointed as Vice President for Research and Innovation of San Beda University. Dr. Fontanilla was the former Treasurer and Member of the Board of Trustees of the Association of Philippine Medical Colleges and was a former member of the Continuing Professional Development (CPD) Council for Medicine of the Professional Regulations Commission. He is a founding partner of the Eye, Gland & Glucose Specialists, a medical professional partnership with branches in three (3) major hospitals in Metro Manila. He is currently the Vice President of Fabel Corporation and holds a directorship position in Lubel Corporation.

Dr. Fontanilla received his medical degree from the University of the Philippines - College of Medicine, and did his residency training in Ophthalmology at the Philippine General Hospital. He pursued further training in Ophthalmology by doing a Clinical Fellowship in Uveitis and Ocular Immunology at the University of Illinois - Deicke Eye Center in Chicago, U.S.A. Dr. Fontanilla holds a Master's degree in Business Administration in Health (Gold Medal Awardee) from the Ateneo Graduate School Business.

MANUEL V. PANGILINAN assumed chairmanship of the Board of Metro Pacific Investments Corporation in March 2006 and remains as such up to the present. Born in the Philippines in July 1946, Mr. Pangilinan graduated cum laude in 1966 from the Ateneo de Manila University in the Philippines, with a Bachelor of Arts degree in Economics. He received his MBA degree in 1968 from the Wharton School of Finance and Commerce at the University of Pennsylvania, where he was a Procter & Gamble Fellow. After graduating from Wharton, he worked in Manila for Philippine Investment Management Consultants Inc. (the PHINMA Group) and in Hong Kong with Bancom International Limited and American Express Bank, and thereafter with First Pacific Company Limited. Mr. Pangilinan founded First Pacific in 1981 and serves as its Managing Director and Chief Executive Officer. Within the First Pacific Group, he holds the

position of President Commissioner of P.T. Indofood Sukses Makmur, the largest food company in Indonesia.

He is currently the Chairman of the Board of Trustees of the San Beda College. In August 2016, the Samahang Basketbol ng Pilipinas (SBP) – the National Sport Association for basketball – requested Mr. Pangilinan to be its Chairman Emeritus after serving as President since February 2007. Effective January 2009, Mr. Pangilinan assumed the position of Chairman of the Amateur Boxing Association of the Philippines (ABAP), a governing body of amateur boxers in the country. In October 2009, Mr. Pangilinan was appointed as Chairman of the Philippine Disaster Resiliency Foundation, Incorporated (PDRF), a non-profit foundation established to formulate and implement a reconstruction strategy to rehabilitate areas devastated by floods and other calamities. Mr. Pangilinan is Chairman of Philippine Business for Social Progress (PBSP), the largest private sector social action organization made up of the country's largest corporations. In June 2012, he was appointed as Co-Chairman of the US-Philippines Business Society (USPBS), a non-profit society which seeks to broaden the relationship between the U.S.A. and the Philippines in the areas of trade, investment, education, foreign and security policies and culture.

AUGUSTO P. PALISOC, JR. is the Chairman of the Board of Directors of AHI. He has been with the First Pacific Group of Companies for over 39 years. He is currently an Executive Director of MPIC and is the President & Chief Executive Officer and Director of Metro Pacific Hospital Holdings Inc. (MPHHI), which is the group's holding company for all hospital and healthcare investments. Prior to joining MPIC, he was the Executive Vice President of Berli Jucker Public Company Limited (an affiliate of First Pacific Company Ltd.) in Thailand from 1998 to 2001. Mr. Palisoc served as President and CEO of Steniel Manufacturing Corporation in the Philippines from 1997 to 1998. He has held various positions within the First Pacific Group as Group Vice President for Corporate Development of First Pacific Company Limited in Hong Kong, and Group Managing Director of FP Marketing (Malaysia) Sdn. Bhd. in Malaysia. Before he joined First Pacific in 1983, he was Vice President of Monte Real Investors, Inc. in the Philippines. Mr. Palisoc earned his Bachelor of Arts Degree, Major in Economics (with Honors) from De La Salle University, and his Master's in Business Management (MBM) Degree from the Asian Institute of Management. Mr. Palisoc was born in January 1958.

CARMELITA I. QUEBENGCO was selected as an independent director of AHI on March 21, 2012. An educator by profession, Dr. Quebengco obtained her bachelor and masteral degrees from the University of the Philippines, her doctorate degree from De La Salle University, and was conferred an honorary doctorate in educational leadership by St. Mary's University in Minnesota, USA. She holds the distinction of having been the only lay and woman President of De La Salle University, where she is currently Chancellor Emeritus and University Fellow. She is also a member of the Board of Trustees of several educational institutions and NGOs, including the Philippine Accrediting Association of Schools, Colleges and Universities, De La Salle Medical and Health Sciences Institute, University of San Carlos in Cebu City, St. Paul University in Manila, University of the Immaculate Conception in Davao City, Miriam College, University of St. La Salle in Bacolod, Friendly Care Foundation, De La Salle University – Yuchengco Center, De La Salle University Museum, Philippine Women's University and Arnold Jannsen Foundation. She is also a Director-at-Large of the International Association of Lasalian Universities. She was conferred a second and third honorary doctorate in Educational Leadership and Management by St. Mary's College California and Universidad La Salle Mexico.

JOSE NOEL C. DE LA PAZ is MPHHI's Director for Corporate Development since the start of the company in 2014, a continuation of the position he held in MPIC from 2007 to 2014 when the hospital group was part of said holding company. He is responsible for MPHHI's mergers and acquisitions initiatives, beginning with the identification of projects, evaluation,

deal structuring, due diligence, negotiations, and execution, to include post-acquisition participation in the boards. He deal-managed 10 and co-deal-managed 4 of the total 19 hospitals currently invested in by MPHHI and is currently active as board member in 16. In addition, he chairs the boards of 6 cancer centers. Prior to his stint in MPIC/MPHHI, he has had over 25 years of commercial and investment banking experience from Rizal Commercial Banking Corporation, Bancom Development Corporation, Union Bank of the Philippines, First Chicago Leasing and Bankers Trust Company. He was the Philippine Deputy Country Head for New York-based Bankers Trust Company that originated and lead managed global bond offerings and bank loan syndications and rendered financial advisory services for major project financings in the country. Mr. de la Paz graduated cum laude from the Ateneo de Manila University with a Bachelor of Arts Degree in Economics-Honors Program. He also earned his Master in Business Management degree from the Asian Institute of Management.

SOL Z. ALVAREZ was first elected as director of AHI on August 7, 2015. An educator by profession, Dr. Alvarez obtained his bachelor and doctorate degree and his residency in Internal Medicine from the University of Santo Tomas, residency in cardiology from Philadelphia General Hospital, residency in gastroenterology from Cook County Hospital Chicago, Illinois and fellowship in gastroenterology from Lahey Clinic, Boston, Massachusetts, USA. He served as the Chief of the Gastroenterology Section of AHI from 2000 to 2008 and the Chairman of AHI Credential Committee from 2004 to 2015. He was engaged as a professor of medicine at the University of Santo Tomas Faculty of Medicine and Surgery.

RETIRED CHIEF JUSTICE ARTEMIO V. PANGANIBAN obtained his Associate in Arts "With Highest Honors" and later his Bachelor of Laws with "Cum Laude" and "Most Outstanding Student" honors. He placed sixth in the 1960 bar examinations. A well-known campus leader, he founded and headed the National Union of Students of the Philippines. He is also the recipient of several honorary doctoral degrees.

In 1995, he was appointed Justice of the Supreme Court, and in 2005, Chief Justice of the Philippines. Aside from being a prodigious decision writer, he also authored eleven books while serving in the highest court of the land. His judicial philosophy is "Liberty and Prosperity Under the Rule of Law." He believes that the legal profession and the judiciary must not only safeguard the liberty of the people but must also nurture their prosperity and economic well-being. To him, justice and jobs, ethics and economics, democracy and development, nay, liberty and prosperity must always go together; one is useless without the other. On his retirement on 7 December 2006, his colleagues acclaimed him unanimously as the "Renaissance Jurist of the 21st Century."

Prior to entering public service, Chief Justice Panganiban was a prominent practicing lawyer, law professor, business entrepreneur, civic leader and Catholic lay worker. He was the only Filipino appointed by the late Pope John Paul II to be a member of the Vatican-based Pontifical Council for the Laity for the 1996-2001 term. At present, he is a much sought-after independent director and adviser of business firms, and writes a column in the Philippine Daily Inquirer.

REYMUNDO S. COCHANGCO is the Chief Financial Officer for MPHHI. He has over 20 years of experience in finance, treasury, controllership, audit and business operations and held various senior positions within the Metro Pacific and PLDT Groups such as CFO of Colinas Verdes Hospital Managers Corporation, Vice President for Corporate Development of Fort Bonifacio Development Corporation, CFO of SPI Technologies, Inc., President and CFO of Stradcom Corporation and Comptroller & Treasurer of Philippine Cocoa Corporation. He also worked at SGV & Co. He holds a Bachelor of Science degree in Business Administration from the Philippine School of Business Administration and is a Certified Public Accountant.

CELSO BERNARD G. LOPEZ is currently the Director of Special Projects for MPHHI, a position he has held since 2016. Mr. Lopez earned his Bachelor of Arts degree, major in

Management Economics from Ateneo de Manila University, and his Executive Master's in Business Administration (EMBA) degree from the Asian Institute of Management (with Distinction). Mr. Lopez has been with the Metro Pacific Group since 2012. He was Bid Director of the group's successful bid for the Automatic Fare Collection System – Private Public Partnership Project of the Republic Philippines in 2013. He was then seconded to AF Payments Inc., a joint venture with the Ayala Group, from 2014 to 2015 as its Chief Operating Officer tasked with delivering the completion of the fare collection system for the three light rail lines of Metro Manila. Prior to joining Metro Pacific, he was Executive Vice President of East West Banking Corporation, First Vice President of Security Bank Corporation, and Head of Asset Distribution of HSBC, all in the Philippines.

DR. BEAVER R. TAMESIS is a cardiologist by profession, boarded by his society since 1991. He is widely published internationally in cardiology and in the area of structured treatment protocols for diabetes, and actively practicing cardiology at The Medical City, where he previously served as training officer for Internal Medicine, and later establishing the fellowship training program for cardiology. He is a Fellow in good standing with both the Philippine College of Physicians, and the Philippine College of Cardiology. Dr. Tamesis was previously the Managing Director and President of Merck Sharp and Dohme (MSD) I.A. LLC, an innovator multinational pharmaceutical company. He led the company for 8 years from 2013 until his retirement from MSD at the end of March 2022, completing 27 years of service. Prior to becoming President of MSD, he served in various roles beginning in April of 1995, from Medical Director (1995 – 2000), to Business Unit Director for two different therapeutic areas (Bone and Joint, 2001 - 2005 and later Cardio Metabolic 2008 - 2012). He also took on a Regional Marketing Director role from 2006 to 2007 for the launch of the diabetes product of MSD, JANUVIA. Concurrent with his role with MSD, after 2 years of being a Trustee, he was elected President of the Pharmaceutical Healthcare Association of the Philippines (PHAP) from 2016 until end of 2021. During his term as PHAP President, Dr. Tamesis championed ethical business practices standards for the pharmaceutical industry, worked closely with the Department of Health (DOH) and the mass media in addressing medical disinformation, particularly concerning vaccines, COVID19 and developed with DOH, a rational approach towards pricing of medicines. Dr. Tamesis was appointed as director of the Company, and elected as its Chief Executive Officer and President, as of 1 November 2022.

AHI Officers

Name of Officer	Position	Age	Citizenship
Augusto P. Palisoc Jr.	Chairman	65	Filipino
Dr. Beaver R. Tamesis	President and Chief Executive Officer	63	Filipino
Reymundo S. Cochangco	Treasurer	56	Filipino
Robert D. Martinez	Chief Finance Officer	59	Filipino
Gilbert Raymund T. Reyes	Corporate Secretary	64	Filipino
Marie Cecile Roque-Quintos	Assistant Corporate Secretary	56	Filipino
Dr. Jose M. Acuin	Chief Medical Officer	64	Filipino

AUGUSTO P. PALISOC JR. (See business profile above)

BEAVER R TAMESIS (See business profile above)

REYMUNDO S. COCHANGCO (See business profile above)

ROBERT D. MARTINEZ is the incumbent Chief Finance Officer of AHI. He is a Certified Public Accountant and a Certified Financial Consultant. He graduated "Cum Laude" from the University of the East and was a member of the Accounting Honors' Program. Mr. Martinez started his career at Ernst & Young. Prior to joining AHI in April 2019, he has gained a vast and relevant working experience with several multinational companies, such as Philips, Pepsi Cola, Asea Brown Boveri, Alstom Power, Alcan Packaging, DB Schenker, DHL and Getz Bros. (i.e., to name a few) where he honed his Financial Skills as Analyst, Auditor, Controller and as a CFO starting with Pepsi Cola (San Fernando Plant).

GILBERT RAYMUND T. REYES is the incumbent Corporate Secretary of AHI. He is a Founding Partner of the Poblador Bautista and Reyes Law Offices. He is also the Corporate Secretary of Metro Global Holdings Corporation, CJH Development Corporation, CJH Hotel Corporation, and CJH Suites Corporation. He graduated with a degree in Bachelor of Science in Biology from the University of the Philippines in 1979. He also holds a Bachelor of Laws degree from the University of the Philippines College of Law, graduated Magna Cum Laude in 1983.

MARIE CECILE ROQUE-QUINTOS is the incumbent Assistant Corporate Secretary of AHI. She is a Senior Partner at the Poblador Bautista and Reyes Law Offices. She obtained her Bachelor of Arts degree from the University of the Philippines in 1988, graduating cum laude and Best in Journalism. She received her Bachelor of Laws degree from the UP, ranking seventh in the Class of 1992 and was awarded the Dean's Medal for Academic Excellence. She is a Professorial Lecturer for Corporation Law and Succession at the UP College of Law. Her areas of practice include corporations (specializing in organization, mergers and acquisitions, reorganizations), and estate planning and settlement. In 2014, she was cited as a Recommended Individual (for Corporate Mergers/Acquisitions) by Asialaw Profiles. She has been recognized as a Leading Lawyer in the Financial and Corporate field by the IFLR1000.

DR. JOSE M. ACUIN is the current Chief Medical Officer of AHI and has held such position since October 2017. He is also a Consultant in the Department of Ear, Nose and Throat – Head and Neck Surgery. He was the Chief Quality Officer since 2014, and the Joint Commission International (JCI) Survey Coordinator since 2013. He is also a Professor and Consultant in De La Salle University College of Medicine in Dasmariñas, Cavite since 1998. Dr. Acuin obtained his Doctor of Medicine degree from the University of the Philippines from 1978 to 1982 and finished his residency training from Philippine General Hospital in 1987. He had his M.S. Clinical Epidemiology from the University of the Philippines College of Medicine from 1992 to 1999. He also took the evidence-based Quality Improvement from Tohoku University, Sendai, Japan in 2001 and had his Masters in Business Administration (Health) from Ateneo Graduate School of Business from 2005 to 2008. He is also a fellow of the Philippine Society of Otolaryngology – Head and Neck Surgery.

(a)(ii) Certain Relationships and Related Transactions

AHI executed a Consultancy Services Agreement with Bumrungrad International Limited ("BIL") effective January 1, 2008, under the terms of which BIL will make available to AHI information, materials and other consultancy services relating to health care service operations, including cost, budget, and wage and salary administration, business and information systems, and supervision and administration of ancillary medical services.

AHI executed a Services Agreement with Bumrungrad International Holdings Pte Ltd. (BIHPL), an affiliate of BIL, effective January 1, 2008, under the terms of which BIHPL

will provide material management support, quality assurance and certain training services relating to the hospital business.

BIL and BIHPL entered into an Assignment and Accession Agreement on December 6, 2011, wherein BIL and BIHPL transferred to MPIC all of their rights and obligations under the Consultancy Services Agreement and Service Agreement, respectively. On July 1, 2014, MPIC assigned all of its rights and obligations under the Consultancy Services Agreement and Service Agreement to MPHHL.

(a)(iii) Election of Members of the Board

Qualifications of Regular Directors

There will be an election of the members of the Board during the Annual Meeting. The Nomination Committee has pre-screened all candidates nominated to become a member of the Board in accordance with the following qualifications and disqualifications:

A. Qualifications:

- (i) He shall be a holder of at least 1 share of stock of AHI;
- (ii) He shall be at least a college graduate or have sufficient experience in managing a hospital to substitute for such formal education;
- (iii) He shall be at least 21 years old;
- (iv) He shall have proven to possess integrity and probity, and adequate competency and understanding of the business; and
- (v) He shall be assiduous.

B. Disqualifications:

- (i) Any person finally convicted judicially of an offense involving moral turpitude, such as but not limited to, graft and corruption, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, perjury, falsification or other fraudulent acts or transgressions;
- (ii) Any person finally found by the Securities and Exchange Commission (SEC), judicial courts or other administrative bodies to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code (SRC), the Revised Corporation Code, or any other law administered by the SEC or Bangko Sentral ng Pilipinas (BSP), or any rule, regulation or order of the SEC or BSP;
- (iii) Any person judicially declared to be insolvent;
- (iv) Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;
- (v) Conviction by final judgment of an offense punishable by imprisonment for a period exceeding 6 years, or a violation of the Revised Corporation Code committed within 5 years prior to the date of his election or appointment; and
- (vi) If an independent director of the company becomes an officer, employee or consultant of the company, he shall be automatically disqualified from being an independent director.

C. Grounds for Temporary Disqualification:

- (i) Refusal to fully disclose the extent of his business interests and disclosure requirements as required under the SRC and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- (ii) Absence or non-participation for whatever reason/s for more than 50% of all meetings, both regular and special of the Board during his incumbency, or any 12-month period during said incumbency except if due to illness, death in the immediate family, or serious accident. This disqualification applies for purposes of the succeeding election;
- (iii) Dismissal/termination from directorship in another corporation covered under the Revised Manual of Corporate Governance for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;
- (iv) If the beneficial security ownership of an independent director in AHI or in its related companies shall exceed two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with; and
- (v) Conviction that has not yet become final referred to in the grounds for the permanent disqualification of directors.

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

Qualifications of Independent Directors

In the election of Independent Directors, the following guidelines set forth in Appendix B of AHI's Revised Manual of Corporate Governance must be considered:

- A. An "Independent Director" means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director and includes, among others, any person who:
 - (i) Is not a director or officer of AHI or its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;
 - (ii) Does not own more than 2% of the shares in AHI and/or its related companies or its substantial stockholders;
 - (iii) Is not related to any director, officer or substantial shareholder of AHI, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
 - (iv) Is not acting as a nominee or representative of any director or substantial shareholder of AHI, and/or any of its related companies and/or any of its substantial shareholders pursuant to a Deed of Trust or under any contract or arrangement;
 - (v) Has not been employed in any executive capacity by AHI, any of its related companies and/or by any of its substantial stockholders within the last two (2) years;
 - (vi) Is not retained, either personally or through his firm or any similar entity as professional adviser by AHI, any of its related companies or any of its substantial stockholders within the last two (2) years; or
 - (vii) Has not engaged and does not engage in any transaction with AHI and/or with any of its related companies and/or with any of its substantial stockholders, whether by himself and/or with other persons and/or through a firm of which he

is a partner and/or a company of which he is a director or substantial stockholder, other than transactions which are conducted at arm's length and are immaterial.

- B. No person convicted by final judgment of an offense punishable by imprisonment for a period exceeding 6 years, or a violation of the SRC committed within 5 years prior to the date of his election, shall qualify as an Independent Director. This is without prejudice to other disqualifications under AHI's Revised Manual on Corporate Governance.

When used in relation to AHI:

- (i) Related company means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and
 - (ii) Substantial stockholder means any person who is directly or indirectly the beneficial owner of more than 10% of any class of its equity security.
- C. An Independent Director shall have the following qualifications:
- (i) He shall have at least 1 share of stock of AHI;
 - (ii) He shall be at least a college graduate or he shall have been engaged or exposed to the business of AHI for at least 5 years;
 - (iii) He shall possess integrity/probity; and
 - (iv) He shall be assiduous.
- D. No person disqualified as a director shall qualify as an Independent Director. One shall likewise be disqualified during his tenure under the following instances or causes:
- (i) He becomes an officer or employee of AHI;
 - (ii) His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of AHI;
 - (iii) Fails, without any justifiable cause, to attend at least fifty percent (50%) of the total number of Board meetings during his incumbency; or
 - (iv) Fails to meet such other qualifications which AHI's Revised Manual on Corporate Governance.

Conduct of Elections

Only the nominees for Directors and Independent Directors whose names appear in this Information Statement shall be eligible for election as Director and/or Independent Director. No further nomination shall be entertained or allowed on the floor during the actual Annual Meeting.

The Chairman of the Annual Meeting shall inform all stockholders in attendance of the mandatory requirement of electing at least three (3) Independent Directors. He shall ensure that at least three (3) Independent Directors are elected during the Annual Meeting. Specific slots for Independent Directors shall not be filled by a nominee who is not qualified to sit as an independent director of the Company. In case of failure of election for Independent Directors, the Chairman of the Annual Meeting shall call a separate election during the same meeting to fill up the vacancy.

The conduct of the election of Directors, including the Independent Directors, shall be made in accordance with AHI's Amended By-Laws.

Nominees for Regular and Independent Directors

The following are the members of the Nomination Committee:

1. Jose Noel C. de la Paz
2. Dra. Carmelita I. Quebengco (independent director)
3. Mr. Manuel V. Pangilinan

The following are the nominees for directors of AHI for 2023-2024:

Regular Directors:

1. Manuel V. Pangilinan
2. **Beaver R. Tamesis**
3. Jose Noel C. de la Paz
4. Augusto P. Palisoc Jr.
5. Sol Z. Alvarez
6. Reymundo S. Cochangco
7. Celso Bernard G. Lopez

Independent Directors:

1. Fernandino Jose A. Fontanilla
2. Carmelita I. Quebengco
3. Retired Chief Justice Artemio V. Panganiban

No nomination has been received for the last seat for the regular director position.

A brief description of the background and the business experience of the nominees for directors are provided for in Part B(5)(a)(i) above.

The nominees for Independent Directors possess and have continuously possessed the qualifications and none of the disqualifications of an Independent Director from the time they were first elected as such. Fernando Jose A. Fontanilla and Carmelita I. Quebengco were due to observe a cooling-off period of two (2) years on May 2017. They have also served a cumulative term of more than nine (9) years.

The Securities and Exchange Commission has been notified of their nomination for re-election in a letter dated 14 March 2023, attached hereto as **Annex "B"**.

Fernandino Jose A. Fontanilla, Carmelita I. Quebengco and Retired Chief Justice Artemio V. Panganiban were nominated by Dr. Rouel Mateo M. Azores. Dr. Rouel Mateo M. Azores is a stockholder of the Corporation. He has no relationship with Fernandino Jose A. Fontanilla, Carmelita I. Quebengco and Retired Chief Justice Artemio V. Panganiban.

Copies of the Certifications executed by the nominees for Independent Directors as to their qualifications, are attached hereto as **Annex "C"**.

(a)(iv) Other Significant Employees

There are no other significant employees of AHI.

(a)(v) Family Relationship

There are no family relationships among the employees, officers and directors of AHI.

(a)(vi) Involvement in Certain Legal Proceedings

AHI is not aware of any pending case that may materially affect the ability of the nominees to adequately and ably perform their duties as directors of the company, once elected.

6. Compensation of Directors and Executive Officers

(a)(i) Summary Compensation Table

Except for executive officers included under the compensation table below, all other directors do not receive salaries.

Below is the summary of the annual compensation of the executive officers of AHI:

SUMMARY COMPENSATION TABLE
Annual Compensation

	Year	Salary (in Php)	Bonus (in Php)	Other Annual Compensation (in Php)
Andres M. Licaros Jr., Chief Executive Officer Carlito B. Soliman, Chief Financial Officer (resigned) Robert D. Martinez, Chief Financial Officer Jose Acuin, Chief Medical Officer Sharon Hernandez, Chief Strategy Officer and Head of the Strategic Support Group	2019	21,540,000	8,175,500	2,749,255
All other officers		74,644,234	16,897,715	4,333,128
Andres M. Licaros Jr., Chief Executive Officer Robert D. Martinez, Chief Finance Officer Jose Acuin, Chief Medical Officer Sharon Hernandez, Chief Strategy Officer and Head of the Strategic Support Group	2020	23,760,000	4,777,500	3,381,136
All other officers		78,799,047	7,509,577	4,881,269
Andres M. Licaros Jr., Chief Executive Officer Robert D. Martinez, Chief Finance Officer Jose Acuin, Chief Medical Officer Sharon Hernandez, Chief Strategy Officer and Head of the Strategic Support Group	2021	23,940,000	5,020,000	3,381,136
All other officers		76,608,324	11,897,386	3,866,886
Andres M. Licaros Jr., Chief Executive Officer (resigned) Beaver R. Tamesis MD, Chief Executive Officer Robert D. Martinez, Chief Finance Officer Jose Acuin, Chief Medical Officer	2022	24,608,000	7,478,958	13,455,114

Sharon Hernandez, Chief Strategy Officer and Head of the Strategic Support Group				
All other officers		76,888,729	10,870,228	4,043,361
Projected Beaver R. Tamesis MD, Chief Executive Officer Robert D. Martinez, Chief Finance Officer Jose Acuin, Chief Medical Officer Sharon Hernandez, Chief Strategy Officer and Head of the Strategic Support Group	2023	26,084,480	5,608,945	3,662,420
All other officers		81,502,053	11,522,441	4,285,963

(a)(ii) Compensation of Directors

Effective March 18, 2011, the Board approved the grant of per diem in the amount of Php10,000.00 to each independent director of AHI for every Board and Board committee meeting attended by such independent director.

(a)(iii) Employment Contracts and Termination of Employment and Change in Control Arrangements

As of December 31, 2022, there are no employment contracts or compensatory plan or arrangements between AHI and any of its executive officers except as stated above under the Summary Compensation Table (Annual Compensation).

(a)(iv) Warrants and Options Outstanding

As of December 31, 2022, there are no warrants and/or options outstanding.

7. Independent Public Accountants

- (a) SyCip, Gorres, Velayo & Co. (SGV) is the current independent auditor of AHI. SGV has been the independent auditor of AHI since 1998. The partner-in-charge of the audit for the past fiscal years, including the year ended 2003, was Mr. Gemilo San Pedro. The partner-in-charge of the audit for the years ended 2004 until 2008 was Mr. Aldrin Cerrado. The signing partner of SGV is Ms. Aileen Saringan from 2014 to 2017 and Ms. Julie Christine Mateo for 2009 to 2013 and for 2018 to 2022.

While AHI has the same independent public auditor since 1998, strict rotation of engagement partner every five years is nonetheless observed.

There have been no disagreements between SGV and AHI on any matter of accounting principle or policy, or regarding AHI's financial statements or disclosures.

The re-appointment of SGV as AHI's external auditor for the year 2023-2024 will be proposed for the consideration of the stockholders at the May 2, 2023 Annual Meeting.

- (b) External Audit Fees

- (b)(i) Audit and Audit-Related Fees

SGV billed AHI the amount of Php1.7 million and Php1.6 million for 2022 and 2021, respectively, as fees for the examination of the financial statements of AHI and related out-of-pocket expenses.

(b)(ii) **Tax Fees and Other Fees**

AHI engaged the tax services of SGV for assistance with BIR tax examinations in 2022.

- (c) Representatives of SGV will be present during the 2023 Annual Meeting and will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

(d) **Audit Committee**

The members of the Audit Committee are Dr. Fernandino Jose A. Fontanilla (Independent Director and Chairman), Mr. Ricardo V. Buencamino and Mr. Reymundo S. Cochangco.

8. Legal Proceedings

There are no material pending legal proceedings that involve AHI or any property of AHI.

C. ISSUANCE AND EXCHANGE OF SECURITIES

9. Financial and Other Information

AHI's Audited Financial Statements for the year 2022 shall be made available to the stockholders as provided in **Annex "D"** hereof.

D. OTHER MATTERS

10. Action with Respect to Reports

The minutes of the last annual meeting of the stockholders held on May 2, 2022 will be submitted to the stockholders for approval. A copy of the minutes is attached hereto as **Annex "E"**.

11. Other Proposed Action

There are no other matters to be taken up during the May 2, 2023 Annual Meeting.

12. Voting Procedures

- (a) Each stockholder shall be entitled to one (1) vote for each share.
- (b) The items in the agenda require the affirmative vote of the stockholders entitled to vote representing a majority of the outstanding capital stock of AHI.
- (c) In the election of directors, each stockholder entitled to vote may cumulate and distribute his votes in accordance with the Revised Corporation Code.
- (d) In order to ensure the safety and welfare of our directors, management and stockholders and for their convenience, AHI will dispense with the physical attendance of stockholders at the 2023 Annual Meeting of the stockholders and will allow attendance only by remote communication and by voting in absentia, or voting through the Chairman of the meeting as proxy.
- (e) Stockholders must notify AHI of their intention to participate in the meeting by remote communication to be included in the determination of quorum.
- (f) A stockholder may vote electronically by registering at:

https://us06web.zoom.us/webinar/register/WN_IfNV6FdATnCH4RZjgkm3rw

subject to validation procedures. A stockholder voting electronically in absentia shall be deemed present for purposes of quorum.

- (g) Proxies shall be in writing, signed and filed by the stockholder and shall be filed with the Company's stock and transfer agent during the registration period.

- (h) All votes received shall be tabulated by the Office of the Corporate Secretary with the assistance of the Company's stock transfer agent. The Corporate Secretary shall report the results of voting during the meeting.
- (i) The detailed instructions for participation through remote communication are set forth in **Annex "F"** – Requirements and Procedures for Registration and Electronic Voting in Absentia.

In all items for approval, except in the election of directors, each share of stock entitles its registered owner to one vote. For the purpose of electing directors, a stockholder may vote such number of his shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them in the same principle among as many candidates as he shall see fit.

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are participating in the meeting by remote communication and are voting in absentia or represented by proxies.

Method of Counting Votes

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are participating in the meeting by remote communication and are voting in absentia or represented by proxies at the Annual Meeting of the stockholders.

PART II

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on 4 April 2023.

ASIAN HOSPITAL, INC.

By:


GILBERT RAYMUND T. REYES
Corporate Secretary

MANAGEMENT REPORT

GENERAL NATURE AND SCOPE OF BUSINESS

Business Development

The Issuer, Asian Hospital, Inc. ("AHI" or the "Company") was incorporated on December 12, 1994 with the Securities and Exchange Commission ("SEC"), under SEC Registration No. ASO94-00011249.

AHI operates and manages the Asian Hospital and Medical Center (the "Hospital"), a tertiary hospital located at 2205 Civic Drive, Filinvest Corporate City in Alabang, Muntinlupa City 1780. The Hospital's operations started on March 15, 2002.

AHI has not filed for bankruptcy, receivership or other similar proceedings.

Business of Issuer

Under its Articles of Incorporation, the primary purpose of AHI is to establish, maintain, operate, own and manage hospitals, medical and other related healthcare facilities and businesses including pharmacies, diagnostics centers, ambulatory clinics, medical laboratories, scientific research and educational institutions and other allied undertakings and services which shall provide professional, medical, surgical, nursing, therapeutic, paramedic or other care.

The principal products or services offered by the Hospital are divided into Routine Services and Ancillary Services. The Routine Services include room and board, general nursing units, perioperative services, critical care and emergency services. Ancillary Services include pharmacy, pathology and clinical laboratories, radiology, radiotherapy and other oncology care services, pulmonary and respiratory therapy, rehab medicine, heart station, neuroscience, cardiac catheterization laboratory, audiology and dermatology. The contribution of these products and services to revenues is discussed in the Part - Management Discussion and Analysis and Plan of Operations under the Heading - Income Statement.

Competition

The 296-bed Hospital is one of the major medical care facilities of its standard in the country. The immediate catchment area of the Hospital includes the cities of Las Piñas, Muntinlupa and Parañaque, and the secondary catchment area of the Hospital is the fast-growing Cavite-Laguna-Batangas area.

The total population of the Philippines as of May 2020 is at 109.04 million. Of the 17 administrative regions, Region IV-A (CALABARZON) had the biggest population in 2020 with 16.20 million, followed by the National Capital Region (NCR) with 13.48 million and Region III (Central Luzon) with 12.42 million. The combined population of these three regions accounted for about 38.6 percent of the Philippine population in 2020.

The areas with the fastest growing populations are found in the immediate south of Metro Manila, i.e., Muntinlupa City and Region IV-A. Muntinlupa is considered the "gateway" to the southern regions. The continued positive developments in the CALABARZON, with the development of new residential and industrial communities, augur well for the Hospital. The members of these communities have access to quality healthcare facilities without having to travel to the center of Metro Manila.

The primary competitors of AHI are Makati Medical Center in Makati City, St. Luke's Medical Center in Taguig City and The Medical City in Pasig City. All of these competitors are tertiary hospitals.

Makati Medical Center, which commenced operations in 1969, is a tertiary hospital that provides medical and surgical facilities. St. Luke's Medical Center-Global City opened in late 2009. Its medical facility consists of a 14-storey building, with more than 600-bed capacity, and its clinics are located at the 11-storey Medical Arts Building. The Medical City, on the other hand, is a tertiary care hospital with over fifty years' experience in hospital operation and administration. Its main facility is located in Pasig City, with capacity of up to 800 beds.

STOCKHOLDERS

Based on the records of AHI's stock transfer agent, as of **March 31, 2023**, AHI has 611 common stockholders. Below is the list of the top 20 stockholders as of **March 31, 2023**:

	STOCKHOLDER	NO. OF SHARES	%
1	METRO PACIFIC HOSPITAL HOLDINGS, INC. (Formerly, Neptune Stroika Holdings, Inc.)	1,016,151,999	52.47
2	ASIAN HOSPITAL HOLDINGS CORPORATION (Formerly, Bumrungrad International Philippines, Inc.)	532,582,396	27.50
3	METRO PACIFIC INVESTMENTS CORPORATION	109,278,743	5.64
4	GARCIA, JORGE M.	64,302,100	3.32
5	GILT-EDGED PROPERTIES, INC.	8,396,450	0.43
6	MENDIOLA, ROLANDO	1,806,210	0.09
7	ARCILLA, LEONIDA C.	1,481,423	0.08
8	EJERCITO, BEATRIZ DE CASTRO	1,478,769	0.08
	MAGPANTAY, NAPOLEON N. &/OR MAGPANTAY, CRISTETA B.	1,478,769	0.08
	NCPS, INC.	1,478,769	0.08
	PILIPINAS GEM CORPORATION	1,478,769	0.08
9	LIRIO, RENATO E.	1,183,015	0.06
	YATCO, EMILIO B. &/OR YATCO, JOSEPHINE B.	1,183,015	0.06
10	MARTINEZ, DANILO	940,497	0.05
11	D.M. CONSUNJI, INC.	904,119	0.05
12	CARLOS, CRIS &/OR CARLOS, JOSEFINA	895,188	0.05
13	ALIBUDBUD, BIENVENIDO A.	887,261	0.05
	EQUITABLE PCI BANK, INC.	887,261	0.05
	MADERAZO, EUFRONIO G.	887,261	0.05
	SINGSON, CARLO ROY R.	887,261	0.05
	SINGSON, JAIME ENRICO R.	887,261	0.05
	SINGSON, MARC OLIVER R.	887,261	0.05
	SINGSON, MELISSA VICTORIA R.	887,261	0.05
14	ABEJUELA, MARIE MICHELLE PACIENCIA S.	827,210	0.04
15	IMPERIAL, ANN MARIE Y. CO / IMPERIAL, MARK ANTHONY T.	816,280	0.04
16	CHUA, THOMAS Y.	789,871	0.04
17	ZARAGOZA, RAFAEL	769,020	0.04
18	LITONJUA, AUGUSTO D.	738,232	0.04
19	CACDAC, MANUEL	731,008	0.04
20	DEL MUNDO, AMOR S.	709,809	0.04

BALANCE SHEET

Statement of Financial Position: Comparing 2022 and 2021

AHI's total assets at year-end 2022 and 2021 ended at Php5.7 billion and Php5.5 billion, respectively. Total liabilities ended at Php8848 million as of year-end 2022, with an increase of Php76.2 million compared to 2021, while stockholders' equity closed at Php4.8 billion, which was 2.7% higher than the previous year.

Total current assets increased to Php1.6 billion as of year-end 2022, as against Php1.3 billion in 2021. Cash and cash equivalents increased to Php1.0 billion in 2022 from Php686.6 million in 2021. Accounts receivables amounted to Php366.5 million in 2022 and Php368.2 million in 2021. The inventory of medicines and medical supplies decreased to Php164.2 million in 2022 from Php231.5 million in 2021.

Total non-current assets, which accounted for about 72.2% of the total assets in 2022 and 76.0% in 2021, amounted to Php4.1 billion in 2022 and Php4.2 billion 2021. Cost of the hospital building and investment in medical equipment comprised the bulk of the non-current assets.

Total current liabilities increased to Php832.9 million in 2022 from Php788.6 million in 2021.

Non-current liabilities which consisted of retirement benefits accrual and lease liability stood at Php51.8 million in December 2022 versus Php20.0 million as of the end of 2021.

The shareholders' equity increased to Php4.8 billion in 2022 from Php4.7 billion in 2021.

Income Statements: Comparing 2022 and 2021

Net patient service revenues increased by 8.3% to Php3.5 billion from Php3.3 billion in the previous year. Of the gross patient service revenues, ancillary services contributed Php3,918.0 million in 2022 and Php3,805.1 million in 2021, while routine services, which include room and board, stood at Php267.8 million in 2022 and Php272.8 million in 2021.

Cost of services and sales increased to Php2.2 billion in 2022 from Php2.1 billion 2021. A breakdown of the Cost of Services and Sales for years 2022 and 2021 is provided below:

Cost of Services and Sales	2022	2021
Medicine and Medical supplies	951,246,460	1,022,345,795
Personnel costs	358,302,427	361,159,182
Reader's Fee Cost	234,843,174	177,454,313
Professional fees and outside services	212,941,821	204,511,101
Depreciation	191,425,089	175,616,037
Communication, light and water	145,146,844	91,773,760
Patient meals	35,450,177	34,203,852
Repairs and maintenance	33,353,764	20,062,149
Supplies	22,189,509	17,703,464
Rent	8,895,938	15,283,886
Others	26,676,872	27,692,300
Total	2,220,472,075	2,147,805,839

Medicines and medical supplies decreased by 7.0% mainly due to the less critical COVID cases. Reader's fees increased by 32.3% due to higher outpatient volume.

The increase in depreciation is mainly attributed to the purchase of medical equipment. The increase in communication, light and water is mainly due to higher power rate. The increase in repairs and maintenance is due to repair of medical equipment.

Rent expense decreased primarily due to the decrease in the lease of medical equipment.

Operating expenses for year 2022 decreased compared to 2021, and amounted to Php960.4 million. A breakdown of the Operating Expenses for years 2022 and 2021 is provided below:

Operating Expenses	2022	2021
Personnel costs	332,157,222	303,203,588
Depreciation	174,332,049	168,977,993
Professional fees and outside services	167,948,443	140,820,271
Repairs and maintenance	68,100,295	50,045,488
Communication, light and water	57,091,281	42,140,709
Taxes and licenses	33,962,148	31,105,111
Entertainment, amusement and recreation	19,719,849	18,974,651
Supplies	18,760,743	16,341,279
Insurance	15,285,504	14,516,308
Transportation and travel	11,500,399	10,571,328
Amortization of software	10,075,213	6,634,461
Advertising	9,566,577	3,305,297
Rent	8,746,456	6,905,022
Provision for doubtful accounts	–	188,400,074
Others	33,198,341	42,480,620
Total	960,444,520	1,044,422,200

The increase in personnel expenses is mainly attributed to increase in medical and other benefits. The increase in professional fees and outside services is mainly due to the increase in contracted services, training expenses, legal and consultant fees. The increase in repairs is mainly due to repair of building. The increase in communication, light and water is mainly due to higher power rate.

The increase in taxes and licenses is mainly due to higher revenue. The decrease in provision for doubtful accounts is mainly due to collection from Philhealth.

The decrease in the item "others" is mainly due to closure of canteen operations.

The depreciation of the Philippine peso against the US dollar resulted in a favorable exchange of foreign currency denominated cash and receivables.

The increase in AHI's "Other Income" is mainly due from clinical trial institutional fee.

AHI is already debt free as of year 2017 and has tremendously increased its cash position. Thereby, all major capital expenditure, new and replacements, are funded from cash generated from the Company's operations. The Company does not intend to raise additional funds nor to obtain new loans to fund its capital expenditures and has no product research

and development plan in the next twelve months. The Company is expecting to purchase medical equipment in 2023 mainly to replace existing equipment.

Effect of COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 virus as a global pandemic. In a move to contain the COVID-19 pandemic, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region (NCR) effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020 and further extended to May 15, 2020. The ECQ shifted to modified enhanced community quarantine (MECQ) until May 31, 2020 and to general community quarantine (GCQ) for NCR until the first part of the third quarter. On August 4, 2020, NCR was placed back to a stricter MECQ after an appeal made by medical societies due to rising COVID-19 cases. On August 19, 2020, NCR was transitioned back to GCQ after the recommendation of the local authorities. On August 19, 2020, NCR was transitioned back to GCQ after the recommendation of the local authorities. On March 29, 2021, NCR was placed back to ECQ effective until April 11, 2021. The ECQ shifted to MECQ from April 12, 2021 until May 14, 2021. On May 15, 2021, NCR was transitioned back to GCQ until August 5, 2021. On August 6, 2021, NCR was placed back to ECQ until August 20, 2021. The ECQ shifted to MECQ from August 20, 2020 until September 15, 2021. On September 16, 2021, pilot implementation of the new alert system was placed on NCR. NCR was placed under alert level 4 until October 15, 2021. The alert level 4 shifted from alert level 3 from October 16, 2021 to November 4, 2021. On November 5, 2021, NCR was placed under alert level 2 to January 4, 2022. On January 5, 2022, NCR was placed under alert level 3 until January 31, 2022. On February 1, 2022, NCR was placed under alert level 2 until February 22, 2022. NCR was placed under Alert Level 1 beginning March 1, 2022 until further notice according to the Philippine Inter-Agency Task Force for the Management of Emerging Infectious Disease.

The COVID-19 pandemic had caused disruptions in the Company's business activities. As this global problem subsides, the Company will nonetheless continue to adapt and adjust its business model according to the prevailing environment, in full cooperation with the national and local government units.

Other Matters

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

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

There were no material commitments for capital expenditures.

Apart from the impact of the COVID-19 pandemic, there were no material known trends, events or uncertainties which have material impact on the Company's sales.

There were no material causes for any changes in the Financial Statements from December 31, 2021 to December 31, 2022.

There were no significant elements of income or loss that the Company is aware of, either arising from the Hospital's continuing operations or otherwise.

HISTORICAL AND CURRENT DEVELOPMENTS

After months of negotiations with: (i) a syndicate of creditors on the restructuring of the Company's loans, and (ii) a prospective investor, Bumrungrad Hospital Public Company Ltd. ("BHI"), together with a local group of investors, on the fresh equity infusion in the Company, the first quarter of 2005 saw many changes to the Company's corporate structure.

On February 7, 2005, the SEC approved the amendment of the Articles of Incorporation of AHI in respect of the decrease in AHI's capital stock from 2,000,000,000 shares with a par value of PHP1.00 per share to PHP573.7 million, consisting of 573,738,133 shares with a par value of PHP1.00 per share, and the subsequent increase to PHP2.0 billion, consisting of 2,000,000,000 shares with a par value of PHP1.00 per share.

On February 24, 2005, AHI's restructuring agreements with the syndicate of local banks and the International Finance Corporation ("IFC") were signed. General terms of the restructuring of the local loans included the following:

- All outstanding principal amounts of the loans plus a portion of the capitalized overdue and accrued interest were restructured into 2 loan tranches, consisting of PHP1.4 billion in Tranche A Loans and PHP215.4 million in Tranche B Loans, after an upfront payment of PHP100 million.
- All accrued interest and all default penalty charges due on the existing loans up to the restructuring were waived.
- Term of 12 years, inclusive of a 4-year grace period on principal repayments.
- Effective interest rate of 15.1% and 15.5% for Tranche A and Tranche B loans respectively, starting at 9% for the first 3 years, 11.5% on the 4th to 6th years, 12% on the 7th to 9th years and 13.45% on the last 3 years. For Tranche B loan, a fixed interest rate of 5% p.a.
- Principal repayments are tiered up starting at 1.25% of principal for the first 4 payments; 2.5% for the succeeding 4 payments; 5.5% for the next 4 payments; 7.5% for the succeeding 4 payments and a balloon payment of 33%.

The IFC carried similar terms and conditions for its two tranches, a Senior Loan of USD2.8 million after the application of a prepayment of USD1.2 million and a Subordinated Loan in the amount of USD1 million. The Senior Loan carries a rate of LIBOR plus 2.5% spread, while the rate for the Subordinated Loan is LIBOR and an income participation ranging from 1% to 2% of EBITDA for each year from 2003 to 2016.

The restructured loans are secured by a Mortgage Participation Certificate (MPC) under the Mortgage Trust Indenture (MTI) and Equipment MTI, which cover all of AHI's land, building improvements (through its former subsidiary) and equipment and machinery.

On March 10, 2010, AHI availed of the remaining undisbursed amounts from IFC and Deutsche Investitions- und Entwicklungsgesellschaft mbH ("DEG"), amounting to PHP252.0 million and PHP119.0 million, respectively.

The construction period of AHI's Phase 1 Expansion continued until the 3rd quarter 2009 during which the new upper ground connector opened to the public in early August. The patio, which houses AHI's conference facility, opened in early September 2009. The 4th floor outpatient facility opened its doors to clients and patients in October 2009.

The outpatient facility houses the Lifestyle Medicine Center, a unique center that is focusing on the maintenance of people's health in a pro-active way.

The acquisition of some state-of-the-art equipment during the year 2009 such as a 64-slice CT scanner, a Lithotripsy and fully integrated Minimally Invasive Operating Room, the first of its kind in the Philippines, allowed surgical procedures to be performed with minimal trauma to a patient. Technology upgrades continued in 2010 with the installation of the new Catheterization Laboratory that will allow more extensive diagnostic and directly invasive procedures. These investments were made for the continued growth of the Hospital.

The construction of the new Hospital tower started in January 2010. With the increasing census in 2011, AHI Management equipped the 11th floor nursing ward to increase bed capacity by 24 beds. The expanded facility opened in August 2012.

Effective July 1, 2011, AHI revised the estimated useful life of certain property and equipment from 15 years to 5 years resulting in an increase in depreciation totaling PHP 328 million, of which PHP246.1 million incurred in the year 2011.

On December 6, 2011, the controlling interest in the Company was purchased by Metro Pacific Investment Corporation ("MPIC") from Bumrungrad International Limited ("BIL") and another person. Correspondingly, the Company's ultimate parent as of December 31, 2011 is now MPIC. Prior to December 6, 2011, the parent company was BIL.

On April 19, 2012, a mandatory tender offer for the 43.50% stake held by the Company's non-controlling investors launched by MPIC was completed. MPHHI, a wholly-owned subsidiary of MPIC, and a non-controlling investor of AHI, exercised its right of first refusal and purchased an additional 27.98% stake in the Company from other non-controlling investors. This resulted to an increase in MPHHI's beneficial and/or legal ownership in AHI to 52.41% for 2012. Effectively, the Company's immediate parent as of December 31, 2012 is MPHHI while the Company's ultimate parent is MPIC, being the stockholder owning one hundred percent (100%) of the outstanding capital stock of both MPHHI and BIPI.

AHI acquired the brain lab machine for the image-guided surgery in July 2012.

On September 2013, the Hospital opened its breast center facility. The center is the first and the biggest integrated facility that offers a one-stop shop for breast care using the latest technology and medical expertise. The breast center facility is located at the 4th Floor of the Hospital Tower 2.

On October 2013, AHI opened the Chemo Infusion Unit and Upper Ground Floor of Tower 2, which expanded its outpatient services facility.

On December 9, 2013, AHI received its first Gold Seal of Approval from the Joint Commission International (JCI) – a United States-based international accreditation body which aims to help health care organizations globally deliver the highest quality of patient care services. JCI sets strict standards that ensure patient safety and improve organizational management, facility management and safety, and quality of care.

On May 20, 2014, MPHHI acquired from MPIC additional shares in AHI which resulted to an increase in MPHHI's ownership in AHI to 58.1% as of December 31, 2014. In addition, MPHHI

also acquired 100% of the outstanding capital stock of Bumrungrad International Philippines, Inc. (BIPI) on July 1, 2014. BIPI has 27.5% legal and beneficial ownership in AHI. As of December 31, 2014 MPHHI effectively owns 85.56% of AHI.

On July 1, 2014, MPHHI, together with AHI, MPIC, BIPI and AHI's creditors executed an Amendatory Agreement to the SRA amending certain provisions of the SRA to allow the transfer of ownership of 100% of the outstanding capital stock of BIPI from MPIC to MPHHI and reducing MPIC's ownership requirement of MPHHI.

AHI Management equipped the 10th and 9th Floor nursing wards of Tower 2 in April and October 2014 respectively, to increase bed capacity by 60 beds.

On July 23, 2015, the Company launched the Asian Cancer Institute (ACI), the very first cancer facility in the country that fully integrates the most appropriate care each patient requires to conquer cancer. ACI is equipped with newer and advanced TomoTherapy HDA-H Series machine, a top-of-the line equipment which can deliver a very accurate radiotherapy treatment for cancer.

AHI gained its second JCI accreditation on September 2016, in AHI's pursuit to persistently strive and achieve quality medical service for the patients and the communities it serves.

AHI opened the Emmanuel Center on February 13, 2017. It is an innovative, multidisciplinary, patient-centered ambulatory care facility that provides screening, diagnosis, and surgical care for cancer patients.

AHI expanded its Hemodialysis and Endoscopy units in February 2017.

On February 24, 2017, AHI opened the Chrys Specialty Pharmacy. Chrys Specialty Pharmacy is an outpatient pharmacy that serves the special needs of patients with complex disease conditions like cancer and other chronic ailments. It provides a wide range of High Quality anticancer drugs and prescription drugs related to cancer treatment at very reasonable prices.

On April 10, 2017, Asian Hospital Outpatient Pharmacy started its operations.

On June 2017, AHI opened its Neuro ICU to patients. AHI was also re-accredited by the Department of Health as Mother Baby Friendly Hospital. AHI was initially accredited in June 2014.

AHI completed its loan payment to IFC and DEG in November and September 2017, respectively.

Asian Cardiovascular Institute was launched in January 2018.

Asian Ambulatory Care Facility was launched in September 2018.

Asian Brain Institute and Asian Senior Wellness Institute were launched in August 2019.

AHI gained its third JCI re-accreditation in September 2019.

In May 2020, AHI launched its "eConsults" and Online Appointments facilities. "eConsults" is an online platform where patients can communicate and consult their health concerns with AHI doctors at the comforts of their homes, for their convenience and protection, during and after community quarantine. Online Appointments, is similar to the eConsults where patients can book their appointments before arriving at the Hospital. On the same period, due to the rising cases of COVID, AHI applied to be an accredited COVID-19 Testing Center and

achieved its level five molecular laboratory testing center classification, enabling AHI to independently conduct reverse transcription-polymerase (RT-PCR) testing.

In July 2020, AHI offered an “E-Prescription” program enabling senior citizens and PWDs to purchase their medication refills up to maximum of three-month supply.

In December 2020, AHI was recognized by the Philippine Nursing Research Society, Inc. (PNRSI) as a “Nursing Research Cell” which aims to strengthen professional nursing practice and management standards towards high quality patient care through research and quality improvement initiatives.

In March 2021, AHI opened its Emergency Room (ER) Annex Hot Zone Temporary Facility to provide suspected COVID-19 infected patients and persons under investigation (PUIs) with a dedicated ER.

In April 2021, AHI’s Pathology and Laboratory Services announced the availability of online laboratory results via the AHMC portal.

AHI gained its fourth JCI re-accreditation in September 2022.

Except for those disclosed above, there are no other known trends, events or uncertainties that will have a material impact on AHI liquidity or have a material impact on revenue. AHI relies on the balance of the equity infusion and cash flows from operations as sources of its liquidity. Neither are there seasonal aspects, causes for any material changes from period to period or material off-balance sheet transactions, arrangements, obligations that may have material impact on AHI’s financial conditions or results of operations. AHI does not have any plan for product research and development over the next twelve (12) months.

KEY PERFORMANCE INDICATORS

Hospital Census

The number of average daily inpatient census as of December 2022 increased to 116 from the average of 104 in 2021, while outpatient census increased to an average of 601 per day as of December 2022 from 459 over the same period last year. The hospital's total revenues from services to patients for 2022 went up by 8.3% or Php0.3 million.

	Year 2022	Year 2021
Average Daily Inpatients	116	104
Average Daily Outpatients	601	459

HMO Accreditation

AHI has been monitoring the utilization and revenue contribution of each HMO. In 2007, AHI started a project to improve and align processes with numerous HMOs in order to reduce the collection period for outstanding invoices. As of the end of 2022 and 2021, the Company has 26 and 23 accredited HMOs, respectively.

Patients Receivables Management

AHI’s existing policy in providing allowance for doubtful accounts is based on net revenues adjusted by the result of aging analysis. The Company adopted PFRS 9 – Expected Credit Loss (ECL) as mandated, beginning January 1, 2018, in calculating the required

allowance for bad debts. AHI decided to use the simplified provision matrix in estimating the ECL for its collective assessment of impairment of receivables. The Company has identified different macroeconomic factors for each segment of its receivable to comply with the requirements of PFRS 9 to incorporate forward-looking information.

Comparable figures as of December 31, 2022 and 2021 are as follows:

	Year 2022	Year 2021
Percentage of Allowance for ECL over Accounts Receivable	47.2%	50.9%
Days' Revenues in Receivables*	64	58

* calculated by dividing average Accounts Receivable - Trade as of balance sheet date by the accumulated average daily revenues

AHI continues to adhere to the top-up payment and collection policy for all admissions including elective surgery as well as scheduled and emergency admissions. A pre-admission payment is required upon admission and regular top-ups are actively pursued as hospital bills accumulate. AHI's Accounts Receivable Section closely monitors the progress of patient receivables and meets regularly for this purpose.

The collection of long outstanding accounts receivables has been outsourced to a collecting agent who officially communicates with patients who have outstanding payables to AHI. This agency has been instructed to legally pursue some of the receivables from patients who have refused to react to payment notices issued by the Hospital.

Inventory Management

On a regular basis, the Supply Chain Management Department reviews the reorder quantity and lead-time to ensure that inventory is kept at the optimum level. The levels of inventories for medical supplies and for the inpatient pharmacy - including critical lifesaving medicines that were added to the formulary - were adjusted in response to the patient volumes.

As an indicator, the Hospital has set days' sales in inventory to 60 days. Comparable figures as of December 31, 2022 and 2021 are as follows:

	Year 2022	Year 2021
Days' Sales in Inventory*	78	87

* calculated by dividing the average ending inventory by the average cost of sales per day

Rationalization of Manpower Level

The decrease in headcount among regular employees is mainly due to resignation, unfilled positions and the redundancy program implemented in 2021. The Management of the Hospital continues to monitor the manpower allocation consistent with the workloads and service requirements of each department to ensure quality service delivery at all times. AHI continue to outsource some of its noncritical staffing requirements (security, janitorial, laundry and building maintenance and engineering services).

The comparative manpower levels of the Hospital as of December 31, 2022 and 2021 are shown below:

	Year 2022	Year 2021
Regular*	1,156	1,201

Probationary*	223	152
Total	1,379	1,353

* Actual headcount

Dividends

AHI declared dividends in the total amount of Php317.6 million and Php52.3 million in 2022 and 2021, respectively.

CORPORATE GOVERNANCE

AHI fully subscribes to the practice of corporate governance. It is making every attempt to monitor and comply with the Corporate Governance Manual ("Manual") submitted to the SEC under Memorandum Circular No. 2 dated April 5, 2002 and all related circulars issued.

In compliance with Section 6 (Monitoring and Assessment) of its Manual, the Manual was reviewed and revised. The revisions to the Manual were approved by the Board at its September 6, 2005 meeting, and incorporated in AHI's Amended By-Laws.

AHI's Code of Ethics was also put in place for all its employees to observe. Members of the Board attended a seminar on corporate governance on October 21, 2005 conducted by the Philippine Institute of Certified Public Accountants (PICPA) to better understand and support corporate governance.

AHI continues to monitor and significantly comply with the good governance practices and principles outlined in the SEC Corporate Governance Self-Rating Form (CG-SRF). In numerous areas, AHI continues to improve with its cooperation with various committees of the AHI.

During the January 25, 2008 meeting, the Board authorized the amendment of AHI's Manual to require the directors to attend a seminar on corporate governance to be conducted by a duly recognized private or government institute before assuming office as such in compliance with the directive of the SEC.

At the June 24, 2010 meeting, the Board approved the amendment of AHI's Manual to incorporate the duties and responsibilities of the Chairman, Vice-Chairman, Chief Executive Officer, President, Treasurer and Chief Financial Officer.

On February 22, 2011, AHI submitted to the SEC its Revised Manual on Corporate Governance incorporating therein the mandatory provisions of the Revised Code of Corporate Governance (SEC Memorandum Circular No. 6, series of 2009).

On July 30, 2014, AHI submitted to the SEC a Revised Manual on Corporate Governance, to reflect changes prescribed under SEC Memorandum Circular No. 9 series of 2014.

On June 13, 2022, AHI submitted to the SEC a further Revised Manual on Corporate Governance, in compliance with SEC Memorandum Circular No. 24 series of 2019. AHI's current Revised Manual on Corporate Governance took effect on 10 June 2022.

There has been no material deviation from the Revised Manual on Corporate Governance. Neither has there been any director or executive officer of AHI who has violated any material provision of the same.

ANNEX "A"
NOTICE OF MEETING

NOTICE OF VIRTUAL ANNUAL MEETING OF STOCKHOLDERS

Please be advised that the Annual Meeting of the stockholders of **ASIAN HOSPITAL, INC.** for the year 2023 will be conducted online on Tuesday, May 2, 2023 at 1:00 P.M. Stockholders may watch and participate in the proceedings by signing on at the following URL address:

https://us06web.zoom.us/webinar/register/WN_IfNV6FdATnCH4RZjgkm3rw

The following shall be the agenda of the meeting:

- a. Call to Order
- b. Certification of Notice and Quorum
- c. Approval of the Minutes of the Annual Meeting of Stockholders held on May 2, 2022
- d. Presentation of the Report of the Chief Executive Officer
- e. Presentation of the Audited Financial Statements of AHI for the year ended December 31, 2022
- f. Ratification of Corporate Acts since May 2, 2022
- g. Election of Directors
- h. Appointment of External Auditor for 2023-2024
- i. Adjournment

The minutes of the 2022 Annual Meeting of Stockholders is available at the AHI website and will be made available to all stockholders as of record date along with the Information Statement.

The Board of Directors has fixed the close of business on April 12, 2023 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting of Stockholders.

Given the current circumstances and in order to ensure the safety and welfare of our stockholders and for their convenience, AHI will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication and by voting in absentia or voting through the Chairman of the meeting as proxy.

Duly accomplished proxies (sample forms of which shall be provided to the stockholders together with this notice and the Information Statement) must be submitted on or before April 26, 2023 to AHI's stock transfer agent at:

PROFESSIONAL STOCK TRANSFER INC.

10th Floor Telecom Plaza, 316 Gil Puyat Avenue, Makati City
Telephone Number: (632) 8687-4053
Look for: Ms. Hilda Amion or Ms. Edelyn Jimeno
(Email Address: hilda.amion@professionalstocktransfer.com or
edelyn.jimeno@professionalstocktransfer.com)

Stockholders intending to participate by remote communication should notify AHI by email to ahiagminfo@asianhospital.com on or before April 26, 2023.

Stockholders may vote electronically in absentia, subject to validation procedures.

The rules and procedures for participating in the meeting through remote communication and for casting their votes in absentia are set forth in the Information Statement.

The qualifications and disqualifications of candidates for directors, nomination and conduct of election are likewise set forth in the Information Statement.

Very truly yours,


GILBERT RAYMUND T. REYES
Corporate Secretary

ANNEX "B"
LETTER TO THE SEC ON THE EXTENSION OF TERM
OF AHI INDEPENDENT DIRECTORS

14 March 2023

SECURITIES & EXCHANGE COMMISSION
7907 Makati Avenue, Salcedo Village
Barangay Bel-Air
Makati City, 1209

Attention: **RACHEL ESTHER J. GUMTANG-REMALANTE**
Director
Corporate Governance and Finance Department

Re: **Asian Hospital, Inc. Independent Directors**
- Extension of Term

Greetings

In relation to the filing by Asian Hospital, Inc. ("AHI") of its Information Statement as required under Rule 20 of the 2015 Implementing Rules and Regulations of the Securities Regulation Code, we would like to notify the Honorable Commission of AHI's intention to re-elect its incumbent independent directors: (i) Fernando Jose A. Fontanilla; and (ii) Carmelita I. Quebengco.

Mr. Fontanilla and Ms. Quebengco have each served a cumulative term of more than nine (9) years. However, AHI has opted to have them re-elected as the company was unable to find other replacements that will provide the same or comparable skills, qualification and experience that the incumbent independent directors are currently providing.

The AHI Board is convinced that Mr. Fontanilla and Ms. Quebengco remain independent and are qualified for re-election to the AHI Board. Their re-election shall likewise be subject to the approval of the shareholders during the annual shareholders' meeting.

We trust that you find the foregoing in order.

Very truly yours,


GILBERT RAYMUND T. REYES
Corporate Secretary

ANNEX "C" **CERTIFICATION OF INDEPENDENT DIRECTORS**

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **FERNANDINO JOSE A. FONTANILLA**, Filipino, of legal age and a resident of Muntinlupa, Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **ASIAN HOSPITAL, INC.** and have been its independent director since 25 July 2006.
2. I am affiliated with the following companies:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
San Beda University	Vice-President for Research and Innovation	2022 - present
Fabel Corporation	Vice President	December 1994 - present
Lubel Corporation	Vice President	December 1994 - present
Department of Ophthalmology - The Medical City	Section Head - Uveitis	2002 - present
Eye Gland Glucose Specialists	Founding Partner	2002 - present
Jaeu Ramen and Bistro Bar, Inc.	Member, Board of Director	2018 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **ASIAN HOSPITAL, INC.**, as provided for in Section 38 of the Securities Regulation Code ("SRC"), its Implementing Rules and Regulations ("IRR") and other issuances of the Securities and Exchange Commission ("SEC").
4. To the best of my knowledge, I am not related to any director/officer/substantial shareholder of **ASIAN HOSPITAL, INC.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2 of the IRR of the SRC.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not affiliated with a government agency or a government-owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of **ASIAN HOSPITAL, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done, this 17 MAR 2023 at MAKATI CITY

FERNANDINO JOSE A. FONTANILLA

SUBSCRIBED AND SWORN to before me this 17 MAR 2023 at MAKATI CITY, affiant personally appeared before me and exhibited to me his PRC ID No. 0073779 issued at the City of Manila on 26 December 1991.

Doc. No. 189;
Page No. 39;
Book No. II;
Series of 2023.



CARLO RAFAEL C. BORROMEO
Notary Public for Makati City
17th December 21, 2023

PTR No. 988062A / Jan. 11, 2023 / Makati City
IRP No. 248776 / Jan. 19, 2023 / Makati
Roll of Attorneys No. 781-v9
MCLE Compliance No. VE 00144-6 / April 5, 2022
Appointment No. M-275
3rd Floor, SEDOCO I Bldg., 120 Rada corner
Legaspi Sts., Legaspi Village, Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CARMELITA I. QUEBENGCO**, Filipino, of legal age and a resident of The Grand Midori, 160 Legazpi Street, Legazpi Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **ASIAN HOSPITAL, INC.** and have been its independent director since 21 March 2012.
2. I am affiliated with the following companies:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
University of San Carlos	Chair of the Board	2013 - present
De La Salle - Health Sciences Institute	Trustee	2015 - present
International Association of Lasallian Universities	Trustee	2016 - present
De La Salle University - Yuchengco Center	Trustee	2013 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **ASIAN HOSPITAL, INC.**, as provided for in Section 38 of the Securities Regulation Code ("SRC"), its Implementing Rules and Regulations ("IRR") and other issuances of the Securities and Exchange Commission ("SEC").
4. To the best of my knowledge, I am not related to any director/officer/substantial shareholder of **ASIAN HOSPITAL, INC.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2 of the IRR of the SRC.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not affiliated with a government agency or a government-owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of **ASIAN HOSPITAL, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done, this 17 MAR 2023 at MAKATI CITY



CARMELITA I. QUEBENGCO

17 MAR 2023 at MAKATI CITY

SUBSCRIBED AND SWORN to before me this _____ at _____, affiant personally appeared before me and exhibited to me her Senior Citizen ID No. 15632 issued at Paranaque City on 27 November 2007.

Doc. No. 190
Page No. 39
Book No. 1
Series of 2023.




CARLO RAPHAEL C. BORROMEO
Notary Public for Makati City
Issued December 27, 2023

PTR No. 9540014 / Date: 12/27/2023 / Makati City
IRP No. 0000000 / Date: 12/27/2023 / Makati City
Roll No. 201 / Series No. 12/27/2023
MCLE Compliance / Validity: April 5, 2024
Appointment No. 12/27/2023
5th Floor, 9400300 / 9400300 / 200 Bida corner
Legazpi Village, Legazpi Village, Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, ARTEMIO V. PANGANIBAN, Filipino, of legal age and a resident of 1203 Acacia Street, Dasmariñas Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **ASIAN HOSPITAL, INC.** and have been its independent director since 3 March 2017.
2. I am affiliated with the following companies:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Asian Terminals, Inc.	Independent Director	2010 - present
GMA Holdings, Inc.	Independent Director	2009 - present
GMA Network Inc.	Independent Director	2007 - present
Jollibee Foods Corporation	Non-Executive Director	2012 - present
Manila Electric Company	Independent Director	2008 - present
Metro Pacific Investments Corporation	Independent Director	2007 - present
Petron Corporation	Independent Director	2010 - present
PLDT, Inc.	Independent Director	2013 - present
Team Energy Corporation	Independent Director	2015 - present
Metrobank Foundation	Chairman, Board of Advisers	2008 - present
Pan Philippine Resources Corporation	Chairman	1976 - present
Arpan Investment and Management, Inc.	Chairman	1976 - present
Foundation for Liberty and Prosperity	Chairman	2011 - present
Philippine Judges Foundation	Chairman	2015 - present
Manila Cathedral - Basilica Foundation	President	2010 - present
Claudio Teehankee Foundation	Vice-Chairman	2015 - present
Tan Yan Kee Foundation	Trustee	2014 - present
Metro Pacific Tollways Corporation	Independent Director	2010 - present
Tollways Management Corporation	Independent Director	2008 - present
Metropolitan Bank and Trust Company	Senior Adviser	2007 - present
Bank of the Philippine Islands	Member, Advisory Council	2016 - present
DoubleDragon Properties Corporation	Adviser	2014 - present
MerryMart Consumer Corporation	Adviser	2020 - present
Philippine Dispute Resolution Center, Inc.	Chairman Emeritus	2013 - present
Asean Law Association	Chairman, Philippine Chapter	2016 - present
World Bank (Phils)	Member, Advisory Group	2009 - present
Permanent Court of Arbitration, The Hague, The Netherlands	Chairman, Philippine National Group	2017 - present


**For my full bio-data, log on to my personal website: cjpanganiban.com*

3. To the best of my knowledge, I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **ASIAN HOSPITAL, INC.**, as provided for in Section 38 of the Securities Regulation Code ("SRC"), its Implementing

Rules and Regulations ("IRR") and other issuances of the Securities and Exchange Commission ("SEC").

4. To the best of my knowledge, I am not related to any director/officer/substantial shareholder of Metro Pacific Investments Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2 of the IRR of the SRC.
5. To the best of my knowledge, I am not the subject of any criminal or administrative investigation or proceeding pending in court.
6. I am not affiliated with a government agency or a government-owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of **ASIAN HOSPITAL, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done, this 17 MAR 2023 at MAKATI CITY


ARTEMIO V. PANGANIBAN

SUBSCRIBED AND SWORN to before me this 17 MAR 2023 at MAKATI CITY, affiant personally appeared before me and exhibited to me his Passport No. P0388884B issued at DFA Manila on 24 January 2019.

Doc. No. 188;
Page No. 39;
Book No. II;
Series of 2023.




CARLO RAPHAEL C. BORROMEO
Notary Public for Makati City
Until December 31, 2023

PTR No. 9580628 / Jan. 11, 2023 / Makati City
IBP No. 349776 / Jan. 12, 2023 / Makati
Roll of Attorneys No. 78150
MCLE Compliance No. VII 001496 / April 5, 2022
Appointment No. M-275
5th Floor, SEDCCO I Bldg., 120 Rada corner
Legaspi Sta., Legaspi Village, Makati City

ANNEX "D"
SEC FORM 17-A AND 2022 AUDITED FINANCIAL STATEMENTS

THE COMPANY WILL PROVIDE WITHOUT CHARGE TO EACH PERSON SOLICITED, UPON THE WRITTEN REQUEST OF ANY SUCH PERSON, A COPY OF THE COMPANY'S ANNUAL REPORT IN SEC FORM 17-A, WHICH INCLUDES THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022. SUCH WRITTEN REQUEST SHOULD BE DIRECTED TO THE CORPORATE SECRETARY, ASIAN HOSPITAL, INC. THROUGH THE EXECUTIVE OFFICE, 5TH FLOOR, TOWER 2, ASIAN HOSPITAL AND MEDICAL CENTER, 2205 CIVIC DRIVE, FILINVEST CORPORATE CITY, ALABANG, MUNTINLUPA CITY AND/OR BY EMAIL TO AHIAGMINFO@ASIANHOSPITAL.COM.

THE AUDITED FINANCIAL STATEMENTS, NOTICE AND AGENDA AND THIS INFORMATION STATEMENT ARE POSTED ON THE COMPANY'S WEBSITE AND CAN BE ACCESSED AT: [HTTPS://WWW.ASIANHOSPITAL.COM/ANNUAL-MEETING/](https://www.asianhospital.com/annual-meeting/).

**ANNEX “E”
MINUTES OF THE ANNUAL STOCKHOLDERS’ MEETING DATED MAY 2, 2022**

**MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS OF
ASIAN HOSPITAL, INC.**

Held on 2 May 2022
Via videoconference¹

PRESENT:

TOTAL NUMBER OF SHARES PRESENT OR REPRESENTED AT THE MEETING	1,727,036,005
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TOTAL NUMBER OF SHARES OUTSTANDING	1,936,728,391
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1. Introduction and Call to Order

The annual meeting commenced with an opening prayer, which was followed by the Philippine National Anthem.

Thereafter, the Chairman of the Board, Mr. Augusto P. Palisoc, Jr., called the meeting to order, introduced the members of the Board of Directors present at the meeting, and presided over the same.

The Corporate Secretary, Atty. Gilbert Raymund T. Reyes, recorded the minutes of the proceedings.

2. Certification of Notice of Meeting and Determination of Quorum

The Corporate Secretary certified that the stockholders of record were duly notified of the meeting. The Notice of Virtual Annual Stockholders’ Meeting (“Notice”) was published in the business section of The Philippines Star and Philippine Daily Inquirer, both in print and online format, on April 10 and 11, 2022, as required under SEC Notice dated February 16, 2022 on the *Alternative Mode for Distributing and Providing Copies of Notice of Meeting, Information Statement and Other Documents in Connection with the Holding of Annual Stockholders’ Meetings for 2022*. Likewise, electronic copies of the Notice, Information Statement and Management Report, SEC Form 17-A and other pertinent documents were posted at the website of Asian Hospital and Medical Center (the “Hospital”).

The Corporate Secretary further confirmed the presence of a quorum, there being present and/or represented in the meeting, stockholders owning 1,727,036,005 shares out of the total outstanding shares numbering 1,936,728,391, representing at least 89.1729% percent of the total issued and outstanding capital stock of the Company.

¹ <https://us06web.zoom.us/j/86238113258?pwd=b1owL2ZhS3lDbGp5OUJlcDJ2TEhXQT09>

3. Approval of Minutes of the Annual Stockholders' Meeting Held on April 30, 2021

The next item on the agenda is the approval of the minutes of the Annual Stockholders' Meeting held on April 30, 2021. The Chairman informed the stockholders that a copy of the minutes was uploaded to the Hospital's website prior to the meeting.

Dra. Aina Sales-Diaz, a stockholder, moved to approve the minutes of the Annual Stockholders' Meeting held on April 30, 2021. Dra. Josephine Tuason, another stockholder, seconded the motion. There being no objection, the Chairman declared the minutes of the Annual Stockholders' Meeting held on April 30, 2021 approved as presented.

4. Presentation of the Report of the President

The President, Mr. Andres M. Licaros, Jr., updated the stockholders on the operations and financials of the Hospital. A copy of his presentation is attached hereto as **Annex "A"**. The salient points of his report are as follows:

Operational Report

- ☐ In 2021, the Company launched a massive campaign to ensure that the Hospital is "tagged safe", and the communities it served are also safe. In particular, the Company exerted efforts to communicate to the public the importance of vaccination to end the COVID-19 pandemic through various campaigns, such as expert talks on the Hospital's Youtube channel, dissemination of materials on COVID-19 vaccination, and regular updates on the Hospital's COVID-19 vaccination statistics. Many of the Hospital's doctors and personnel likewise volunteered during the Hospital's vaccination drive, dubbed as the "#VaccineAsianDay".
- ☐ The vaccination rate of the Hospital's healthcare workers is 99.7%.
- ☐ The Hospital had to reinvent its procedures and processes to ensure the safety of its staff and patients. For instance:
 - QR codes were placed in various places at the Hospital to enable health screening upon entry to the facility.
 - The Hospital also re-engineered patient flow to ensure that physical distancing is followed strictly.
 - Access to medical services were also improved through a number of digital platforms (e.g., e-consults and online appointment system) so that patients could continue to reach the Hospital despite the lockdowns and COVID-19 surges. The President noted that during the surges, as high as 60% of the outpatient services were booked using the online platform.

- Home-based healthcare services were also improved. For healthy patients, the Hospital launched the “telehersisyo” program for patients’ regular physical exercises.
- Part of the Hospital’s “tagged safe” campaign is to continuously inform the public on how they can continue to stay healthy during the COVID-19 pandemic. The Hospital’s medical experts appeared in media outfits to talk about various topics, such as COVID-19 survival tips and what to do in case of an emergency at home. The Hospital had around 3-4 media exposures per month in 2021. The Hospital likewise organized various fora and webinars to promote health and safety among Filipinos.
- In 2021, the Company was able to relaunch its corporate social responsibility (“CSR”) programs through Asian Hospital Charities, with the help of the Company’s volunteer circle.
 - The Hospital’s volunteer staff launched telemedicine programs at Barangays Acero and Buli in Muntinlupa City, among other communities.
 - The Hospital was able to provide medical assistance to 69 patients, 56% of whom underwent different surgeries, while 44% were assisted through consultation, diagnostic tests and counselling.
 - The Hospital, in partnership with the Department of Health, also launched the “Faces of Hope” program, which aimed to provide medical treatment to pediatric cancer patients.
 - Lastly, through the generosity of its volunteers, the Hospital was able to distribute around 2,000 care packs to families in 7 communities during the Christmas season via the “Tuloy Pa Rin ang Pasko” initiative.

Annual Quality Report

- The President described AHI’s Pandemic Curve from March 2020 to December 2021, which showed how the Hospital battled through the COVID-19 surges during said period. Despite the long surge brought about by the Delta variant during the second half of the year, the Hospital still managed to decrease its fatality rate to 9% and lessened the average rate of stay to 13 days compared to 2020. The fatality rate for critical COVID-19 cases in 2021 was lower by 6% compared to 2020.
- There was also an increase in non-COVID patient census in the first half of 2021, followed by a slight decrease in the second half of the year due to the Delta variant surge.
- In terms of staff safety, the Hospital’s vaccination rate is at 99.7%. The staff hospitalization rate also decreased in 2021 (9.4%) compared to

2020 (22.4%), which may be attributed to lower infections among healthcare workers in 2021.

- The results of the Hospital's Culture of Safety Survey showed that the patients believed that the Hospital adhered to the principles of safety and healing without harm. The overall score of the Hospital in 2021 (71%) was higher compared to last year (69%).
- In terms of patient experience, the Hospital's survey score continues to recover from 2020 figures. This is mainly due to the interventions done in various business units to continue to be more efficient and provide compassionate healthcare services to patients. The Hospital aims to continue improving its patient experience score to bring it back to the same pre-pandemic level.

Financial Report

- Revenues grew by 12% in 2021 translating to around Php4 Billion. The Company's earnings before interest, taxes, depreciation, and amortization (EBITDA) is around Php991 Million, representing a 37% increase from 2020.
- Net profits grew from Php105 Million in 2020 to Php320 Million in 2021. Cash from operations remains healthy, at Php639 Million by 2021 year-end. As the country sees the end of the pandemic, the Company is expected to slowly recover from its effects.
- The President then gave a summary of the historical dividends declared by the Company since 2017. For this year, the President announced that the Board declared cash dividends in the amount of Php158,811,728.00 or Php0.82 per share, which shall be paid out on May 27, 2022.

Following the President's report, the Chairman informed the stockholders that the floor was open for questions and/or comments for the Board and/or the management.

A stockholder inquired on the current value of the Company's shares. The Chief Finance Officer, Mr. Robert Martinez, replied that the book value per share of the Company's shares of stock as of 31 December 2021 was Php2.42 per share.

The next question from the stockholders was whether the Company was willing to buy its own shares of stock at current price. The Chairman replied that the market value of shares of stock is generally the value that a willing seller is prepared to receive and a willing buyer is prepared to pay for the shares. However, the Company has not yet purchased its own shares. Mr. Martinez likewise confirmed that the Company has no treasury shares.

The Chairman then noted that there was a request from the stockholders that the Company implement its approved criteria in delineating between active and visiting staff. The Chief Medical Officer, Dr. Lito Acuin, clarified that the current document that governs the delineation of active and visiting staff is the Staff Manual that was approved in 2018 by the Medical Executive Committee. Under the Staff Manual, an active staff is defined as any staff who is able to comply with the minimum number of patient encounters per year, and a visiting staff is one who cannot meet said requirement but has training or research value or mentoring value. So even if the visiting staff does not have the same number of encounters as an active staff, he/she can still join the medical staff by providing value in terms of training and research. This delineation has been in place since 2018.

Dra. Tuason clarified that they are aware of the Staff Manual. However, the Staff Manual approved by the Medical Executive Committee must be guided by or in compliance with the By-Laws since the latter is the one approved by the Board. Dr. Tuason inquired whether the Staff Manual can supersede the By-Laws.

Independent Director, Former Chief Justice Artemio Panganiban, replied that in general, the By-Laws constitute the "Constitution", as it were, of the organization, and everything that the organization does must conform to the By-Laws and any act that contravenes the By-Laws will not be valid. However, he also clarified that while anything contrary to the By-Laws will not be valid, in the absence of a provision in the By-Laws or if the By-Laws is silent, then a regulation will be valid. In other words, if there is no provision in the By-Laws, the regulations can be made by the authorities of the Board or the officers involved.

Dra. Tuason stated that as far as she knows, the By-Laws is not silent as to the delineation of active and visiting staff. This has been a long discussion between the doctors and department chairs in the past. Director Panganiban requested the Corporate Secretary to look at the By-Laws and check the provision which Dr. Tuason was referring to. The Corporate Secretary replied that Dr. Tuason may be referring to a Board action during the past years, and that the records will have to be reviewed.

The Chairman requested that the issue be taken offline. He directed the President and Dr. Acuin to meet with Dra. Tuason separately so that the parties could be aligned on the matter.

The next question from the stockholders pertained to the medical benefits to which active consultants and shareholders were entitled. The President stated that when new management took over in 2012, there was already a well-defined medical healthcare benefits program for all doctors and staff. This was enhanced in 2014 and expanded to include dependents. In time for the 20th anniversary, management team has formulated an updated program, which has been discussed with the Medical Executive Committee. This will be announced in the coming weeks.

Dr. Acuin stated that the current version of the updated medical benefits program was as follows – for all active medical staff, 20% discount on inpatient services and 40% on outpatient services. This was an improvement from the previous schedule of benefits, which provided for around 10%-20% discount. For visiting staff, the inpatient and outpatient discounts are 10% and 20%, respectively. For shareholders, the inpatient and outpatient discounts are 25% and 45%, respectively.

Dra. Tuason inquired on whether the senior citizen's discount can be availed of on top of the medical benefits. Dr. Acuin replied that if a patient is a senior citizen, then the Hospital will first take out the senior citizen discount, then apply the medical benefits discount to whatever is remaining.

Another question from the stockholders was whether the Hospital has plans to put up satellite outpatient facilities. The President replied that this is part of the strategy that the Hospital is pursuing, although he said that in the last two years, the Company prioritized strengthening the Hospital facility. He noted that the preference of most of the communities that the Hospital serves is not to stay long or to even avoid going to hospitals. Thus, the Company is looking at several existing clinics that can be operated as primary care clinics.

The Chairman added that the formation of satellite clinics has been part of the plans of management for a few years now. However, during the last budget presentation, the Board cautioned management to make sure that the challenges faced by the main Hospital are addressed. For example, bed capacity utilization for the first quarter of 2022 was only 30%. Thus, there is still a continuing challenge to bring back patients to the Hospital. The Board is supportive of the proposed satellite outpatient facilities and this move is also consistent with the Universal Healthcare Law. However, the Company also needs to make sure that the “mothership” is doing okay.

The last question from the stockholders was whether the valuation of the Company's shares includes the value of its land and building. The Chairman replied in the affirmative. Dra. Tuason asked if the stockholders would be able to know the percentage of increase in value of the shares coming from earnings, and the percentage attributable to increase in valuation of land. The Chairman replied that it is possible to make such computation. He also shared that there are many ways to value the shares of a company. For example, one approach that appraisers employ is the “highest and best use of property”. Here, a hospital business is not necessarily the “highest and best use” of a piece of real estate since the former is not a high margin business. Also, normally, investors in a business look at the earnings of the company, and not the asset value.

There being no further questions from the stockholders, the report of the President was noted.

5. Approval of the Audited Financial Statements of the Company for the Year Ending December 31, 2021

The next item on the agenda is the approval of the Audited Financial Statements of the Company for the year ending December 31, 2021, which was filed with the Bureau of Internal Revenue and the Securities and Exchange Commission, and presented in the President's Report. The Chairman informed the stockholders that a copy of the Audited Financial Statements was uploaded to the Hospital's website.

Dra. Sales-Diaz moved to approve the Audited Financial Statements of the Company for the year ending December 31, 2021. Dra. Tuason seconded the motion. There being no objection, the Chairman declared the Audited Financial Statements of the Company for the year ending December 31, 2021, approved by the stockholders.

6. Ratification of Corporate Acts Since April 30, 2021

The next item on the agenda is the ratification of the acts of the Board of Directors and management of the Company since April 30, 2021, as set forth in the minutes of the meetings of the Board of Directors held during the same period.

Dra. Sales-Diaz moved to ratify all of the acts of the Board of Directors and management of the Company from 30 April 2021 to the present. Dra. Tuason seconded the motion. There being no objection, the Chairman declared all of the acts of the Board of Directors and management of the Company since 30 April 2021 to the present, ratified and approved by the stockholders.

7. Election of Directors for the Year 2022-2023 (with Report on Incumbent Directors)

The next item on the agenda is the election of the members of the Board of Directors who shall serve for 2022-2023, until their successors are duly elected and qualified in accordance with the Company's By-laws.

Upon the request of the Chairman, the Corporate Secretary informed the stockholders that the following persons were nominated for election, and have confirmed that they have the qualifications and none of the disqualifications for them to be elected as members of the Board of Directors of the Company:

Regular Directors:

1. Dr. Sol. Z. Alvarez
2. Mr. Ricardo V. Buencamino
3. Mr. Reymundo S. Cochangco
4. Mr. Jose Noel C. de la Paz
5. Mr. Andres M. Licaros Jr.

6. Mr. Celso Bernard G. Lopez
7. Mr. Augusto P. Palisoc, Jr.
8. Mr. Manuel V. Pangilinan

Independent Directors:

1. Dr. Fernandino Jose A. Fontanilla
2. Retired Chief Justice Artemio V. Panganiban
3. Dr. Carmelita I. Quebengco

The Corporate Secretary further stated that the nominees for directors were the incumbent directors of the Company, who were elected during the last Annual Stockholders' Meeting held on April 30, 2021. The Corporate Secretary informed the stockholders that the profiles of the nominees are provided in the Information Statement, a copy of which was uploaded to the Hospital's website. This profile included, among others, their qualifications and relevant experience, length of service in the corporation, trainings and continuing education attended, and their board representations in other corporations.

Dra. Sales-Diaz moved to declare all nominees to be re-elected as directors of the Company to serve as such for the year 2022-2023. Dra. Tuason seconded the motion. There being no objection, the Chairman declared the afore-mentioned nominees re-elected as directors of the Company to serve as such for the year 2022-2023 and until their successors are duly elected and qualified in accordance with the Company's By-laws.

8. Appointment of External Auditors

The next item on the agenda is the appointment of the Company's external auditors. The Chairman informed the stockholders that the Audit Committee has recommended the re-appointment of Sycip Gorres Velayo & Co. as the external auditors of the Company for the year 2022-2023.

Dra. Sales-Diaz moved to re-appoint Sycip Gorres Velayo & Co. as the external auditors of the Company for the year 2022-2023. Dra. Tuason seconded the motion. There being no objection, the Chairman declared re-appointed Sycip Gorres Velayo & Co. as the Company's external auditors for the year 2022-2023.

9. Adjournment

There being no other matters to discuss, and upon motion duly made and seconded, the annual meeting of the stockholders was adjourned.

In closing, the Moderator invited the stockholders to participate at the 20th Founding Anniversary Celebration activities of the Hospital. The Moderator also advised the stockholders that a copy of the Company's 2021 Annual Report is available via the QR code (shown at the screen) or at the Hospital's website. The stockholders may also contact the Corporate

Communications Department via phone or email to get a copy of the 2021 Annual Report.

ATTEST:

AUGUSTO P. PALISOC, JR.
Chairman of the Board

GILBERT RAYMUND T. REYES
Corporate Secretary

**ANNEX “F”
ASIAN HOSPITAL, INC.
VIRTUAL ANNUAL STOCKHOLDERS’ MEETING**

RECORD DATE: 12 APRIL 2023

**REQUIREMENTS AND PROCEDURES FOR REGISTRATION
AND ELECTRONIC VOTING IN ABSENTIA**

Please be advised that the Annual Meeting of the stockholders of **ASIAN HOSPITAL, INC.** will be held on Tuesday, May 2, 2023 at 1:00 P.M.

In order to ensure the safety and welfare of our stockholders in light of the COVID-19 situation, the Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication and by voting in absentia, or voting through the Chairman of the meeting as proxy.

Registration Period

Registration to vote in absentia or via an absentee ballot may be made through the Company’s Electronic Voting in Absentia System at:

https://us06web.zoom.us/webinar/register/WN_IIfNV6FdATnCH4RZjgkm3rw
(the “Website”)

from 5:00 P.M. of April 12, 2023 until 5:00 P.M. of April 26, 2023 (the “Registration Period”). Beyond this time and date, a Stockholder may no longer be allowed to participate in the Annual Meeting of the stockholders.

Alternatively, a Stockholder or his or her representative may obtain a copy of the registration form from the Company’s Corporate Affairs Department located at 6F Asian Hospital Tower 2, from April 13, 2023 until April 26, 2023, from 8:00 A.M. until 5:00 P.M.

Registration Requirements

For Individual Stockholders

1. Completion of pre-registration form which will require the following information:
 - a. Full name of the stockholder;
 - b. Valid and current email address;
 - c. Valid and current contact number, including the area code (landline or mobile number);
 - d. Present address; and
 - e. Stock Certificate number or Stockholder number.
2. Submission of signed registration form (to the extent that not all information has been provided or there are lacking requirements) and proxy form (if applicable) personally or by email to the Company’s Stock Transfer Agent within the Registration Period, Monday to Friday from 9:00 a.m. to 5:00 p.m. at:

PROFESSIONAL STOCK TRANSFER INC.

10th Floor Telecom Plaza, 316 Gil Puyat Avenue, Makati City

Telephone Number: (632) 8687-4053

Look for: Ms. Hilda Amion or Ms. Edelyn Jimeno

(Email Address: hilda.amion@professionalstocktransfer.com or

edelyn.jimeno@professionalstocktransfer.com)

For Corporate Stockholders

1. Completion of online pre-registration form which will require the following information:

- a. Complete name of the stockholder;
- b. Full name of the stockholder's Authorized Representative;
- c. Valid and current email address of the stockholder's Authorized Representative;
- d. Valid and current contact number, including the area code (landline or mobile number) of the stockholder's Authorized Representative;
- e. Present address of the corporate Stockholder. and
- f. Stock Certificate number or Stockholder number.

2. Submission of signed registration form (to the extent that not all information has been provided or there are lacking requirements), proxy form (if applicable), and the Secretary's Certificate or equivalent document (in case of a non-resident stockholder) attesting to the authority of the Authorized Representative to vote for and on behalf of the corporate Stockholder personally or by email to the Company's Stock Transfer Agent within the Registration Period, Monday to Friday, from 9:00 a.m. to 5:00 p.m. at:

PROFESSIONAL STOCK TRANSFER INC.

10th Floor Telecom Plaza, 316 Gil Puyat Avenue, Makati City

Telephone Number: (632) 8687-4053

Look for: Ms. Hilda Amion or Ms. Edelyn Jimeno

(Email Address: hilda.amion@professionalstocktransfer.com or

edelyn.jimeno@professionalstocktransfer.com)

Registration Procedure

A. Online

1. Log in into the Electronic Voting in Absentia System at:

https://us06web.zoom.us/webinar/register/WN_IfNV6FdATnCH4RZigkm3rw

Please ensure that you have prepared the necessary information and requirements.

2. Enter the information required in the respective fields. When all information has been entered, please click the "Register" button.

3. You will receive an email from ahiagminfo@asianhospital.com confirming receipt of your pre-registration and providing the instructions on how to submit the Registration Requirements above-mentioned to the Stock and Transfer Agent.

4. The Stock and Transfer Agent will verify the information and the documents submitted. If the information and/or documents is incomplete, the Stockholder will receive an email from ahiagminfo@asianhospital.com requiring the submission of additional information and/or further documents.

5. Upon verification and clearance by the Stock and Transfer Agent, the stockholder will receive a second email from ahiagminfo@asianhospital.com containing the unique access code to the virtual annual stockholders meeting.

B. Onsite

1. Obtain a copy of the registration form at:

Corporate Affairs Department
6th Floor, Tower 2, Asian Hospital and Medical Center
(02) 8-771-9000 locals 5982, 8017, and 8094
2205 Civic Drive, Filinvest City, Alabang
Muntinlupa City, 1780 Philippines

2. Fill in the registration form with the information required in the respective fields.

3. Submit a scanned copy of the completed registration form to ahiagminfo@asianhospital.com or submit the completed registration form to the Corporate Affairs Department.

4. You will receive an email from ahiagminfo@asianhospital.com confirming receipt of your pre-registration and providing the instructions on how to submit the Registration Requirements above-mentioned to the Stock and Transfer Agent.

5. The Stock and Transfer Agent will verify the information and the documents submitted. If the information and/or documents is incomplete, the Stockholder will receive an email from ahiagminfo@asianhospital.com requiring the submission of additional information and/or further documents.

6. Upon verification and clearance by the Stock and Transfer Agent, the stockholder will receive a second email from ahiagminfo@asianhospital.com containing the unique access code to the virtual annual stockholders meeting.

Reminders:

- A Stockholder's online registration cannot be completed if any of the mandatory requirements is not submitted.
- Only Stockholders who submitted the complete requirements thru the Website, ahiagminfo@asianhospital.com, or the Corporate Affairs Department by April 26, 2022, 5:00 P.M. are entitled to participate in the 2023 Annual Meeting of stockholders.
- Please take note of your unique access link and keep it in a safe place.
- In case of any issues relating to your registration in the Website, or in case you lose your unique access link, please send an email to ahiagminfo@asianhospital.com.

Verification of Stockholder Registrations

The Company or its Stock Transfer Agent shall verify the information and details submitted through the Electronic Voting in Absentia System, through ahiagminfo@asianhospital.com, or through the Corporate Affairs Department starting on April 13, 2023 at 8:00 A.M.

After verification of complete submission of the required information and documents, the Stockholder shall receive an e-mail through the stockholder's registered e-mail address confirming registration. Such e-mail confirmation shall also contain a unique access code per stockholder.

Please call or contact the Company's Stock Transfer Agent or ahiagminfo@asianhospital.com in case you have not received any notification by April 26, 2023.

Conduct of the Annual Meeting

The Annual Meeting of the stockholders shall be broadcasted online. The procedure for online voting shall be emailed to the Stockholders who successfully registered before the expiration of the Registration Period.

Data Privacy

Each individual Stockholder's (or that of the corporate Stockholder's Authorized representative) data will be collected, stored, processed and used exclusively for the purposes of the Annual Meeting of the stockholders. Personal information will be processed in accordance with the Philippine Data Privacy Act of 2012 and applicable regulations. The detailed data privacy policy of the Company may be accessed in the Website.

Asian Hospital, Inc.
(A Subsidiary of Metro Pacific Health)

Financial Statements

As at December 31, 2022 and 2021
and for the Years Ended December 31, 2022,
2021 and 2020

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Asian Hospital, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Asian Hospital, Inc. (a subsidiary of Metro Pacific Health) (the Company) which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.



In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 27 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Asian Hospital, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Julie Christine O. Mateo

Julie Christine O. Mateo

Partner

CPA Certificate No. 93542

Tax Identification No. 198-819-116

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 93542-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-068-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9564675, January 3, 2023, Makati City

February 21, 2023



ASIAN HOSPITAL, INC.
(A Subsidiary of Metro Pacific Health)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱1,017,269,222	₱686,585,977
Receivables (Notes 5 and 22)	366,494,858	368,230,538
Inventories (Note 6)	164,156,796	231,547,840
Other current assets (Note 7)	35,030,147	29,533,014
Total Current Assets	1,582,951,023	1,315,897,369
Noncurrent Assets		
Property and equipment (Note 8)	3,919,303,131	3,975,127,660
Deferred income tax assets - net (Note 19)	119,724,657	127,799,369
Other noncurrent assets (Note 9)	67,205,778	67,898,479
Total Noncurrent Assets	4,106,233,566	4,170,825,508
TOTAL ASSETS	₱5,689,184,589	₱5,486,722,877
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 10, 12 and 22)	₱776,729,981	₱710,211,622
Income tax payable	45,900,002	66,173,333
Due to a related party (Note 22)	10,292,168	12,165,062
Total Current Liabilities	832,922,151	788,550,017
Noncurrent Liabilities		
Accrued retirement benefits liability - net (Note 18)	49,668,781	20,003,997
Lease liability - net of current portion (Notes 23 and 24)	2,164,796	—
Total Noncurrent Liabilities	51,833,577	20,003,997
Total Liabilities	884,755,728	808,554,014
Equity		
Capital stock [held by 611 and 604 equity holders in 2022 and 2021, respectively] (Note 11)	1,934,745,019	1,934,032,691
Additional paid-in capital	185,465,780	185,465,780
Retained earnings (Note 11)	2,685,216,308	2,543,445,584
Other comprehensive income (loss) - net of tax (Notes 9, 11 and 18)	(998,246)	15,224,808
Total Equity	4,804,428,861	4,678,168,863
TOTAL LIABILITIES AND EQUITY	₱5,689,184,589	₱5,486,722,877

See accompanying Notes to Financial Statements.

ASIAN HOSPITAL, INC.
(A Subsidiary of Metro Pacific Health)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
REVENUE (Note 12)	₱3,701,553,463	₱3,583,264,672	₱3,208,527,422
COST OF SERVICES AND SALES (Note 13)	(2,220,472,075)	(2,147,805,839)	(2,098,642,923)
GROSS PROFIT	1,481,081,388	1,435,458,833	1,109,884,499
Operating expenses (Note 14)	(960,444,520)	(1,044,422,200)	(971,811,190)
Other operating income - net (Note 15)	88,612,043	52,891,717	36,098,899
OPERATING INCOME	609,248,911	443,928,350	174,172,208
Interest income (Notes 4 and 5)	4,477,770	1,275,533	2,471,617
Finance costs (Note 16)	(1,453,257)	(1,217,218)	(3,024,840)
INCOME BEFORE INCOME TAX	612,273,424	443,986,665	173,618,985
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 19)			
Current	136,496,847	131,214,675	96,248,215
Deferred	16,382,397	(6,958,082)	(27,226,051)
	152,879,244	124,256,593	69,022,164
NET INCOME	459,394,180	319,730,072	104,596,821
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods, net of taxes (Notes 9, 11 and 18)	(16,223,054)	15,335,730	(334,695)
TOTAL COMPREHENSIVE INCOME	₱443,171,126	₱335,065,802	₱104,262,126
BASIC/DILUTED EARNINGS PER SHARE (Note 25)	₱0.2372	₱0.1651	₱0.0540

See accompanying Notes to Financial Statements.

ASIAN HOSPITAL, INC.*(A Subsidiary of Metro Pacific Health)***STATEMENTS OF CHANGES IN EQUITY****FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**

	Capital Stock (Note 11)	Additional Paid-in Capital	Retained Earnings (Note 11)	Other Comprehensive Income (Loss) - net of tax (Notes 9, 11 and 18)	Total
BALANCES AT DECEMBER 31, 2019	P1,933,624,405	P185,465,780	P2,301,171,160	P223,773	P4,420,485,118
Application of dividends against subscriptions receivable (Note 11)	291,012	-	-	-	291,012
Net income	-	-	104,596,821	-	104,596,821
Other comprehensive income (Notes 9, 11 and 18)	-	-	-	(334,695)	(334,695)
Total comprehensive income	-	-	104,596,821	(334,695)	104,262,126
Total before dividend declaration	1,933,915,417	185,465,780	2,405,767,981	(110,922)	4,525,038,256
Cash dividends (Note 11)	-	-	(129,760,802)	-	(129,760,802)
BALANCES AT DECEMBER 31, 2020	1,933,915,417	185,465,780	2,276,007,179	(110,922)	4,395,277,454
Application of dividends against subscriptions receivable (Note 11)	117,274	-	-	-	117,274
Net income	-	-	319,730,072	-	319,730,072
Other comprehensive loss (Notes 9, 11 and 18)	-	-	-	15,335,730	15,335,730
Total comprehensive income (loss)	-	-	319,730,072	15,335,730	335,065,802
Total before dividend declaration	1,934,032,691	185,465,780	2,595,737,251	15,224,808	4,730,460,530
Cash dividends (Note 11)	-	-	(52,291,667)	-	(52,291,667)
BALANCES AT DECEMBER 31, 2021	1,934,032,691	185,465,780	2,543,445,584	15,224,808	4,678,168,863
Application of dividends against subscriptions receivable (Note 11)	712,328	-	-	-	712,328
Net income	-	-	459,394,180	-	459,394,180
Other comprehensive loss (Notes 9, 11 and 18)	-	-	-	(16,223,054)	(16,223,054)
Total comprehensive income (loss)	-	-	459,394,180	(16,223,054)	443,171,126
Total before dividend declaration	1,934,745,019	185,465,780	3,002,839,764	(998,246)	5,122,052,317
Cash dividends (Note 11)	-	-	(317,623,456)	-	(317,623,456)
BALANCES AT DECEMBER 31, 2022	P1,934,745,019	P185,465,780	P2,685,216,308	(P998,246)	P4,804,428,861

See accompanying Notes to Financial Statements.



ASIAN HOSPITAL, INC.
(A Subsidiary of Metro Pacific Health)

STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱612,273,424	₱443,986,665	₱173,618,985
Adjustments for:			
Depreciation and impairment loss (Notes 8 and 9)	365,757,138	344,594,030	372,382,790
Amortization of software and licenses (Note 9)	12,966,263	7,402,284	10,443,997
Retirement benefits cost (Notes 17 and 18)	9,568,309	16,186,478	11,431,052
Provision for inventory obsolescence (Note 6)	2,930,727	3,845,131	5,079,795
Interest expense (Notes 16, 18 and 23)	1,126,169	929,035	2,754,556
Loss on disposal of property and equipment (Notes 8 and 15)	61,179	26,441	1,510,567
Unrealized foreign exchange loss (gain) - net	(14,159,125)	(6,176,393)	4,986,608
Interest income (Notes 4 and 5)	(4,477,770)	(1,275,533)	(2,471,617)
Provision for expected credit losses (Notes 5 and 14)	—	188,400,074	133,950,421
Operating income before working capital changes and provisions	986,046,314	997,918,212	713,687,154
Decrease (increase) in:			
Receivables	1,291,399	(223,054,148)	(194,291,361)
Inventories	64,460,317	(4,914,741)	(67,752,391)
Other current assets	(5,497,133)	1,511,789	(4,138,841)
Increase (decrease) in:			
Accounts payable and other current liabilities	100,596,096	19,038,259	93,441,230
Due to a related party	(1,872,894)	(3,661,387)	8,464,590
Cash generated from operations	1,145,024,099	786,837,984	549,410,381
Interest received	4,477,770	1,275,533	2,471,617
Contribution to the retirement fund and benefits paid (Note 18)	(14,070,493)	(19,348,396)	(23,190,167)
Income taxes paid, including creditable withholding tax	(156,770,179)	(129,431,931)	(123,295,345)
Net cash from operating activities	978,661,197	639,333,190	405,396,486
CASH FLOWS USED IN INVESTING ACTIVITIES			
Additions to:			
Property and equipment (Notes 8 and 24)	(332,442,329)	(251,312,675)	(272,035,772)
Software and licenses (Notes 9 and 24)	(31,140,462)	(4,248,076)	(3,705,234)
Proceeds from disposal of property and equipment (Note 8)	1,432,661	25,447	150,446
Decrease (increase) in:			
Advances to contractors	20,884,930	(28,504,908)	3,086,016
Other noncurrent assets	(152,807)	55,000	—
Net cash used in investing activities	(341,418,007)	(283,985,212)	(272,504,544)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Payments of:			
Dividends (Notes 11 and 24)	(316,911,128)	(52,174,393)	(129,469,790)
Lease liability (Note 24)	(4,235,000)	(3,850,000)	(3,500,000)
Interest (Note 10)	(17,223)	—	—
Cash used in financing activities	(321,163,351)	(56,024,393)	(132,969,790)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	14,603,406	5,796,747	(4,360,351)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	330,683,245	305,120,332	(4,438,199)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	686,585,977	381,465,645	385,903,844
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱1,017,269,222	₱686,585,977	₱381,465,645

See accompanying Notes to Financial Statements.

ASIAN HOSPITAL, INC.
(A Subsidiary of Metro Pacific Health)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issuance of Financial Statements

Corporate Information

Asian Hospital, Inc. (AHI or the Company) is a stock corporation organized and registered with the Philippine Securities and Exchange Commission (SEC) on December 12, 1994. Its primary purpose is to operate and manage tertiary hospitals and other allied undertakings and services.

On December 6, 2011, the controlling interest in the Company was purchased by Metro Pacific Investments Corporation (MPIC) from Bumrungrad International Limited (BIL). Correspondingly, MPIC became the Company's parent in 2011. Prior to December 6, 2011, the parent company was BIL.

On April 19, 2012, a mandatory tender offer for the 43.50% stake held by the Company's non-controlling investors launched by MPIC was completed. Metro Pacific Health (MPH), a subsidiary of MPIC, and a non-controlling investor of AHI, exercised its Right of First Refusal and purchased an additional 27.98% stake in the Company from other non-controlling investors. This resulted to an increase in MPH's ownership in AHI to 52.41% as of April 19, 2012.

On May 20, 2014, MPH acquired from MPIC additional shares in AHI which resulted to an increase in MPH's ownership in AHI to 58.1% as of December 31, 2014. In addition, MPH also acquired 100% of the outstanding capital stock of Bumrungrad International Philippines, Inc. (BIPI) on July 1, 2014. BIPI has legal and beneficial ownership in AHI of 27.5%. As at December 31, 2018, MPH effectively owns 85.6% of AHI.

MPH is incorporated in the Philippines and its registered office address is 5th Floor Tower I, Rockwell Business Center, Ortigas Avenue, Brgy. Ugong, Pasig City. On September 14, 2022, MPH filed for an amendment in its articles of incorporation to change its corporate name to Metro Pacific Health. On February 10, 2023, the SEC approved the amendment.

The registered business address of the Company is 2205 Civic Drive, Filinvest Corporate City, Alabang, Muntinlupa City.

Authorization for Issuance of Financial Statements

The financial statements were authorized for issue by the Board of Directors (BOD) on February 21, 2023.

2. Summary of Significant Accounting Policies and Financial Reporting Practices

Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI). The financial statements are presented in Philippine Peso (Peso), which is the Company's functional and presentation currency, and all values are rounded to the nearest Peso except when otherwise indicated.

The accompanying financial statements have been prepared under the going concern assumption. The Company believes that its businesses would remain relevant despite challenges posed by the COVID-19 pandemic. Despite the adverse impact of the COVID-19 pandemic on short-term business results, long-term prospects remain attractive.

Statement of Compliance

The financial statements of the Company are prepared in accordance with Philippine Financial Reporting Standards (PFRSs). The term PFRS includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations issued by the Philippine Interpretations Committee and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the Philippine SEC.

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

- *Amendments to PFRS 3, Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- *Amendments to PAS 16, Property, Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- *Amendments to PAS 37, Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

Current versus Noncurrent Classification

The Company presents assets and liabilities in the statement of financial position based on whether it is current and 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 twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve 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 twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

The Company measures financial instruments, such as financial asset at FVOCI at each reporting date. 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 Company.

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 non-financial 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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are 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 financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of 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 of input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company 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.

At each reporting date, management analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company 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 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 date of acquisition and that are subject to an insignificant risk of change in value.

Financial Instruments: Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVOCI, and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows representing solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company'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 Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

As at December 31, 2022 and 2021, the Company has no financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments) and financial assets at FVPL.

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company 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 closely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) 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, 2022 and 2021, the Company's financial assets at amortized cost includes cash in bank and cash equivalents, receivables and refundable deposits included under "Other noncurrent assets" in the statements of financial position (see Notes 4, 5 and 9).

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI 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 profit or loss. Dividends are recognized as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in Other Comprehensive Income (OCI). Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company elected to classify irrevocably its equity investments under this category as the Company considers these investments to be strategic in nature.

As at December 31, 2022 and 2021, the Company's financial assets at FVOCI includes investment in shares included under "Other noncurrent assets" in the statements of financial position (see Note 9).

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. 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 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 timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Instruments: Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

Subsequent measurement - financial liabilities at amortized cost

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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. The EIR amortization is included as finance costs under the "Finance costs" in the statement of comprehensive income.

As of December 31, 2022, and 2021, the Company's accounts payable and other current liabilities (excluding statutory payables and contract liabilities), due to a related party and lease liability are classified under this category (see Notes 10, 22 and 23).

Derecognition of financial assets and financial liabilities

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

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

- the Company has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company 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 Company and all of the counterparties.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost is the purchase cost determined using weighted average method for medicines and medical supplies. NRV of inventories is the selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Inventories are derecognized either when sold or written-off. When inventories are sold for operations, the carrying amount of those inventories shall be recognized as an expense in the period in which the related revenue is recognized.

Allowance is made, when necessary, for obsolete, slow-moving and defective inventories. The amount of any write-down of inventories to NRV and all losses of inventories shall be recognized as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-downs of inventories, arising from an increase in NRV, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Other Current Assets

Other current assets include prepaid expenses, creditable withholding taxes (CWT) and input value-added tax (VAT). Other current assets are expenses paid in advance and recorded as asset before they are used or consumed, as the service or benefit will be received in the future. Prepayments are recognized as expenses either with the passage of time or through use or consumption.

The Company conducts regular assessment on the recoverability of the account balance depending on how these are to be utilized. The amount of the loss is measured as the difference between the asset's carrying amount and estimated recoverable value. Impairment loss is recognized in the statement of comprehensive income and the carrying amount of the asset through the use of an allowance.

Property and Equipment

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

The initial cost of property and equipment consists of its purchase price, including import duties, taxes, and any costs directly attributable in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance costs, are recognized in profit or loss in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of the property and equipment.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Buildings	40
Building equipment	15 to 25
Building improvements	5
Medical equipment and instruments	2 to 20
Hospital furniture, fixtures and equipment	3 to 20
Office furniture and equipment	5 to 20

Depreciation commences once the assets are available for use. It ceases at the earlier of the date that it is classified as held for sale and the date the asset is derecognized.

The useful lives and depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment. When assets are sold or retired, the cost and the related accumulated depreciation and any impairment in value are eliminated from the accounts. Any gain or loss resulting from the disposal is recognized in profit or loss.

Construction in progress and equipment for installation are stated at cost less any impairment in value. These include cost of construction, equipment, borrowing costs and other direct costs.

Construction in progress and equipment for installation are not depreciated until such time as the relevant assets are completed and put into operational use.

Right-of-use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are amortized on a straight-line basis over the shorter of its estimated useful life and the lease term. The Company classifies right-of-use assets as property and equipment.

Software and Licenses

Software and licenses, which are included under “Other noncurrent assets” in the statement of financial position, are measured on initial recognition at cost. Following initial recognition, software and licenses are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method over its estimated useful life of five (5) years.

Investment Properties

Investment properties, pertaining to a condominium unit, included under “Other noncurrent assets” in the statement of financial position, are measured initially at cost, including transaction costs.

Subsequent to initial recognition, it is stated at cost less accumulated depreciation and any impairment in value.

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

Depreciation on the investment property is calculated using the straight-line method over the estimated useful life of twenty-five (25) years.

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

Impairment of Nonfinancial Assets

Property and equipment, including right-of-use asset, software and licenses and investment properties are reviewed for impairment whenever events or changes in circumstances indicate that testing is required for an asset, and where the carrying values exceed the estimated recoverable amount. If any such indication exists, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount is the greater of fair value less cost to sell or value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses, if any, are recognized in profit or loss.

Capital Stock

Capital stock is measured at par value for all shares issued. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and number of shares issued.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Subscription receivable is presented in the statement of financial position as a deduction from the related subscribed ordinary shares; however, when it is collectible within one year, this may be shown as a current asset. It is debited for the total proceeds of the subscriptions to the ordinary shares and credited for the collections on the subscriptions.

Retained Earnings

Retained earnings represent the cumulative balance of periodic net income or losses, dividend distributions, prior period adjustments, effect of changes in accounting policies and other capital adjustments. When the retained earnings account has a debit balance, it is called "deficit". A deficit is not an asset but a deduction from equity.

Other Comprehensive Income (OCI)

OCI comprises items of income and expense that are not recognized in profit or loss for the year in accordance with PFRS. OCI includes fair value changes financial asset at FVOCI and available-for-sale (AFS) financial assets and remeasurement gains or losses on retirement benefits.

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company has generally concluded that it is principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

Patient service revenue

Patient service revenue qualifies for revenue recognition over time under paragraph 35(a) of PFRS 15 because the patient simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs. The Company elects to use the right to invoice practical expedient in recognizing revenue because the Company has a right to consideration from the patient in an amount that corresponds directly with the value to the patient of the Company's performance completed to date. Payment is due once the Company satisfies its performance obligation except for certain corporate customers which are allowed to settle the payment within 30-90 days.

Pharmacy sales

The Company assessed pharmacy sales to be either combined as one performance obligation with the healthcare services if the medicines are part of a series of distinct goods and services which cannot be separately identified or as a separate performance obligation if the patient can benefit solely from the goods, are readily available to the patient and separately identifiable from other goods and services of the Company. In the former case, pharmacy sales shall have the same measure of progress as the inpatient service revenue (i.e., over time) while in the latter, revenue shall be recognized as these are sold outright (i.e., point in time).

In determining the transaction price for the sale of healthcare services and goods, the Company considers the effects of any variable consideration such as discounts, rebates and implicit price concession. 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 recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Contract Balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company 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.

The Company has no contract assets and has no outstanding performance obligations as at December 31, 2022 and 2021.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Company 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 Company performs under the contract.

As at December 31, 2022 and 2021, the Company reported contract liabilities pertaining to advances received from patients for medical services that has yet to be performed. This can be redeemed by the patients in a future time through rendering of services and was presented as part of "Accounts payable and other current liabilities" on the statement of financial position (see Notes 10 and 12).

Interest income

Income is recognized as the interest accrues considering the effective yield of the assets.

Rent income

Income under operating lease agreements is recognized on a straight-line basis over the lease term.

VAT

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss in the year they are incurred. The following specific costs and expense recognition criteria must also be met before costs and expenses are recognized:

Cost of services

Costs are generally recognized when the services are rendered and when the supplies necessary in rendering healthcare services to patients are used.

Cost of sales - pharmacy

Cost of sales is recorded in the books when the medicines are administered to patients.

Operating expenses

Operating expenses constitute the costs of administering the business and are expensed as incurred. These expenses pertain to personnel costs, supplies expenses, utilities expense and other expenses incurred by the general and administrative departments of the Company.

Retirement Benefits Cost and Other Employee Benefits

The net accrued retirement benefits 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 (if any), 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.

Retirement benefits costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability
- Remeasurements of net defined benefit liability

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. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net accrued retirement benefits liability is the change during the period in the net accrued retirement benefits liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net interest on the net accrued retirement benefits liability recognized as expense or income in profit or loss and is presented under "Finance costs" in the statement of comprehensive income.

Remeasurements comprising actuarial gains and losses and return on plan assets (excluding net interest on accrued retirement benefits liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. 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 Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Company's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they accrue to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Leases

A lease arrangement is established by a contract (the lease) that conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration. A portion of an asset is an identified asset if it is physically distinct. If it is not physically distinct, the portion of an asset is not an identified asset, unless the lessee has the right to use substantially all of the capacity of the asset during the lease term.

If a contract contains more than one lease component, or a combination of leasing and selling transactions, the consideration is allocated to each of the lease and non-lease components on conclusion and on each subsequent measurement of the contract on the basis of their stand-alone selling prices.

The Company as a lessee

The Company has certain leases of machineries, office equipment, and parking lots and spaces of land. Generally, the leases have lease terms of one year or less and are renewable under certain terms and conditions to be mutually agreed upon by the parties. The Company applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Company as a lessor

Leases where the Company retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Rental income under operating leases is accounted for in accordance with the terms of the leases and generally on a straight-line basis and is included under "Other operating income" in the statement of comprehensive income.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of the reporting date.

Deferred income tax

Deferred income tax assets are provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary difference can be utilized.

Deferred income tax, however, is not recognized when it 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 income or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax asset to be recovered.

Deferred income tax relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and deferred income tax 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 rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income tax relates to the same entity and the same taxation authority.

Foreign Currency-denominated Transactions and Translations

The functional currency of the Company is the Philippine Peso. Transactions denominated in foreign currencies are recorded in Peso using the applicable exchange rate at the date of the transaction. Outstanding monetary assets and monetary liabilities denominated in foreign currencies are restated using the applicable closing exchange rate at the reporting date. Foreign exchange gains or losses are recognized in profit or loss.

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. 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.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

Events After the Reporting Date

Events after the reporting date that provide additional information about the Company's financial position at the reporting date (adjusting event), if any, are reflected in the financial statements. Events after the reporting date that are not adjusting events, if any, are disclosed in the notes to financial statements when material.

Earnings per Share (EPS)

Basic earnings per share is computed by dividing net income by the weighted average number of shares outstanding during the year, after giving retroactive effect to any stock split and stock dividends declared during the year.

The Company does not have potentially dilutive shares.

3. Management's Use of Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires management to exercise judgments, make accounting estimates and use assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments, estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Future events may occur which can cause the assumptions used in arriving at those judgments and estimates to change. The effects of any changes will be reflected in the financial statements as they become reasonably determinable.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effects on amounts recognized in the financial statements:

Determination of whether the Company is acting as principal or agent

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal on all of its revenue arrangements because the Company is the primary obligor who is responsible for providing the services to the patients and the Company bears the credit risk. The Company presents its revenues from pharmacy and hospital services, net of applicable discounts.

The Company as a lessee

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of equipment. It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below ₱0.3 million). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Company as a lessor

The Company has entered into commercial property leases on its investment property and concessionaire agreements with various business entities on certain areas of its building. The Company has determined that it retains all the significant risks and rewards of ownership of its investment property and certain areas of its building which are leased out on operating leases. Contingent rents are recognized as income in the period in which they are earned.

Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainties at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Estimating the incremental borrowing rate (PFRS 16)

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The present value of the lease payments is determined using the discount rate representing the interest rate implicit in the lease, or the lessee's incremental borrowing rate, if that rate cannot be readily determined. The Company assessed the incremental borrowing rate based on the interest rate that the Company would have to pay over the similar lease term, the fund necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate used on the existing lease is 4.95%.

Estimation of the fair value of financial assets and financial liabilities

The Company carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the amount of changes in fair value would differ if the Company utilized a different valuation methodology. Any change in fair value of these financial assets and financial liabilities would affect the profit or loss and other comprehensive income of the Company.

As at December 31, 2022, and 2021, financial assets recognized in the statements of financial position amounted to ₱1,392.7 million and ₱1,067.3 million, respectively, while financial liabilities amounted to ₱753.9 million and ₱685.9 million, respectively (see Note 21).

Provision for ECL of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analyzed.

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

In its ECL model, the Company relies on a broad range of forward-looking information as economic inputs such as gross domestic product and inflation. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The ongoing COVID-19 outbreak is widely expected to adversely affect the global economy and financial markets for the foreseeable future. The economic impact of COVID-19 depends on the mutation of the virus and the response of the authorities and the global community. The situation continues to evolve and the impact on the global and Philippine economy and the related government responses and measures depend on future developments that are highly uncertain. In light of the COVID-19 pandemic, the Company reviewed the conduct of its impairment assessment on its receivables for each customer segment.

In 2021, the Company revisited its estimate of loss given default for its receivables and updated the provision rates of receivables from actual computed loss rates for each customer segment aged up to 120 days to the actual computed loss rates for each customer segment aged up to 360 days. This is to reflect the Company's current collection trend from its receivables.

Provision for ECL amounted to nil, ₱188.4 million and ₱134.0 million in 2022, 2021 and 2020, respectively (see Note 14). Receivables, net of allowance for ECL, amounted to ₱366.5 million and ₱368.2 million as at December 31, 2022 and 2021, respectively (see Note 5).

Estimation of allowance for inventory losses

Provisions are made for expired and slow-moving medicines and medical supplies pending disposal. Medicines and medical supplies, net of allowance for inventory losses, amounted to ₱164.2 million and ₱231.5 million as at December 31, 2022 and 2021, respectively. Inventory write-off amounted to ₱5.9 million and 11.9 million as at December 31, 2022 and 2021, respectively (see Note 6).

Provision for inventory obsolescence amounted to ₱2.9 million, ₱3.8 million and ₱5.1 million in 2022, 2021 and 2020, respectively (see Notes 6 and 13).

Estimation of impairment of property and equipment, right-of-use asset, investment properties, and software and licenses

The Company assesses the impairment of property and equipment, right-of-use asset, investment properties, and software and licenses whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's net selling price and value-in-use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

No impairment loss was recognized on property and equipment, right-of-use asset, investment properties, and software and licenses in 2022, 2021 and 2020 (see Notes 8 and 9). Accumulated impairment losses on property and equipment amounted to ₱0.1 million and ₱1.3 million as at December 31, 2022 and 2021 (see Note 8).

As at December 31, 2022, the carrying values of property and equipment, investment properties, and software and licenses amounted to ₱3,919.3 million, ₱2.2 million and ₱23.5 million, respectively, while their carrying values as at December 31, 2021 amounted to ₱3,975.1 million, ₱2.3 million and ₱12.0 million, respectively (see Notes 8 and 9).

Recognition of deferred income tax assets

The Company reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized.

Management recognized deferred income tax assets amounting to ₱123.7 million and ₱129.9 million as at December 31, 2022 and 2021, respectively, because management expects to realize their benefits in the future (see Note 19).

Estimation of retirement benefits cost

The cost of defined benefit pension plans as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, accrued retirement benefits liability are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Net retirement benefit cost recognized in profit or loss amounted to ₱9.6 million, ₱16.2 million and ₱11.4 million in 2022, 2021 and 2020, respectively, while net interest expense from retirement benefit cost amount to ₱0.9 million, ₱0.7 million and ₱2.4 million in 2022, 2021 and 2020, respectively

(see Notes 17 and 18). Actuarial gain on accrued retirement benefits liability net of tax recognized in OCI amounted to ₱15.9 million in 2021 and actuarial loss on accrued retirement benefits liability, net of tax, recognized in OCI amounted to ₱24.9 million and ₱0.3 million in 2022 and 2020, respectively (see Note 18). As at December 31, 2022 and 2021, accrued retirement benefits liability amounted to ₱49.7 million and ₱20.0 million, respectively (see Note 18).

Contingencies

The Company is a party in various lawsuits, the outcome of which is presently undeterminable. All such cases are in the normal course of business and are not deemed to be considered as material legal proceedings. Further, these cases are either pending in courts or under protest, the outcome of which are not presently determinable. Management and its legal counsel believe that the liability, if any, that may result from the outcome of these litigations and claims will not materially affect their financial position or performance.

4. Cash and Cash Equivalents

	2022	2021
Cash on hand and in banks	₱804,840,474	₱456,133,969
Time deposit	212,428,748	230,452,008
	₱1,017,269,222	₱686,585,977

Cash and cash equivalents include cash in banks and temporary placements that are made for varying periods up to three months depending on the immediate cash requirements of the Company. Cash in banks earn interest at the prevailing bank rates.

Interest income earned from cash in banks and cash equivalents amounted to ₱3.7 million, ₱1.1 million and ₱2.4 million in 2022, 2021 and 2020, respectively.

5. Receivables

	2022	2021
Trade:		
Philippine Health Insurance Corporation (PhilHealth)	₱315,431,108	₱409,585,690
Self-pay	131,525,537	159,259,193
Health maintenance organizations (HMO)	115,458,513	51,269,936
Corporate accounts	48,713,719	31,157,676
International insurance	17,270,744	34,552,743
Others	29,370,448	31,327,362
Nontrade	36,946,110	33,171,559
	694,716,179	750,324,159
Less allowance for ECL	328,221,321	382,093,621
	₱366,494,858	₱368,230,538

Movements in the allowance for ECL follow:

	2022	2021
Beginning balances	₱382,093,621	₱228,186,107
Provision for ECL (Note 14)	-	188,400,074
Write off	(53,872,300)	(34,492,560)
Ending balances	₱328,221,321	₱382,093,621

The Company's outstanding trade receivables from related parties amounted to ₱5.4 million as at December 31, 2022 and 2021 (see Note 22).

Interest income earned from late payment charges totaled ₱0.7 million, ₱0.2 million and ₱0.1 million in 2022, 2021 and 2020, respectively.

Accounts provided with allowance were evaluated on a continuous basis and specifically identified by management on the basis of factors that affect the collectability of each account.

6. Inventories

	2022	2021
At Cost:		
Medicines	₱56,865,399	₱73,224,253
Medical supplies	114,954,567	168,941,119
	171,819,966	242,165,372
Less allowance for inventory obsolescence	7,663,170	10,617,532
	₱164,156,796	₱231,547,840

The cost of medicines and medical supplies carried at net realizable value amounted to ₱7.7 million and ₱10.6 million as at December 31, 2022 and 2021, respectively. All inventories carried at net realizable value were fully provided with allowance.

Movements in the allowance for inventory obsolescence accounts follow:

	2022	2021
Beginning balance	₱10,617,532	₱18,641,927
Provision for inventory obsolescence (Note 13)*	2,930,727	3,845,131
Write off	(5,885,089)	(11,869,526)
	₱7,663,170	₱10,617,532

*Presented as "Others - net" under "Cost of Services and Sales".

7. Other Current Assets

	2022	2021
Prepaid expenses	₱23,347,234	₱17,777,755
CWT	11,536,648	11,755,259
Input VAT	146,265	-
	₱35,030,147	₱29,533,014

Prepaid expenses mainly pertain to advance payments for subscription, insurance and supplies.

CWT represents amount withheld by counterparty for services rendered by the Company which can be claimed as tax credits.

Input VAT pertains to VAT imposed on purchases of services. These are expected to be offset against output VAT arising from the Company's revenue/income subject to VAT in the future.

8. Property and Equipment

As at December 31, 2022:

	Land	Buildings	Building Equipment	Building Improvements	Medical Equipment and Instruments	Hospital Furniture, Fixtures and Equipment	Office Furniture and Equipment	Right-of-use Asset	Construction in Progress and Equipment for Installation	Total
Cost										
Beginning balances	P506,088,432	P3,182,896,665	P1,160,539,848	P258,489,646	P2,426,322,346	P492,467,098	P103,474,569	P9,120,900	P29,787,220	P8,169,186,724
Additions	-	-	8,760,000	8,202,764	117,477,813	37,965,270	5,289,962	8,357,793	124,152,205	310,185,607
Reclassifications	-	133,419,425	-	-	20,500,000	-	-	-	(153,919,425)	-
Disposals	-	-	-	-	(66,285,817)	(6,138,344)	(1,030,958)	-	-	(73,454,219)
Ending balances	506,088,432	3,316,316,090	1,169,299,848	266,692,410	2,498,014,342	524,294,024	107,734,473	17,478,693	-	8,405,918,312
Accumulated Depreciation										
Beginning balances	-	965,486,369	643,330,962	248,716,564	1,855,329,226	384,850,252	88,179,489	6,882,828	-	4,192,775,690
Depreciation (Notes 13 and 14)	-	87,716,540	50,366,294	4,425,289	168,366,628	44,905,295	5,832,860	3,979,279	-	365,592,185
Disposals	-	-	-	-	(65,557,295)	(5,346,837)	(966,962)	-	-	(71,871,094)
Ending balances	-	1,053,202,909	693,697,256	253,141,853	1,958,138,559	424,408,710	93,045,387	10,862,107	-	4,486,406,781
Accumulated Impairment Losses										
Beginning balances	-	-	-	-	10,983	3,884	103,533	-	-	118,400
Net Book Value	P506,088,432	P2,263,113,181	P475,602,592	P13,550,557	P539,864,800	P99,881,430	P14,585,553	P6,616,586	P-	P3,919,303,131

As at December 31, 2021:

	Land	Buildings	Building Equipment	Building Improvements	Medical Equipment and Instruments	Hospital Furniture, and Equipment	Office Furniture and Equipment	Right-of-use Asset	Construction in Progress and Equipment for Installation	Total
Cost										
Beginning balances	P506,088,432	P3,066,781,006	P1,136,842,088	P253,966,334	P2,328,611,827	P458,594,157	P99,600,409	P9,120,900	P68,728,234	P7,928,333,387
Additions	—	—	16,017,760	4,523,312	120,178,158	34,110,717	4,087,696	—	84,854,645	263,772,288
Reclassifications	—	116,115,659	7,680,000	—	—	—	—	—	(123,795,659)	—
Disposals	—	—	—	—	(22,467,639)	(237,776)	(213,536)	—	—	(22,918,951)
Ending balances	506,088,432	3,182,896,665	1,160,539,848	258,489,646	2,426,322,346	492,467,099	103,474,569	9,120,900	29,787,220	8,169,186,724
Accumulated Depreciation										
Beginning balances	—	881,235,070	592,960,520	244,597,423	1,724,127,499	343,026,079	81,825,671	3,441,414	—	3,871,213,676
Depreciation (Notes 13 and 14)	—	84,251,299	50,370,442	4,119,141	153,664,464	42,030,731	6,551,586	3,441,414	—	344,429,077
Disposals	—	—	—	—	(22,462,737)	(206,558)	(197,768)	—	—	(22,867,063)
Ending balances	—	965,486,369	643,330,962	248,716,564	1,855,329,226	384,850,252	88,179,489	6,882,828	—	4,192,775,690
Accumulated Impairment Losses	—	—	—	—	866,303	41,312	375,759	—	—	1,283,374
Net Book Value	P506,088,432	P2,217,410,296	P517,208,886	P9,773,082	P570,126,817	P107,575,534	P14,919,321	P2,238,072	P29,787,220	P3,975,127,660



The cost of fully depreciated property and equipment that are still being used in operations amounted to ₱1,833.6 million and ₱1,724.5 million as at December 31, 2022 and 2021, respectively.

The Company disposed some items of property and equipment in 2022, 2021 and 2020. Transactions are as follows:

	2022	2021	2020
Net book value	₱1,583,125	₱51,888	₱1,703,813
Less: Proceeds	1,432,661	25,447	150,446
Trade-in value	89,285	—	42,800
Loss on disposals	₱61,179	₱26,441	₱1,510,567

Trade-in value received by the Company upon sale of property and equipment was included as part of the additions in property and equipment.

9. Other Noncurrent Assets

	2022	2021
Software and licenses	₱23,502,922	₱11,998,547
Advances to contractors	17,552,210	38,437,140
Financial assets at FVOCI	17,168,000	8,468,000
Refundable deposits	6,810,777	6,657,970
Investment property	2,171,869	2,336,822
	₱67,205,778	₱67,898,479

- Advances to contractors pertains to advance payments to suppliers. These advances will be applied as payment for assets to be classified as property and equipment.
- Software and licenses as at December 31 follow:

	2022	2021
Cost		
Beginning balances	₱163,409,719	₱152,876,890
Additions	24,470,638	10,532,829
Ending balances	187,880,357	163,409,719
Accumulated Amortization		
Beginning balances	151,411,172	144,008,888
Amortization (Notes 13 and 14)	12,966,263	7,402,284
Ending balances	164,377,435	151,411,172
Net Book Value	₱23,502,922	₱11,998,547

- Movement in the carrying values of financial assets at FVOCI as at December 31 are as follows:

	2022	2021
Beginning balance	₱8,468,000	₱8,568,000
Unrealized gain (loss) on changes in fair value	8,700,000	(100,000)
Ending balance	₱17,168,000	₱8,468,000

Movement in the unrealized gain on changes in fair value of financial assets at FVOCI as at December 31 are as follows:

	2022	2021
Beginning balance	₱5,835,000	₱5,935,000
Unrealized gain (loss) on changes in fair value	8,700,000	(100,000)
Ending balance (Note 11)	₱14,535,000	₱5,835,000

- d. As at December 31, 2022, and 2021, refundable deposits consist of Meralco deposit equivalent to an estimated one-month billing and a meter deposit made in 2001 for the installation of electricity lines in the Hospital buildings.
- e. Investment property consists of a condominium unit as at December 31:

	2022	2021
Cost	₱4,123,808	₱4,123,808
Accumulated Depreciation		
Beginning balances	1,786,986	1,622,033
Depreciation (Note 14)	164,953	164,953
Ending balances	1,951,939	1,786,986
Net Book Value	₱2,171,869	₱2,336,822

The fair value of the investment property cannot be determined as there is no recent market transaction for these investments. No impairment loss was recognized on investment property in 2022, 2021 and 2020.

There are no direct operating expenses including repairs and maintenance arising from investment property that generated rental income in 2022, 2021 and 2020.

10. Accounts Payable and Other Current Liabilities

	2022	2021
Trade accounts payable	₱359,359,438	₱352,225,849
Accrued expenses	215,826,642	140,153,057
Accrued physician fees	64,575,644	44,537,328
Statutory payables	24,410,253	24,583,375
Contract liabilities (Note 12)	11,087,245	12,091,059
Retention payable	8,501,957	9,632,423
Refund payable	6,891,737	8,662,262
Others	86,077,065	118,326,269
	₱776,729,981	₱710,211,622

- a. Trade payables include unpaid billings of creditors, suppliers and contractors. The trade suppliers generally provide 7, 15 or 30-day terms to the Company. Prompt payment discounts of 1%, 1.25%, 1.5%, 2%, 3% and 5% are given by a number of trade suppliers.

Related party balances included in "Trade accounts payable" and "Accrued expenses" amounted to ₱25.0 million and ₱10.1 million as at December 31, 2022 and 2021, respectively (see Note 22).

- b. Accrued expenses include accruals for various expenses used in the operations of the Company which are normally settled within the next twelve months. Details of accrued expenses as at December 31 are as follows.

	2022	2021
Personnel	₱47,285,304	₱16,757,304
Outside services	36,288,529	30,122,718
Professional fees	32,160,250	23,400,969
Cost of medical supplies	30,887,252	27,751,740
Utilities	23,507,893	10,423,010
Maintenance	9,164,243	3,088,587
General expenses	8,653,520	7,478,125
Rebate	5,861,211	5,250,460
Rent	3,472,954	3,402,482
Others	18,545,486	12,477,662
	₱215,826,642	₱140,153,057

- c. Physician fees pertain to professional fees, payable to its physicians and being remitted upon collection of the related receivables from patients. The Company is a party under a 'pass-through' arrangement wherein it acts as a collecting agent from patients and remits professional fees to its physicians upon collection of the related receivables.
- d. Statutory payables pertain to VAT payable, expanded withholding taxes payable, withholding taxes payable on compensation, and contributions to Social Security System, PhilHealth and Pag-IBIG which are normally settled within the next twelve months.
- e. Contract liabilities pertain to advances received from patients for medical services that has yet to be performed which can be redeemed by the patient in a future time through rendering of services which are normally settled within the next twelve months (see Note 12).
- f. Retention payable pertains to the 10% of progress billings related to the construction of the fit-outs to be paid upon satisfactory completion of the construction which are normally settled within the next twelve months.
- g. Refund payable pertains to payments received by the Company in excess of the final invoice amount which are normally settled within the next twelve months.
- h. Others represent unliquidated Debit Credit Payment Method from PhilHealth, current portion of lease liability, advances from employees and other officers, cooperative dues, and charities fund, among others which are normally settled within the next twelve months. Interest payment pertains to short-term loan availment to maintain credit facility amounting to ₱5.0 million.

11. Equity

Capital Stock

	Number of Shares	
	2022	2021
Authorized - ₱1 par value	2,000,000,000	2,000,000,000
Issued and subscribed	1,936,728,391	1,936,728,391

Subscription receivable

Movement of subscription receivable as at December 31 are as follows:

	2022	2021	2020
Beginning balance	₱2,695,700	₱2,812,974	₱3,103,986
Application of dividends against subscription receivable (see Note 24)	(712,328)	(117,274)	(291,012)
Ending balance	₱1,983,372	₱2,695,700	₱2,812,974

Retained Earnings

As at December 31, 2022 the Company's unappropriated retained earnings exceeded its paid-in capital. The Company plans to declare its excess retained earnings over paid-in capital as at December 31, 2022 as cash dividends in 2023.

Details of the Company's cash dividend declarations are as follows:

BOD Declaration Date	Record Date	Payment Date	Dividend Per Share	Outstanding Shares as of Declaration Date	Total
May 2, 2022	May 12, 2022	May 27, 2022	₱0.082	₱1,936,728,391	₱158,811,728
December 1, 2022	December 12, 2022	December 21, 2022	0.082	1,936,728,391	158,811,728
					₱317,623,456

BOD Declaration Date	Record Date	Payment Date	Dividend Per Share	Outstanding Shares as of Declaration Date	Total
November 15, 2021	November 26, 2021	December 15, 2021	₱0.027	₱1,936,728,391	₱52,291,667

BOD Declaration Date	Record Date	Payment Dates	Dividend Per Share	Outstanding Shares as of Declaration Date	Total
November 25, 2020	December 7, 2020	December 18, 2020	₱0.067	₱1,936,728,391	₱129,760,802

Other Comprehensive Income (Loss) - net

Accumulated other comprehensive income (loss) presented in the statements of financial position as at the years ended consists of the following, net of applicable income taxes:

	2022	2021	2020
Actuarial gain (loss) in accrued retirement benefits liability	(₱15,533,246)	₱9,389,808	(₱6,045,922)
Unrealized gain on changes in fair value	14,535,000	5,835,000	5,935,000
	(₱998,246)	₱15,224,808	(₱110,922)

12. Revenue

Disaggregated Revenue Information

Set out below is the disaggregation of the Company's revenue from contracts with customers for the years ended December 31.

	2022	2021	2020
By source			
Patient service revenue	₱3,542,489,597	₱3,270,492,785	₱2,857,266,829
Pharmacy sales	643,269,320	807,444,135	777,030,312
Discounts	(484,205,454)	(494,672,248)	(425,769,719)
	₱3,701,553,463	₱3,583,264,672	₱3,208,527,422

	2022	2021	2020
By customers			
Inpatient	₱2,345,647,918	₱2,642,350,148	₱2,553,248,327
Outpatient	1,840,110,999	1,435,586,772	1,081,048,814
Gross revenue	4,185,758,917	4,077,936,920	3,634,297,141
Discounts	(484,205,454)	(494,672,248)	(425,769,719)
	₱3,701,553,463	₱3,583,264,672	₱3,208,527,422

Contract Balances

The Company's trade receivables amounted to ₱657.8 million and ₱717.2 million as at December 31, 2022 and 2021, respectively (see Note 5).

Contract liabilities include deposits received from patients, amounting to ₱11.1 million and ₱12.1 million as at December 31, 2022 and 2021, respectively (see Note 10). Revenue recognized from contract liabilities included in 2022 and 2021 amounted to ₱7.1 million and ₱4.6 million, respectively.

13. Cost of Services and Sales

	2022	2021	2020
Medical supplies	₱604,530,677	₱595,879,595	₱552,312,558
Personnel costs (Note 17)	358,302,427	361,159,182	357,438,980
Reader's fee	234,843,174	177,454,313	148,835,039
Professional fees and outside services	212,941,821	204,511,101	197,380,881
Depreciation (Notes 8 and 9)	191,425,089	175,616,037	210,140,280
Communication, light and water (Note 22)	145,146,844	91,773,760	90,515,605
Patient meals	35,450,177	34,203,852	45,739,961
Repairs and maintenance	33,353,764	20,062,149	10,422,580
Supplies	22,189,509	17,703,464	18,375,486
Rent (Note 23)	8,895,938	15,283,886	17,769,336
Amortization of software and licenses (Note 9)	2,891,050	767,823	512,017
Others - net (Note 6)	23,785,822	26,924,477	17,417,296
Cost of services	1,873,756,292	1,721,339,639	1,666,860,019
Cost of sales - Pharmacy	346,715,783	426,466,200	431,782,904
	₱2,220,472,075	₱2,147,805,839	₱2,098,642,923

14. Operating Expenses

	2022	2021	2020
Personnel costs (Note 17)	₱332,157,222	₱303,203,588	₱267,975,262
Depreciation (Notes 8 and 9)	174,332,049	168,977,993	162,242,510
Professional fees and outside services (Note 22)	167,948,443	140,820,271	133,326,423
Repairs and maintenance	68,100,295	50,045,488	45,285,252

(Forward)

	2022	2021	2020
Communication, light and water (Note 22)	₱57,091,281	₱42,140,709	₱39,793,722
Taxes and licenses	33,962,148	31,105,111	49,758,710
Entertainment, amusement and recreation	19,719,849	18,974,651	17,826,482
Supplies	18,760,743	16,341,279	17,020,543
Insurance	15,285,504	14,516,308	15,721,951
Transportation and travel	11,500,399	10,571,328	9,688,339
Amortization of software and licenses (Note 9)	10,075,213	6,634,461	9,931,980
Advertising	9,566,577	3,305,297	6,619,402
Rent (Note 23)	8,746,456	6,905,022	7,229,699
Provision for ECL (Note 5)	—	188,400,074	133,950,421
Others	33,198,341	42,480,620	55,440,494
	₱960,444,520	₱1,044,422,200	₱971,811,190

Others pertains to credit card commission expense, association dues, canteen operation costs, employee meals, among others.

15. Other Operating Income - Net

	2022	2021	2020
Rent income (Note 23)	₱12,370,622	₱10,799,702	₱10,254,251
Foreign exchange gain (loss) - net	23,949,325	11,449,723	(1,759,339)
Loss on disposal of property and equipment (Note 8)	(61,179)	(26,441)	(1,510,567)
Others	52,353,275	30,668,733	29,114,554
	₱88,612,043	₱52,891,717	₱36,098,899

Others pertains to income from canteen operations, rebates and parking fees, among others.

16. Finance Costs

	2022	2021	2020
Net interest from retirement benefits cost (Note 18)	₱936,230	₱727,278	₱2,384,901
Interest expense on lease liability (Note 23)	172,716	201,757	369,655
Bank charges	344,311	288,183	270,284
	₱1,453,257	₱1,217,218	₱3,024,840

17. Personnel Costs

	2022	2021	2020
Salaries and wages (Notes 13 and 14)	₱680,891,340	₱648,176,292	₱613,983,190
Retirement benefits cost (Note 18)	9,568,309	16,186,478	11,431,052
	₱690,459,649	₱664,362,770	₱625,414,242

18. Retirement Benefits

The Company has a non-contributory retirement plan which provides retirement benefit equal to one hundred percent (100%) of plan salary for every year of credited service of qualified employees, not less than the regulatory benefit under the Retirement Pay Law (Republic Act No. 7641). The retirement plan trustee, as appointed by the Company in the trust agreement executed between the Company and the duly appointed retirement plan trustee, is responsible for the general administration of the retirement plan and the management of the retirement fund. The retirement plan trustee may seek the advice of counsel and appoint the investment managers to manage the retirement fund, an independent accountant to audit the fund and an actuary to value the retirement fund.

	Net Retirement Benefits Cost in Statement of Comprehensive Income				Remeasurements in Other Comprehensive Income						December 31, 2021
	January 1, 2021	Current Service Cost* (Notes 14 and 17)	Net Interest** (Note 16)	Subtotal	Contributions and Benefits Paid	Return on Plan Assets (Excluding Amount Included in Net Interest)	Actuarial Changes Arising from Changes in Demographic Assumptions	Actuarial Changes Arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal	
Present value of defined benefit obligation	P106,190,781	P9,568,309	P5,415,730	P14,984,039	(P10,777,375)	P-	P37,363,430	(P11,076,146)	(P1,157,673)	P25,129,611	P135,527,054
Fair value of plan assets	(86,186,784)	-	(4,479,500)	(4,479,500)	(3,293,118)	8,101,127	-	-	-	8,101,127	(85,858,275)
Accrued retirement benefits liability - net	P19,003,997	P9,568,309	P936,230	P10,504,539	(P14,070,493)	P8,101,127	P37,363,430	(P11,076,146)	(P1,157,673)	P33,230,738	P49,668,781

*Presented as retirement benefits cost under "Personnel Costs".

**Presented as net interest from retirement benefits cost under "Finance Costs".

	Net Retirement Benefits Cost in Statement of Comprehensive Income					Remeasurements in Other Comprehensive Income						December 31, 2021	
	January 1, 2021	Current Service Cost*		Settlement Loss	Net Interest** (Note 16)	Subtotal	Contributions and Benefits Paid	Return on Plan Assets (Excluding Amount Included in Net Interest)	Actuarial Changes Arising from Changes in Demographic Assumptions	Actuarial Changes Arising from Changes in Financial Assumptions	Experience Adjustments		Subtotal
		(Notes 14 and 17)											
Present value of defined benefit obligation	P123,760,952	P11,073,985		P5,112,493	P4,840,910	P21,027,388	(P14,072,503)	P-	(P2,091,232)	(P15,821,257)	(P6,612,567)	(P24,525,056)	P106,190,781
Fair value of plan assets	(80,165,539)			-	(4,113,632)	(4,113,632)	(5,275,893)	3,368,280	-	-	-	3,368,280	(86,186,784)
Accrued retirement benefits liability - net	P43,595,413	P11,073,985		P5,112,493	P727,278	P16,913,756	(P19,348,396)	P3,368,280	(P2,091,232)	(P15,821,257)	(P6,612,567)	(P21,156,776)	P20,003,997

*Presented as retirement benefits cost under "Personnel Costs".

**Presented as net interest from retirement benefits cost under "Finance Costs".

	Net Retirement Benefits Cost in Statement of Comprehensive Income				Remeasurements in Other Comprehensive Income						December 31, 2020
	January 1, 2020	Current Service Cost* (Notes 14 and 17)	Net Interest** (Note 16)	Subtotal	Contributions and Benefits Paid	Return on Plan Assets (Excluding Amount Included in Net Interest)	Actuarial Changes Arising from Changes in Demographic Assumptions	Actuarial Changes Arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal	
Present value of defined benefit obligation	P108,265,522	P11,431,052	P6,030,390	P17,461,442	(P3,840,947)	P-	P12,599,283	(P2,551,112)	(P8,173,236)	P1,874,935	P123,760,952
Fair value of plan assets	(55,774,031)	-	(3,645,489)	(3,645,489)	(19,349,220)	(1,396,799)	-	-	-	(1,396,799)	(80,165,539)
Accrued retirement benefits liability - net	P52,491,491	P11,431,052	P2,384,901	P13,815,953	(P23,190,167)	(P1,396,799)	P12,599,283	(P2,551,112)	(P8,173,236)	P478,136	P43,595,413

*Presented as retirement benefits cost under "Personnel Costs".

**Presented as net interest from retirement benefits cost under "Finance Costs".



The principal actuarial assumptions used to determine retirement benefits are as follows:

	2022	2021	2020
Discount rate	7.87%	5.10%	3.78%
Salary increase rate	7.00%	5.00%	5.00%
Employees covered	1,319	1,375	1,505
	2017 Philippine Intercompany Mortality Table	2017 Philippine Intercompany Mortality Table	The 2001 CSO Table - Generational
Mortality rate	The Disability Study, Period 2 Benefit 5	The Disability Study, Period 2 Benefit 5	The Disability Study, Period 2 Benefit 5
Disability rate			

Withdrawal rates are as follows:

Age	Nurse			Non-Nurse		
	2022	2021	2020	2022	2021	2020
19 - 24	34.22%	28.77%	27.73%	22.41%	22.10%	22.78%
25 - 29	34.29%	35.79%	33.23%	21.94%	19.90%	20.17%
30 - 34	37.53%	33.51%	40.40%	15.42%	14.22%	15.94%
35 - 39	46.24%	47.16%	61.71%	8.27%	7.26%	7.18%
40 - 44	50.00%	32.69%	45.00%	6.02%	6.08%	5.97%
45 - 49	16.00%	35.00%	35.00%	5.73%	5.21%	5.02%
50 - 54	0.50%	35.00%	35.00%	2.00%	5.21%	5.02%
≥ 55	0.50%	35.00%	35.00%	0.50%	5.21%	5.02%

The composition of the fair value of plan assets by each class as at December 31 is as follows:

	2022	2021
Cash and cash equivalents	₱7,186,338	₱5,412,530
Debt instruments:		
Government securities	74,387,609	78,438,592
Not rated debt securities	8,328,253	—
	82,715,862	78,438,592
Others	(4,043,925)	2,335,662
Fair value of plan assets	₱85,858,275	₱86,186,784

The distribution of fair value of plan assets by each class as at December 31, 2022 are as follows:

	2022	2021
Cash and cash equivalents	8.37%	6.28%
Debt instruments:		
Government securities	86.64%	91.01%
Not rated debt securities	9.70%	—
	96.34%	91.01%
Others	(4.71%)	2.71%
	100.0%	100.0%

All debt instruments held have quoted prices in active markets. The remaining plan assets do not have quoted market prices in active markets.

The plan assets consist mainly of government securities that are risk-free.

Each sensitivity analysis on the significant actuarial assumptions was prepared by re-measuring accrued retirement benefits liability at the end of the reporting period after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the accrued retirement benefits liability.

	2022		2021	
	Increase (Decrease)	Accrued Retirement Benefits	Increase (Decrease)	Accrued Retirement Benefits
Discount rates	1.0%	(P12,629,842)	1.0%	(P9,770,336)
	(1.0%)	14,685,771	(1.0%)	11,473,507
Future salary increases	1.0%	14,666,720	1.0%	11,367,929
	(1.0%)	(12,836,358)	(1.0%)	(9,865,711)
No attrition rates		80,160,661		131,228,980

The retirement plan trustee has no specific matching strategy between the plan assets and the plan liabilities but the plan trustee is generally assumed to use an approach that would meet the goals of the fund.

The Company is not required to pre-fund the future defined benefits payable under the retirement plan before they become due. For this reason, the amount and timing of contributions to the retirement fund are at the Company's discretion. However, in the event a benefit claim arises and the retirement fund is insufficient to pay the claim, this will then be due and payable from the Company to the retirement fund.

The weighted average duration of the defined benefit obligation is 10.1 years and 10.0 years on December 31, 2022 and 2021, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31:

	2022	2021
Not exceeding one year	P13,629,066	P18,541,744
More than one year but not exceeding two years	3,597,580	6,987,304
More than two years but not exceeding five years	27,222,329	17,987,974
More than five years but not exceeding ten years	109,221,415	52,682,289
	P153,670,390	P96,199,311

The latest actuarial valuation report of the Company is as at December 31, 2022.

19. Income Taxes

a. Corporate Recovery and Tax Incentives for Enterprises Act

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- MCIT rate is reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

b. The components of the Company's provision for income tax are as follows:

	2022	2021	2020
Current:			
RCIT	₱135,748,749	₱138,347,773	₱95,777,866
Final tax on interest income	748,098	202,922	470,349
Impact of change in income tax rate beginning July 1, 2020	—	(7,336,020)	—
	136,496,847	131,214,675	96,248,215
Deferred	16,382,397	(6,958,082)	(27,226,051)
	₱152,879,244	₱124,256,593	₱69,022,164

Applying the provisions of the CREATE Act, the Company would have been subjected to lower RCIT rate of 25% and MCIT rate of 1% effective July 1, 2020.

The Company recognized in its comprehensive income for the year ended December 31, 2021, a reduction in Provision for income tax (current and deferred), Deferred tax on comprehensive income directly charged to Equity and Deferred tax income tax assets - net amounting to ₱13,325,851, ₱431,852 and ₱20,661,871, respectively, pertaining to the one-time impact of CREATE for the year ended December 31, 2020.

c. The components of the Company's net deferred income tax assets as at December 31 are as follows:

	2022	2021
Deferred income tax assets on:		
Allowance for:		
ECL	₱82,055,331	₱95,523,406
Inventory obsolescence	1,915,792	2,654,382
Accrued retirement benefits liability - net	12,417,197	5,000,999
Difference between the depreciation expense per books and the depreciation expense deducted for income tax purposes	10,912,272	17,171,387
Unamortized past service cost	5,908,862	5,600,521
Accrued service incentive	5,727,686	—

(Forward)

	2022	2021
Accrued expenses	₱3,750,000	₱2,500,000
Rental deposit	542,388	545,868
Right-of-use asset	435,303	585,578
Allowance for possible loss of equipment	29,600	320,843
	123,694,431	129,902,984
Deferred income tax liability on:		
Unrealized foreign exchange gain - net	(3,539,781)	(1,544,098)
Lease liability	(429,993)	(559,517)
	(3,969,774)	(2,103,615)
	₱119,724,657	₱127,799,369

	2022	2021
Deferred tax asset recognized in other comprehensive (income) loss - actuarial (income) loss on accrued retirement benefits liability	₱8,307,685	(₱5,289,194)

- d. A reconciliation of the Company's provision for income tax computed at the statutory income tax rate based on income before income tax to the provision for income tax is as follows:

	2022	2021	2020
Provision for income tax computed at the statutory income tax rate	₱153,068,356	₱110,996,666	₱52,085,696
Additions to (reductions in) income tax resulting from:			
Interest income subjected to final tax	(937,210)	(268,846)	(709,645)
Final tax on interest income	748,098	202,922	470,349
Change in tax rate of deferred income tax – net	–	20,661,871	–
Change in tax rate on prior year's provision for current income tax	–	(7,336,020)	–
Deficiencies and penalties	–	–	7,745,616
Nondeductible expenses	–	–	5,168,130
Write-off of deferred tax assets	–	–	4,262,018
Provision for income tax	₱152,879,244	₱124,256,593	₱69,022,164

20. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize stockholder value.

The Company monitors capital using the liabilities to tangible net worth ratio. Liabilities include accounts payable and other current liabilities, net accrued retirement benefits liability, income tax payable, due to a related party and lease liability. Tangible net worth pertains to the total stockholders' equity minus intangible assets. Ratio should not be greater than 1:1.

	2022	2021
Liabilities (a):		
Accounts payable and other current liabilities	₱772,786,635	₱707,869,310
Accrued retirement benefits liability - net	49,668,781	20,003,997
Income tax payable	45,900,002	66,173,333
Due to a related party	10,292,168	12,165,062
Lease liability	6,108,142	2,342,312
	₱884,755,728	₱808,554,014
Tangible net worth (b):		
Retained earnings	₱2,685,216,308	₱2,543,445,584
Additional paid-in capital	185,465,780	185,465,780
Capital stock	1,934,745,019	1,934,032,691
Other comprehensive income (loss) - net of tax	(998,246)	15,224,808
	4,804,428,861	4,678,168,863
Less software and licenses - net	23,502,922	11,998,547
	₱4,780,925,939	₱4,666,170,316
Liabilities to tangible net worth ratio (a/b)	0.19:1.0	0.17:1.0

21. Financial Instruments and Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise mainly of cash and cash equivalents. The Company has various other financial assets and financial liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year, the Company's policy that no free-standing derivatives or trading in financial instruments shall be undertaken.

Fair Value Information

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Current financial assets and financial liabilities

Due to the short-term nature of the transactions, the fair value of cash and cash equivalents (excluding cash on hand), receivables, accounts payable and other current liabilities (excluding statutory payables and contract liabilities), amounts due to a related party, and lease liability approximate the carrying amount as of the reporting date.

Refundable deposits

The carrying value approximates the fair value of refundable deposits included under "Other noncurrent assets" in the statements of financial position because of recent and regular repricing based on market conditions.

Financial asset at FVOCI

The fair value of equity financial assets designated at FVOCI included under "Other noncurrent assets" in the statement of financial position is based on the quoted prices in the active market.

Categories of Financial Instruments

	December 31, 2022			
	Amortized Cost	Financial Asset at FVOCI	Financial Liabilities	Total
Assets				
Cash and cash equivalents*	₱1,002,195,600	₱—	₱—	₱1,002,195,600
Trade receivables	336,479,038	—	—	336,479,038
Non-trade receivables	30,015,820	—	—	30,015,820
Refundable deposits	6,810,777	—	—	6,810,777
Equity financial assets measured at FVOCI	—	17,168,000	—	17,168,000
Total financial assets	₱1,375,501,235	₱17,168,000	₱—	₱1,392,669,235
Liabilities				
Accounts payable and other current liabilities**	₱—	₱—	₱737,289,137	₱737,289,137
Lease liability***	—	—	6,280,858	6,280,858
Due to a related party	—	—	10,292,168	10,292,168
Total financial liabilities	₱—	₱—	₱753,862,163	₱753,862,163

*Excluding cash on hand amounting to ₱15.1 million as at December 31, 2022

**Excluding statutory payables and contract liabilities amounting to ₱24.4 million and ₱11.1 million, respectively, as at December 31, 2022

***Includes future interest payments

	December 31, 2021			
	Amortized Cost	Financial Asset at FVOCI	Financial Liabilities	Total
Assets				
Cash and cash equivalents*	₱683,895,907	₱—	₱—	₱683,895,907
Trade receivables	339,082,221	—	—	339,082,221
Non-trade receivables	29,148,317	—	—	29,148,317
Refundable deposits	6,657,970	—	—	6,657,970
Equity financial assets measured at FVOCI	—	8,468,000	—	8,468,000
Total financial assets	₱1,058,784,415	₱8,468,000	₱—	₱1,067,252,415
Liabilities				
Accounts payable and other current liabilities**	₱—	₱—	₱671,194,876	₱671,194,876
Lease liability***	—	—	2,544,069	2,544,069
Due to a related party	—	—	12,165,062	12,165,062
Total financial liabilities	₱—	₱—	₱685,904,007	₱685,904,007

*Excluding cash on hand amounting to ₱2.7 million as at December 31, 2021

**Excluding statutory payables and contract liabilities amounting to ₱24.6 million and ₱12.1 million, respectively, as at December 31, 2021

***Includes future interest payments

Fair Value Hierarchy

The Company's financial assets that are carried at fair value are the quoted shares classified as equity financial assets as at December 31, 2022, and 2021, the fair value of these investments amounting to ₱17.2 million and ₱8.5 million, respectively, are determined and disclosed using Level 2 inputs, which are quoted in inactive markets indicated by the low volume or level of activity and sizes of transactions for a particular share. In 2022 and 2021, there were no transfers into and out of the different levels of fair value measurements.

Financial Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and foreign currency risk. The BOD reviews and approves policies for managing these risks and they are summarized as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Company extends credit only to reputable HMO or insurance companies. The receivable balances are regularly monitored. Credit limits are set in the system and a regular review of these limits is being done by management.

As a healthcare provider, the Company is exposed to credit risk on patients who are unable to pay their medical bills upon discharge. The Company has a policy to require deposits from patients upon admission and to require top-ups from patients whose bills have exceeded deposited amount. To lessen the exposure on credit risk, the Company closely monitors its receivables on an on-going basis. The Company's exposure to credit risk arises from default of the counterparty.

The table below provides the maximum credit risk exposure of the Company as at December 31:

	Gross Maximum Exposure ⁽¹⁾		Net Maximum Exposure ⁽²⁾	
	2022	2021	2022	2021
Cash and cash equivalents*	₱1,002,195,600	₱683,895,907	₱998,195,600	₱679,895,907
Receivables	366,494,858	368,230,538	366,494,858	368,230,538
Refundable deposits**	6,810,777	6,657,970	6,810,777	6,657,970
Financial asset at FVOCI**	17,168,000	8,468,000	17,168,000	8,468,000
	₱1,392,669,235	₱1,067,252,415	₱1,388,669,235	₱1,063,252,415

⁽¹⁾Gross financial assets before taking into account any collateral held or other credit enhancements or insurance in case of bank deposits.

⁽²⁾Net financial assets after taking into account any collateral held or other credit enhancements or insurance in case of bank deposits.

*Excluding cash on hand amounting to ₱15.1 million and ₱2.7 million as at December 31, 2022 and 2021, respectively.

**Included as part of "Other noncurrent assets" account.

The tables below and in the next page provide the age analysis of the Company's financial assets according to the Company's credit ratings of debtors:

	December 31, 2022							
	Neither Past Due nor Impaired	Past Due					Provision for ECL	Total
		<30 Days	30-60 Days	61-90 Days	91-120 Days	>120 Days		
Cash and cash equivalents*	₱1,002,195,600	₱-	₱-	₱-	₱-	₱-	₱-	₱1,002,195,600
Receivables:								
Trade:								
PhilHealth	19,795,433	18,737,421	23,659,655	22,316,842	19,578,535	211,343,222	(195,155,977)	120,275,131
HMO	62,471,454	38,675,874	6,628,100	4,333,962	1,229,944	2,119,179	(137,723)	115,320,790
Corporate accounts	19,134,735	19,643,990	6,464,218	2,859,173	259,224	352,379	(115,350)	48,598,369
International insurance	4,051,021	6,259,494	2,371,665	1,367,671	2,828,666	392,227	(1,681,507)	15,589,237
Self-pay	4,410,203	2,437,775	1,411,287	1,244,420	3,972,613	118,049,239	(124,200,474)	7,325,063
Others	15,179,193	10,581,940	257,548	782,482	33	2,569,252	-	29,370,448
Nontrade	4,829,715	9,480,750	3,513,578	12,077,430	627,390	6,417,247	(6,930,290)	30,015,820
Refundable deposits**	6,810,777	-	-	-	-	-	-	6,810,777
Financial assets at FVOCI**	17,168,000	-	-	-	-	-	-	17,168,000
	₱1,156,046,131	₱105,817,244	₱44,306,051	₱44,981,980	₱28,496,405	₱341,242,745	(₱328,221,321)	₱1,392,669,235

*Excluding cash on hand amounting to ₱15.1 million as at December 31, 2022.

**Included as part of "Other noncurrent assets" account.

	December 31, 2021								
	Neither Past	Past Due					Provision for ECL	Total	
	Due nor Impaired	<30 Days	30-60 Days	61-90 Days	91-120 Days	>120 Days			
Cash and cash equivalents*	₱683,895,907	₱-	₱-	₱-	₱-	₱-	₱-	₱683,895,907	
Receivables:									
Trade:									
PhilHealth	15,139,649	24,257,222	33,603,984	44,125,227	42,060,174	250,399,434	(239,413,526)	170,172,164	
HMO	42,127,437	7,765,891	893,625	74,095	62,864	346,024	(94,602)	51,175,334	
Corporate accounts	12,766,504	13,404,212	2,779,904	815,486	1,294,699	96,871	(181,253)	30,976,423	
International insurance	7,221,262	9,090,267	9,809,967	6,448,125	295,935	1,687,187	(4,065,323)	30,487,420	
Self-pay	700,522	9,846,314	6,924,587	9,861,759	9,543,462	122,382,549	(134,315,676)	24,943,517	
Others	4,507,557	13,026,842	7,250,583	421,546	5,790,244	330,590	-	31,327,362	
Nontrade	6,614,236	8,661,656	2,827,269	5,127,045	3,273,397	6,667,956	(4,023,241)	29,148,318	
Refundable deposits**	6,657,970	-	-	-	-	-	-	6,657,970	
Financial assets at FVOCI**	8,468,000	-	-	-	-	-	-	8,468,000	
	₱788,099,044	₱86,052,404	₱64,089,919	₱66,873,283	₱62,320,775	₱381,910,611	(₱382,093,621)	₱1,067,252,415	

*Excluding cash on hand amounting to ₱2.7 million as at December 31, 2021.

**Included as part of "Other noncurrent assets" account.

For cash and cash equivalents (excluding cash on hand), the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For trade and other receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type or by payors). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Based on the Company's credit risk experience, ECL rate increases as the age of receivables also increases.

Credit quality

The financial assets of the Company are grouped according to stage whose description is explained as follows:

Stage 1 - Those that are considered current and up to 120 past due and based on change in rating delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - Those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 120 to 360 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3 - Those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The table below shows determination of ECL stage of the Company's financial assets:

	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Cash and cash equivalents*	₱1,002,195,600	₱—	₱—	₱1,002,195,600
Trade receivables	322,944,571	334,825,498	—	657,770,069
Nontrade receivables	30,528,863	6,417,247	—	36,946,110
Refundable deposits**	6,810,777	—	—	6,810,777
Total financial assets	₱1,362,479,811	₱341,242,745	₱—	₱1,703,722,556

*Excluding cash on hand amounting to ₱15.1 million.

**Included as part of "Other noncurrent assets" account.

	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Cash and cash equivalents*	₱683,895,907	₱—	₱—	₱683,895,907
Trade receivables	341,909,945	375,242,655	—	717,152,600
Nontrade receivables	26,503,603	6,667,956	—	33,171,559
Refundable deposits**	6,657,970	—	—	6,657,970
Total financial assets	₱1,058,967,425	₱381,910,611	₱—	₱1,440,878,036

* Excluding cash on hand amounting to ₱2.7 million.

**Included as part of "Other noncurrent assets" account.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. The Company's objective is to be able to finance its working capital requirements and capital expenditures. To cover the Company's financing requirements, the Company uses internally-generated funds. Projected and actual cash flow information are regularly evaluated to ensure it meets these requirements.

The tables below summarize the maturity profile of the financial liabilities of the Company based on remaining undiscounted contractual obligations. The table also analyzes the maturity profile of the Company's financial assets in order to provide a complete view of the Company's contractual commitments and liquidity:

Financial assets

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected dates the assets will be realized.

Financial liabilities

The maturity grouping is based on the remaining period for the end of the reporting period to the contractual maturity date.

	December 31, 2022						
	On demand	Within one year	1-2 years	2-3 years	3-4 years	More than 4 years	TOTAL
Cash and cash equivalents*	₱789,766,852	₱212,428,748	₱—	₱—	₱—	₱—	₱1,002,195,600
Trade receivables	—	336,479,038	—	—	—	—	336,479,038
Nontrade receivables	—	30,015,820	—	—	—	—	30,015,820
Refundable deposits	—	—	6,810,777	—	—	—	6,810,777
Financial assets at FVOCI	—	—	17,168,000	—	—	—	17,168,000
Total financial assets	789,766,852	578,923,606	23,978,777	—	—	—	1,392,669,235
Accounts payable and other current liabilities**	—	737,289,137	—	—	—	—	737,289,137
Due to a related party	—	10,292,168	—	—	—	—	10,292,168
Lease liability***	—	4,116,062	2,164,796	—	—	—	6,280,858
Total financial liabilities***	—	751,697,367	—	—	—	—	753,862,163
Liquidity position (gap)	₱789,766,852	(₱172,773,761)	₱21,813,981	₱—	₱—	₱—	₱638,807,072

* Excluding cash on hand amounting to ₱15.1 million as at December 31, 2022

**Excluding statutory payables and contract liabilities amounting to ₱24.4 million and ₱11.1 million, respectively, as at December 31, 2022

***Includes future interest payments

	December 31, 2021						
	On demand	Within one year	1-2 years	2-3 years	3-4 years	More than 4 years	TOTAL
Cash and cash equivalents*	₱453,443,899	₱230,452,008	₱—	₱—	₱—	₱—	₱683,895,907
Trade receivables	—	339,082,220	—	—	—	—	339,082,220
Nontrade receivables	—	29,148,318	—	—	—	—	29,148,318
Refundable deposits	—	—	6,657,970	—	—	—	6,657,970
Financial assets at FVOCI	—	—	8,468,000	—	—	—	8,468,000
Total financial assets	453,443,899	598,682,546	15,125,970	—	—	—	1,067,252,415
Accounts payable and other current liabilities**	—	671,194,876	—	—	—	—	671,194,876
Due to a related party	—	12,165,062	—	—	—	—	12,165,062
Lease liability***	—	2,544,069	—	—	—	—	2,544,069
Total financial liabilities***	—	685,904,007	—	—	—	—	685,904,007
Liquidity position (gap)	₱453,443,899	(₱87,221,461)	₱15,125,970	₱—	₱—	₱—	₱381,348,408

* Excluding cash on hand amounting to ₱2.7 million as at December 31, 2021

**Excluding statutory payables and contract liabilities amounting to ₱24.6 million and ₱12.1 million, respectively, as at December 31, 2021

***Includes future interest payments

The Company expects that the cash generated from operations will adequately cover those immediately maturing obligations. All expected collections, check disbursements and other cash payments are determined daily to arrive at the projected cash position to cover its obligations and to ensure that obligations are met as they fall due. The Company monitors its cash flow position, particularly collections from receivables and the funding requirements of operations to ensure an adequate balance of inflows and outflows. The Company has online facilities with its depository banks wherein bank balances are monitored daily to determine the Company's actual cash balances at any time. The Company also has available credit facilities from which it can draw to ensure sufficient available funding for its projects.

Foreign Currency Risk

Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Company has foreign currency risk arising from its cash and cash equivalents and international insurance included under receivables. The Company also has transactional currency exposures arising from purchases of medical equipment or supplies in currencies other than the Peso. The Company relies on its ability to generate dollar-based revenue from its foreign patients to mitigate this risk.

The table below shows the details of the Company's currency exposure in US dollar (US\$) on its cash and cash equivalents and receivables:

	2022		2021	
	Original Currency	Peso Equivalent	Original Currency	Peso Equivalent
Cash and cash equivalents	US\$2,013,123	₱112,251,751	US\$2,395,643	₱122,177,793
Receivables	178,177	9,935,162	622,462	31,745,552
	US\$2,191,300	₱122,186,913	US\$3,018,105	₱153,923,345

As at December 31, 2022, and 2021, the exchange rates used were ₱55.76 and ₱51.00 per US\$1.00, respectively.

The tables below represent the impact on the Company's profit or loss before income tax due to changes in fair value of monetary assets brought about by a change in Peso to US dollar exchange rates (holding all other variables constant):

	Foreign Exchange Rate	Increase (Decrease) in Foreign Currency	Impact on Income Before Tax
2022	₱55.76	(9.34%)	(₱11,412,258)
		9.34%	11,412,258
2021	51.00	(6.2%)	(9,558,640)
		6.2%	9,558,640

There is no other effect on the Company's equity other than those already affecting the profit or loss.

22. Significant Related Party Transactions

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

On November 4, 2011, MPIC and BIL executed a Sales and Purchase Agreement (SPA) whereby MPIC purchased BIL's ownership interest in the Company, resulting to the transfer of controlling equity interest in the Company to MPIC.

In connection with the SPA, MPIC, BIL and Bumrungrad International Holdings Pte Ltd. (BIHPL) entered into an Assignment and Accession Agreement on December 6, 2011, wherein BIL and BIHPL transferred to MPIC all of their rights and obligations under the Consultancy Services Agreement and Service Agreement, respectively.

The consultancy services agreement with BIL provide for fees equivalent to 3% of net revenue and 5% of EBITDA of the Company, payable in cash to the extent of US\$70,572 annually, with the balance payable by way of issuance of the Company's shares or shall be deemed to be payment for subscription of the Company's shares based on a subscription price at the higher of (a) ten times the earnings per share of the Company during the previous fiscal year or (b) ₱1.13 as may be adjusted by reason of any change in par value.

Under the services agreement with BIHPL, the fees shall be payable in cash to the extent of US\$70,572 annually.

For both the Consultancy Services Agreement and Service Agreement, the basis of the cash payment to be made to MPIC, previously entered with the Company, shall be amended annually based on the change in the Philippine Consumer Price Index (CPI) for the most recent past twelve months. On January 1, 2015, the right to collect management fee was transferred to MPH.

On February 24, 2015, the Company changed the currency denomination from US Dollar to Philippine Peso using the foreign exchange rate as at February 16, 2015.

Increase in CPI of 3% and 2% in 2022 and 2021, respectively, resulted to increase in management fee in 2022 and 2021.

The tables below provide the total amount of transactions and their outstanding balances included in "Due to a related party" with MPH as of and for the years ended December 31, 2022 and 2021.

	Nature of transactions	Transactions for the year		Outstanding balances		Terms	Conditions
		2022	2021	2022	2021		
Parent							
MPH	Management fee	₱11,006,151	₱10,651,153	₱6,412,168	₱4,654,528	Due every month; Cash payment adjusted for the changes in the CPI	Unsecured
	Legal	-	1,440,000	2,494,286	4,988,571	Due upon receipt of invoice	Unsecured
	Group purchasing	800,000	800,000	1,385,714	2,078,572	Due upon receipt of invoice	Unsecured
	Other services	-	-	-	443,391	Due upon receipt of invoice	Unsecured
	Total	₱11,806,151	₱12,891,153	₱10,292,168	₱12,165,062		

The Company also avails of and provides several services from its affiliates under normal terms and conditions and which are also offered to third parties.

The tables in the next page provide the total amount of transactions and their outstanding balances included in “Receivables” and “Accounts payable and other current liabilities” with other related parties as of and for the years ended December 31, 2022 and 2021.

	Nature of transaction	Transactions for the year		Outstanding balances		Terms	Conditions
		2022	2021	2022	2021		
Receivables							
Affiliate Under Common Control							
Philippine Long Distance Telephone Company	Hospital bills	₱21,668,957	₱32,044,082	₱4,717,660	₱4,890,937	30 days; noninterest-bearing	Unsecured
Smart Communications, Inc.	Rental income	1,374,978	1,003,615	439,135	465,994	30 days; noninterest-bearing	Unsecured
Metro Pacific Investments Corporation	Hospital Bills	640,796	386,433	171,694	22,131	30 days; noninterest-bearing	
Metro Pac Water Investments Corp	Hospital Bills	73,140	50,000	22,810	48,128	30 days; noninterest-bearing	
		₱23,757,871	₱33,484,130	₱5,351,299	₱5,427,190		
Payables							
Affiliate Under Common Control							
MeralcoPowerGen Corporation	Availment of electric services	₱143,587,682	₱95,266,707	₱14,274,960	₱8,291,925	30 days; noninterest-bearing	Unsecured
Medi Linx Laboratory Inc.	Laboratory services and purchase of reagents	43,151,247	44,289,924	10,140,245	1,320,124	30 days; noninterest-bearing	Unsecured
Philippine Long Distance Telephone Company	Availment of communication services	4,746,062	5,387,537	449,819	414,351	30 days; noninterest-bearing	Unsecured
Smart Communications, Inc.	Availment of communication services	1,159,558	1,222,562	104,102	93,181	30 days; noninterest-bearing	Unsecured
Maynilad Water Services Inc.	Availment of utilities services	292,133	188,217	10,011	1,020	30 days; noninterest-bearing	Unsecured
East Manila Hospital Managers Corporation	Availment of utilities services	142,042	28,286	—	28,286	30 days; noninterest-bearing	Unsecured
		₱193,078,724	₱146,383,233	₱24,979,137	₱10,148,887		

Outstanding balances at yearend are normally settled in cash. The Company did not make any provision for impairment loss relating to amounts owed by related parties.

The compensation of key management personnel follows:

	2022	2021
Salaries and short-term employee benefits	₱117,266,535	₱113,477,405
Post-employment retirement benefits	12,187,500	7,343,938
Separation benefits	7,890,355	3,892,389
	₱137,344,390	₱124,713,732

23. Leases

The Company as a lessor

- a. The Company entered into various lease agreements with its concessionaires. These leases generally provide for either (a) a fixed monthly rent or (b) a minimum rent or a certain percentage of gross revenue. Fixed rent income from leases amounted to ₱10.0 million, ₱9.5 million and ₱7.8 million in 2022, 2021 and 2020, respectively. Contingent rent income recognized in profit or loss amounted to ₱1.6 million, ₱0.9 million and ₱1.8 million in 2022, 2021 and 2020, respectively. Generally, the lease term is 1 year and renewable annually.
- b. The Company entered into lease agreement with its doctors for the rent of one condominium unit as clinic. The condominium unit is located in the Medical Office Building and is owned by the Company. The Company earned rent income of ₱0.7 million, ₱0.4 million and ₱0.7 million in 2022, 2021 and 2020, respectively.

The Company as a lessee

On January 1, 2020, the Company recognized a lease liability for the contract of lease relating to the parking lots and spaces of land located at Block 40, Lot 4, Civic Drive, Filinvest Corporate City.

The carrying amount of lease liabilities as at December 31 follows:

	2022	2021
Beginning balance	₱2,342,312	₱5,990,555
Addition to lease liability	7,828,114	—
Interest expense on lease liability (Note 16)	172,716	201,757
Lease payments	(4,235,000)	(3,850,000)
Ending balance	6,108,142	2,342,312
Current portion of lease liability*	3,943,346	2,342,312
Noncurrent portion of lease liability	₱2,164,796	₱—

*Presented as "Others" under "Accounts payable and other current liabilities".

The lease liabilities were measured at the present value of the remaining lease payments discounted at the Company's incremental borrowing rates at the inception of the lease contract. The incremental borrowing rate applied to the lease liability is 4.95 %.

Shown below is the maturity analysis of lease liabilities pertaining to contractual undiscounted cash flows as at December 31, 2022:

	2022	2021
Within one year	₱4,159,375	₱2,032,800
After one year but not more than five years	2,196,150	—
Total undiscounted lease liabilities	₱6,355,525	₱2,032,800

The Company also has certain leases of machineries, office equipment, and parking lots and spaces of land. Generally, the leases have lease terms of one year or less and are renewable under certain terms and conditions to be mutually agreed upon by the parties. The Company applies the "short-term lease" and 'lease of low-value assets' recognition exemptions for these leases. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Rental expenses relating to short-term and low value assets charged to operations and administrative expenses are as follows:

	2022	2021
Cost of services and sales	₱8,895,938	₱15,283,886
Operating expenses	8,746,456	6,905,022
	₱17,642,394	₱22,188,908

24. Note to Statements of Cash Flows

- Principal non-cash investing activities pertain to the unpaid acquisitions of property and equipment amounting to ₱11.4 million and ₱40.4 million for years ended December 31, 2022 and 2021, respectively, and unpaid acquisition of software and licenses amounting to ₱7,994 and ₱6.7 million for the years ended December 31, 2022 and 2021, respectively.
- Changes in liabilities arising from financing activities

	Dividends Payables (Note 11)	Lease Liability (Note 23)
Balance as at December 31, 2019	₱-	₱-
Cash flow (see Statements of Cash Flows)		
Payments of/for:		
Lease liability	₱-	(₱3,500,000)
Dividends	(129,469,790)	-
Non-cash:		
Addition to lease liability	-	9,120,900
Interest expense on lease liability	-	369,655
Dividend declaration	129,760,802	-
Application of dividends against subscriptions receivable	(291,012)	-
	129,469,790	9,490,555
Balance as at December 31, 2020	₱-	₱5,990,555
Cash flow (see Statements of Cash Flows)		
Payments of/for:		
Lease liability	₱-	(₱3,850,000)
Dividends	(52,174,393)	-
Non-cash:		
Interest expense on lease liability	-	201,757
Dividend declaration	52,291,667	-
Application of dividends against subscriptions receivable	(117,274)	-
	52,174,393	201,757
Balance as at December 31, 2021	₱-	₱2,342,312

	Dividends Payables (Note 11)	Lease Liability (Note 23)
Cash flow (see Statements of Cash Flows)		
Payments of/for:		
Lease liability	P—	(P4,235,000)
Dividends	(316,911,128)	—
Non-cash:		
Addition to lease liability	—	7,828,114
Interest expense on lease liability	—	172,716
Dividend declaration	317,623,456	—
Application of dividends against subscriptions receivable	(712,328)	—
	316,911,128	8,000,830
Balance as at December 31, 2022	P—	P6,108,142

25. Basic/Diluted Earnings per Share

The table below represents information necessary to compute the basic/diluted earnings per share:

	2022	2021	2020
(a) Net income	P459,394,180	P319,730,072	P104,596,821
(b) Adjusted weighted average number of shares	1,936,728,391	1,936,728,391	1,936,728,391
Basic/diluted earnings per share (a/b)	P0.2372	P0.1651	P0.0540

There were no potentially dilutive shares as at December 31, 2022, 2021 and 2020. Thus, the basic earnings per share is equal to the diluted earnings per share as of those dates.

26. Other Matters

COVID-19 Outbreak

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 virus as a global pandemic. In a move to contain the COVID-19 pandemic, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region (NCR) effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020 and further extended to May 15, 2020. The ECQ shifted to modified enhanced community quarantine (MECQ) until May 31, 2020 and to general community quarantine (GCQ) for NCR until the first part of the third quarter. On August 4, 2020, NCR was placed back to a stricter MECQ after an appeal made by medical societies due to rising COVID-19 cases. On August 19, 2020, NCR was transitioned back to GCQ after the recommendation of the local authorities. On August 19, 2020, NCR was transitioned back to GCQ after the recommendation of the local authorities. On March 29, 2021, NCR was placed back to ECQ effective until April 11, 2021. The ECQ shifted to MECQ from April 12, 2021 until May 14, 2021. On May 15, 2021, NCR was transitioned back to GCQ until August 5, 2021. On August 6, 2021, NCR was

placed back to ECQ until August 20, 2021. The ECQ shifted to MECQ from August 20, 2020 until September 15, 2021. On September 16, 2021, pilot implementation of the new alert system was placed on NCR. NCR was placed under alert level 4 until October 15, 2021. The alert level 4 shifted from alert level 3 from October 16, 2021 to November 4, 2021. On November 5, 2021, NCR was placed under alert level 2 to January 4, 2022. On January 5, 2022, NCR was placed under alert level 3 until January 31, 2022. On February 1, 2022, NCR was placed under alert level 2 until February 22, 2022. NCR was placed under Alert Level 1 beginning March 1, 2022 until further notice according to the Philippine Inter-Agency Task Force for the Management of Emerging Infectious Disease.

The COVID-19 pandemic has caused disruptions in the Company's business activities. As this global problem evolves, the Company will continually adapt and adjust its business model according to the business environment in the areas where the Company operates, in full cooperation with the national and local government units.

27. Disclosures Required Under Revenue Regulations (RR) No. RR 15-2010 of the Bureau of Internal Revenue

The Company reported and/or paid the following taxes, duties and license fees during the year:

Value Added Tax (VAT)

The Company is primarily engaged in the sale of medical and hospital services and lease of properties which is incidental to its operation. Sec. 109(l) of the 1997 Tax Code, as amended, provides that "Medical and hospital services are VAT Exempt". However, lease of properties which are not connected to medical and hospital services are subject to VAT. RA No. 9337 increased the VAT rate from 10% to 12%, effective February 1, 2006.

Output VAT

The breakdown of the Company's sales transaction for the year ended December 31, 2022 is as follows:

	Base Amount	Output VAT
Vatable sales:		
Lease income	₱12,370,622	₱1,484,475
Others	99,943,729	11,993,248
VAT exempt	3,679,776,658	—
Total	₱3,792,091,009	₱13,477,723

Others pertains to sale of medicines and medical supplies to outpatient.

VAT exempt revenues from hospital services account for 97% of the total sales; hence the Company does not recognize input VAT from purchases of goods and services from different suppliers/vendor except purchases related to outpatient pharmacy and purchases of power from Meralco wherein the Company claims 7.69% of the total bill as tenant's share which is directly connected to vatable rental income. Any VAT passed on by VAT registered suppliers of goods and services (except outpatient pharmacy purchases and 7.69% VAT on Meralco bill) are recorded as part of the cost as mandated by existing laws and regulation.

Input VAT

The amount of VAT input taxes claimed are broken down as follows:

Balance at January 1, 2022	₱-
Current year's domestic purchases/payments for:	
Domestic purchase of goods other than capital goods	
Domestic purchase of services	4,110,121
Applied against output VAT	(3,963,856)
Balance at December 31, 2022	₱146,265

Input VAT claimed from Meralco for the year ended December 31, 2022 amounted to ₱1,245,392.

VAT payments made during the year amounted to ₱9,064,080.

Outstanding balance of output VAT and input VAT as at December 31, 2022 amounted to ₱596,052 and ₱146,265, respectively. Output VAT and input VAT are presented as part of "Statutory payables" under "Accounts payables and other current liabilities" and "Other current assets", respectively, in the statements of financial position.

The Company's vatable revenue are based on actual cash collections, hence may not be the same with the amounts accrued in the statements of comprehensive income.

Withholding Taxes

The categories of the Company's withholding taxes for the year ended December 31, 2022 are as follows:

Expanded withholding taxes	₱125,124,349
Compensation and benefits	29,704,306
Final taxes	5,261,967
Withholding VAT	9,367,601
Total	₱169,458,223

Taxes and Licenses and Other Matter

The Company did not have any importations nor purchases of products subject to excise tax in 2022.

The components of the Company's taxes and licenses for the year ended December 31, 2022 are as follows:

Business taxes	₱23,298,886
Real estate taxes	4,852,069
Fringe benefits tax	195,037
Community tax certificate	10,500
Barangay permit	15,015
Other taxes	6,052,590
Total	₱34,424,097

Permits and licenses included as part of business taxes amounted to ₱461,949 is presented as "Others" under "Cost of Sales and Services"



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The management of Asian Hospital, Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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


Augusto P. Palisoc, Jr.
Chairman of the Board


Beaver R. Tamesis, MD
President and Chief Executive Officer


Robert D. Martinez
Chief Finance Officer

Signed this 21st day of February, 2023

FEB 23 2023

SUBSCRIBED AND SWORN to before me this ____ day of _____ affiants exhibiting to me their respective Evidence of Identity, as follows:

Names	Evidence of Identity	Date of Issue	Place of Issue
Augusto P. Palisoc, Jr.	PP P6294589A	March 7, 2018	Manila
Beaver R. Tamesis, MD	PP P6844863A	April 19, 2018	La Union
Robert D. Martinez	UMID CRN-0111-0254738-9		Manila

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ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
APPOINTMENT 097/12/31/2023 MANILA
IRP NO. 181139 / 01/03/2023
PTE. H. Notary Public 023
ROLL NO. 23079, TIN NO. 172-528-620
MCLE COMP. NO. VII-000165 VALID UNTIL APRIL 14, 2025
① 1411 TAYUMAN ST., STA. CRUZ, MANILA