

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 ASC94-00011249
5. BIR Tax Identification Code 004-502-062-000
6. 2205 Cjyle 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, 2022**
Time: **10:30 AM**
Place: **To be conducted virtually and may be accessed at:**
<https://us06web.zoom.us/j/86238113258?pwd=b1owL2ZkS3lDbGp5OUJlc0J2TEhXQT09>
9. Approximate date on which the Information Statement is first to be sent or given to security holders **7 April 2022**
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, 2022

Time: 10:30 AM

Place: To be conducted virtually and may be accessed at
<https://us06web.zoom.us/j/86238113258?pwd=b1owL2ZkS3l0bGp5OUJlcDd2TEhXQT09>

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

The Notice of Meeting is attached hereto as Schedule I.

The date on which the Information Statement is first to be sent or given to stockholders is on or before April 7, 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 has 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, 2022 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, 2021 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, 2022 Annual Meeting is April 12, 2022 (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 February 28, 2022, are as follows:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner	Citizenship	No. of Shares ¹	Percentage of Class
Common	Metro Pacific Hospital Holdings, Inc. (formerly Neptuna Stoika Holdings, Inc.) (MPHHI) ²	MPHHI	Filipino	1,016,151,899 (R & B)	52.47

¹ Nature of ownership is indicated as (R) for record owner and (B) for beneficial owners.

² 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

	10 th Floor MGO Building, Legazpi cor. Dela Rosa Streets, Legazpi Village, Makati City				
	Stockholder				
Common	AHI Hospital Holdings Corporation (formerly, Bumrungrad International Phils., Inc.) ("AHHC") 10F Net One Center, 26 th cor. 3 rd Avenues, Bonifacio Global City, Taguig, Metro Manila	AHHC	Filipino	532,582,396 (R & B)	27.50
	Stockholder				
Common	Metro Pacific Investments Corporation ("MPIC") ¹ 10th Floor MGO Building, Legazpi cor. Dela Rosa Streets, Legazpi Village, Makati City	MPIC	Filipino	109,278,743 (R&B)	5.64
	Stockholder				

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 February 28, 2022:

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	Andres M. Licaros Jr. 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

Secretary in accordance with AHI's Amended By-laws. MetroPac Apollo Holding, Inc. owns 56.25% of the outstanding capital stock of MPHII. MPHII's proxy is Mr. Augusto P. Palisoc Jr., or in his absence, the Chairman of the Annual Meeting.

¹ On May 20, 2014, MPIC executed a Deed of Assignment transferring all of its beneficially and directly-owned shares of stock in AHI to MPHII. 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 MPHII authorizing MPHII to exercise and enjoy all rights arising from the AHI shares sold pending the transfer of legal title over the shares to MPHII. MPHII's proxy with respect to these shares of stock is Mr. Jose Ma. K. Lim or in his absence, Mr. Augusto P. Palisoc Jr., or in their absence, the Chairman of the Annual Meeting.

Common	Sol Z. Alvarez Director	295,754	-- Direct	Filipino	0.02%
Common	Ricardo V. Buencamino Director	1	-- Direct	Filipino	Nil
Common	Fernandino Jose A. Fontanilla Independent Director	442,478	--Direct & -Indirect	Filipino	0.02%
Common	Carmelita I. Quebengco Independent Director	1	-- Direct	Filipino	Nil
Common	Retired Chief Justice Artemio Panganiban Independent Director	1	-- Direct	Filipino	Nil
TOTAL		738,241			0.04%

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

Under the Voting Agreement dated February 18, 2005, MPHFI, 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 MPHFI, 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 MPHFI, Dr. Jorge M. Garcia and AHHC. 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.

6. 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)	57	Filipino	July 25, 2006
Manuel V. Pangilinan	75	Filipino	December 6, 2011

Augusto P. Palisoc Jr.	64	Filipino	December 6, 2011
Andres M. Licaros Jr.	63	Filipino	December 6, 2011
Carmelita I. Quebengco (Independent Director)	74	Filipino	March 21, 2012
Ricardo V. Buencamino	77	Filipino	February 27, 2013
Jose Noel C. de la Paz	65	Filipino	April 30, 2015
Sol Z. Alvarez	89	Filipino	August 7, 2015
Refrad Chief Justice Artemio Panganiban (Independent Director)	85	Filipino	March 3, 2017
Reymundo S. Cochangco	56	Filipino	September 15, 2020
Celso Bernard G. Lopez	46	Filipino	September 15, 2020

FERNANDINO JOSE A. FONTANILLA is a medical doctor by profession and one of Asian Hospital's credentialed Ophthalmologist 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 has been the Dean of the San Bede University - College of Medicine since 2013. Dr. Fontanilla was the former Treasurer and Member of the Board of Trustees of the Association of Philippine Medical Colleges. In September of 2018, he was sworn in as a 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 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 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 and Health (Gold Medal Awardee) from the Ateneo Graduate School Business.

MANUEL V. PANGILINAN assumed chairmanship of the Board of Metro Pacific Investments Corporation (MPIC) in March 2006 and remain as such up to the present. Born in the Philippines In July 1946, Mr. Pangilinan graduated cum laude in 1968 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 Bancor 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, MVP 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 United States 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 35 years. He is currently an Executive Director of MPIC and is the President and 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 Bert's 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

ANDRES M. LICAROS, JR. is a seasoned leader-manager having more than four decades of professional management experience across various industries namely: structural design and construction management, pharmaceuticals, commercial feeds and livestock, confectionery and healthcare. He is a licensed civil engineer, a perceptive and authentic leader and an inspiring mentor to every staff within his organization who is committed to pursue excellence and be the best that he/she can be.

Mr. Licaros has a massive leadership experience in two tertiary hospitals acquired and managed by the MPIC Hospital Group – Davao Doctors Hospital from 2008 to 2011, and Asian Hospital and Medical Center (the "Hospital") from 2012 to present – as the President and Chief Executive Officer.

Since joining AHI, Mr. Licaros has transformed the Hospital to one of the most reliable providers of quality healthcare in the country. From increasing the Hospital's bed capacity to 311 beds in 2012, to successfully nailing its 1st Joint Commission International Accreditation in 2013, to the establishment of the Asian Cancer Institute in 2015, he has consistently delivered an outstanding business performance for AHI, while bringing the Hospital to be completely debt-free since 2017. All these milestones were reached by AHI because Mr. Licaros firmly believed that quality and safe patient care is every patient's right and not a privilege.

In his past professional experience, he also shared his expertise and passion in healthcare as the Director for Marketing and Sales in The Medical City from 2007 to 2008 and as the Vice President for Marketing Division in St. Luke's Medical Center-Quezon City from 2001 to 2005.

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. 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 Janssen Foundation. She is also a Director at Large of the International Association of Lasalian Universities. She was conferred as second honorary doctorate in Educational Leadership and Management by St. Mary's College California.

RICARDO V. BUENCAMINO was the President and Chief Executive Officer of Clark Electric Distribution Corporation from January 26, 2015 to December 31, 2018. Mr. Buencamino served as Senior Executive Vice President and Head of Networks, Manila Electric Company's biggest technical organization before his retirement in 2014. He graduated from Mapua Institute of Technology with a Bachelor of Science degree in Electrical Engineering and a licensed Professional Electrical Engineer. He holds a Master's Degree in Management from Asian Institute of Management and completed the General Management of Electric Utilities Program at the International Management Development Center in Austin, Texas, USA. He is also IIEE's (Institute of Integrated Electrical Engineers of the Philippines, Inc.) 2005 Most Outstanding Electrical Engineer – Corporate Management Category.

Mr. Buencamino is formerly a member of the board of directors of Meralco Industrial Engineering Services Corporation, Meralco Energy Inc., Miescor Logistics Inc., MRail Inc. and Clark Electric Distribution Corporation.

JOSE NOEL C. DE LA PAZ is MPHHI's Director for Corporate Development since the start of the company in 2014, the same position he had in MPIC from 2007 to 2014. 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 for 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, Bancorn 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. 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 MPHFI. 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 Collnes 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 MPHFI, 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.

AHI Officers

Name of Officer	Position	Age	Citizenship
Augusto P. Palisoc Jr.	Chairman	84	Filipino
Andres M. Licaros Jr.	President and Chief Executive Officer	63	Filipino
Raymundo S. Cochangco	Treasurer	55	Filipino
Robert D. Martinez	Chief Finance Officer	58	Filipino
Gilbert Raymond T. Reyes ⁴	Corporate Secretary	63	Filipino
Mare Cecile Roque-Quintos ⁵	Assistant Corporate Secretary	55	Filipino
Sharon C. Hernandez	Chief Strategy Officer and Head of Strategic Support Group	46	Filipino
Dr. Jose M. Acuin	Chief Medical Officer	63	Filipino

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

ANDRES M. LICAROS JR. (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.

⁴ Appointed on 21 October 2021.

⁵ Appointed on 21 October 2021

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.

SHARON C. HERNANDEZ is the current Chief Strategy Officer and Head of the Strategic Support Group of AHI. She joined AHI in 2012 as Human Resources Director and was promoted in 2017 as Chief Strategy Officer. Ms. Hernandez acquired her Bachelor of Arts major in Economics and Master Degree in Business Administration from De La Salle University. She also gained her Diploma for Training and Development at College of St. Benilde - De La Salle University.

Ms. Hernandez also held the position of Vice President for HSBC and Assistant Vice President for Corporate Training and Organizational Development in AIG, Philamlife. She has more than 20 years of relevant work experiences in leading teams achieve their corporate goals, aligning strategic directions with operational tasks, managing people and organizational development, and partnering with business units in maximizing team strengths and better operational efficiencies. She has hands-on experience in designing, implementing, and recommending human capital management interventions, specifically in the areas of personal and employee engagement projects, organizational development activities, talent management, recruitment and workforce augmentation programs, office administration, etc. She has done such functions in corporate and consultancy capacities for leading local and multi-national companies, across many industries.

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 MPHHI.

(a)(iv) 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. In accordance with AHI's Manual for Corporate Governance (the "Manual"), the Nomination Committee has pre-screened all candidates nominated to become a member of the Board in accordance with the following qualifications and disqualifications set forth in the Manual:

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;
- (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;

(vii) Any person convicted by final judgment or order by competent judicial or administrative body of any crime that:

- a. Involves the purchase or sale of securities, as defined in the SRC;
- b. Arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker;
- c. Arises out of his fiduciary relationship with a bank, quasibank, trust company, investment house or as an affiliated person of any of them;
- d. Any person who, by reason of his misconduct, after hearing, is permanently enjoined by final judgment or order of the SEC or any court or administrative body of competent jurisdiction from:
 1. Acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker;
 2. Acting as director or officer of a bank, quasibank, trust company, investment house, or investment company;
 3. Engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above; or
 4. Willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Revised Corporation Code, SRC or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking, or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization.

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 AHL 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 Section 38 of the SRC, SRC Rule 38, SEC Memorandum Circular No. 02-02 dated April 5, 2002 and SEC Memorandum Circular No. 16-02 dated November 28, 2002 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 or substantial stockholder of AHI or of its related companies or any of its substantial stockholders (other than as 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 stockholder of AHI, any of its related companies or any of its substantial stockholders. 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 stockholder of AHI, and/or any of its related companies and/or any of its substantial stockholders 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 5 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 5 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

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.

B. 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 AHL;
- (ii) He shall be at least a college graduate or he shall have been engaged or exposed to the business of AHL for at least 5 years;
- (iii) He shall possess integrity/probity; and
- (iv) He shall be assiduous.

D. An independent director shall likewise be disqualified during his tenure under the following instances or causes:

- (i) Any person who has been finally convicted by a competent judicial or administrative body of the following: (a) any crime involving the purchase or sale of securities, e.g., proprietary or non-proprietary membership certificate, commodity futures contract, or interest in a common trust fund, pre-need plan, pension plan or life plan; (b) any crime arising out of the person's conduct as an underwriter, broker, dealer, investment company, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, floor broker; and (c) any crime arising out of his relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- (ii) Any person who, by reason of any misconduct, after hearing or trial, is permanently or temporarily enjoined by order, judgment or decree of the SEC or any court or other administrative body of competent jurisdiction from: (a) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or a floor broker; (b) acting as a director or officer of a bank, quasi-bank, trust company, investment house, investment company or an affiliated person of any of them; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above in connection with any such activity or willfully violating laws governing securities and banking activities. Such disqualification shall also apply when such person is currently subject of an effective order of the SEC or any court or other administrative body refusing, revoking or suspending any registration, license or permit issued under the Corporation Code, SRC, or any other law administered by the SEC or BSP, or under any rule or regulation promulgated by the SEC or BSP, or otherwise restrained from engaging in any activity involving securities and banking. Such person is also disqualified when he is currently subject of an effective order of a self-regulatory organization suspending or expelling him from membership or participation or from associating with a member or participant of the organization;
- (iii) Any person finally convicted judicially or administratively 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 act or transgressions;
- (iv) Any person finally found by the SEC or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the SRC, the

Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation or order of the SEC or BSP;

- (v) Any person judicially declared to be insolvent;
- (vi) 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 paragraphs (i) to (v) hereof;
- (vii) Any affiliated person who is ineligible, by reason of paragraphs (i) to (v) hereof to serve or act in the capacities listed in those paragraphs;
- (viii) Conviction by final judgment of an offense punishable by imprisonment for a period exceeding 6 years, or a violation of the Corporation Code, committed within 5 years prior to the date of his election or appointment;
- (ix) He becomes an officer, employee or consultant of AHI where he is such member of the board of directors/trustees, or becomes any of the persons enumerated in item (i) to (viii) hereof;
- (x) His beneficial security ownership exceeds 2% of the outstanding capital stock of AHI where he is such director;
- (xi) Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family; and
- (xii) Such other disqualifications which AHI's Manual provides.

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 two (2) Independent Directors. He shall ensure that at least two (2) 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 2022-2023:

Regular Directors:

1. Manuel V. Pangilinan
2. Andres M. Licaros Jr.
3. Jose Noel C. de la Paz
4. Augusto P. Palisoc Jr.

5. Ricardo V. Buencamino
6. Sol Z. Alvarez
7. Reymundo S. Cochangco
8. Celso Bernard G. Lopez

Independent Directors:

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

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 18 March 2022, attached hereto as Schedule II.

Fernando 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 Fernando Jose A. Fontanilla, Carmelita I. Quebengco and Retired Chief Justice Artemio V. Panganiban.

(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)
Andrés M. Licaros Jr., Chief Executive Officer Carlo B. Soliman, Chief Financial Officer Jose Acuin, Chief Medical Officer Sharon Hernandez, Chief Strategy Officer and Head of the Strategic Support Group	2018	20,440,000	7,635,000	1,757,045
All other officers		71,308,765	13,927,638	4,155,580
Andrés M. Licaros Jr., Chief Executive Officer Carlo 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
Andrés 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
Andrés 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	11,897,388	3,866,886
Projected Andrés 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	2022	25,137,000	5,271,000	3,550,193
All other officers		80,438,740	12,492,256	4,060,230

(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, 2021, 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, 2021, 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. Gemelo 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 2021.

AHI has the same independent public auditor, but has always complied with the provisions on long association of personnel (including partner rotation) with an audit client as prescribed in the Code of Ethics for Professional Accountants in the Philippines as adopted by the Board of Accountancy (BOA) and Professional Regulation Commission (PRC) and such other standards as may be adopted by the SEC, as mandated by Part1(3)(B)(ix) of the Revised SRC Rule 68

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.

- (b) **External Audit Fees**

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

SGV billed AHI the amount of Php1.6 Million for 2021 and 2020 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 to secure a BIR ruling to change the estimated useful lives of its assets in 2011; and for transfer pricing documentation in 2020.

There are no other tax engagements done by SGV for 2021.

- (c) Representatives of SGV will be present during the 2022 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. Ferrnandino 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 2021 shall be made available to the stockholders as provided in Annex "B" hereof.

D. OTHER MATTERS

10. Action with Respect to Reports

The minutes of the last annual meeting of the stockholders held on April 30, 2021 will be submitted to the stockholders for approval. A copy of the minutes is attached hereto as Annex "C" and is incorporated by reference.

11. Other Proposed Action

There are no other matters to be taken up during the May 2, 2022 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 taking into account the recent regulations issued in light of the COVID-19 situation, AHI will dispense with the physical attendance of stockholders at the 2022 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.⁶
- (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/j/86238113258?pwd=b1owL2ZhS3lDbGp5OUJlcDJ2TEhXOT09>

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

⁶ On March 14, 2022, the Board of Directors issued a resolution allowing stockholders who cannot physically attend to participate in the stockholders' meeting through remote communications or other alternative modes of communication, and for this purpose, such remote or in absentia participation shall be considered in the determination 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 "A" – 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 1 April 2022.

ASIAN HOSPITAL, INC.

By:

Gilbert R. T. Reyes

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. AS094-00011249.

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, preoperative 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 38.5 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 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 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 February 28, 2022, AHI has 604 common stockholders. Below is the list of the top 20 stockholders as of February 28, 2022:

	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.)	532,582,356	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	1,808,210	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	940,487	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 2021 and 2020

AHI's total assets at year-end 2021 and 2020 ended at Php5.5 billion and Php5.2 billion, respectively. Total liabilities slightly increased by Php8.7 million as of year-end 2021, while stockholders' equity closed at Php4.7 billion, which was 6.4% higher than the previous year.

Total current assets increased to Php1.3 billion as of year-end 2021, as against Php976.2 million in 2020. Cash and cash equivalents increased to Php686.6 million in 2021 from Php381.5 million in 2020. Accounts receivable increased to Php368.2 million in 2021 from Php333.2 million in 2020. The inventory of medicines and medical supplies amounted to Php231.5 million in 2021 and Php230.5 million in 2020.

Total non-current assets, which accounted for about 76.0% of the total assets in 2021 and 81.2% in 2020, amounted to Php4.2 billion in 2021 and 2020. Cost of the hospital building and investment in medical equipment comprised the bulk of the non-current assets.

Total current liabilities increased to Php788.6 million in 2021 from Php754.0 million in 2020.

Non-current liabilities which consisted of retirement benefits accrual and lease liability stood at Php20.0 million in December 2021 versus Php45.9 million as of the end of 2020.

The shareholders' equity increased to Php4.7 billion in 2021 from Php4.4 billion in 2020.

Income Statements: Comparing 2021 and 2020

Net patient service revenues increased by 14.5% to Php3.3 billion from Php2.9 billion in the previous year. Of the gross patient service revenues, ancillary services contributed Php3,805.1 million in 2021 and Php3,209.3 million in 2020, while routine services, which include room and board, stood at Php272.8 million in 2021 and Php425.0 million in 2020.

Cost of services and sales remained the same at approximately Php2.1 billion for 2021 and 2020. A breakdown of the Cost of Services and Sales for years 2021 and 2020 is provided below:

Cost of Services and Sales	2021	2020
Medicine and Medical supplies	1,022,345,795	984,095,460
Personnel costs	361,159,182	357,438,980
Professional fees and outside services	204,511,101	197,380,881
Reader's Fee	177,454,313	148,835,039
Depreciation	175,616,037	210,140,280
Communication, light and water	91,773,760	90,515,605
Patient meals	34,203,853	45,739,961
Repairs and maintenance	20,062,148	10,422,580
Supplies	17,703,464	18,375,486
Rent	15,283,886	17,769,336
Others	27,892,299	17,929,315
Total	2,147,805,839	2,088,642,923

Medicines and medical supplies inched up by 3.9% mainly due to the global pandemic. Professional fees and outside services increased by 3.5% mainly due to higher medical outside tests. Reader's fees increased by 19.2% due to higher outpatient volume.

The decrease in depreciation is mainly attributed to the full depreciation of certain medical equipment. The increase in communication, light and water is mainly due to higher power rate. The increase in repairs and maintenance is mainly due to lower repair of medical equipment in previous year. The decrease in patient meals and supplies is mainly due to lower admission census.

Rent expense decreased primarily due to the decrease in the lease of medical equipment. The increase in the cost item "others" is mainly attributed to higher travel expenses pertaining to nursing allowance.

Operating expenses for year 2021 increased compared to 2020, and amounted to approximately Php1 Billion. A breakdown of the Operating Expenses for years 2021 and 2020 is provided below:

Operating Expenses	2021	2020
Personnel costs	303,203,588	287,975,262
Provision for doubtful accounts	188,400,074	133,950,421
Depreciation	168,977,993	162,242,510
Professional fees and outside services	140,820,271	133,326,423
Repairs and maintenance	50,045,488	45,285,253
Communication, light and water	42,140,709	38,783,721
Taxes and licenses	31,105,111	48,758,710
Entertainment, amusement and recreation	18,974,651	17,826,482
Supplies	16,341,279	17,020,543
Insurance	14,516,308	15,721,951
Transportation and travel	10,571,328	9,688,339
Rent	6,905,022	7,229,699
Amortization of software	6,634,461	9,831,980
Advertising	3,305,297	6,619,402
Others	42,480,620	55,440,494
Total	1,044,422,200	971,811,190

The increase in personnel expenses is mainly attributed to gratuity pay and higher utilization of medical benefits. The increase in provision for doubtful accounts is mainly due to a slow down in Philhealth payment. The increase in depreciation is mainly due to depreciation of building and hospital information and equipment system. The increase in professional fees and outside services is mainly due to the increase in legal and consultant fees.

The increase in communication, light and water is mainly due to higher power rate. The decrease in taxes and licenses is mainly due to final settlement and payment of 2013 income tax assessment in the previous year. The decrease in the item "others" is mainly due to closure of canteen operations.

Financing expenses decreased by Php1.8 million or 59.8% compared to the same period last year mainly due to net interest from retirement benefit cost.

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

The increase in AHL's "Other Income" is mainly due to recovery of bad debts provision.

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 2022 in order only 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 imposing 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 of 2020. 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 March 29, 2021, the Greater Manila Area was placed back to ECQ due to a surge in COVID-19 cases in the area. On April 11, 2021 the quarantine measure was downgraded to MECQ for the remainder of the month of April and was later extended up to May 14, 2021. On May 13, 2021 the quarantine measure in the Greater Manila Area was downgraded to GCQ effective May 15, 2021. On July 30, 2021, the government again placed Metro Manila under ECQ starting August 6, 2021 due to rising cases of Delta coronavirus variant. Metro Manila was thereafter placed under MECQ until September 15, 2021.

Thereafter, beginning September 16, 2021, a new risk-level classification ("Alert Level System") was pilot tested in Metro Manila, which implementation was thereafter extended to other provinces, highly-urbanized cities and independent component cities effective 1 October 2021. On 11 November 2021, the government approved the nationwide rollout of the Alert Level System.

The Philippines remained under Alert Level 2 until December 31, 2021 despite a continued decline in new cases due to the looming threat of the potentially more infectious Omicron coronavirus variant.

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 prevailing environment, in full cooperation with the national and local government units.

The coronavirus pandemic has negatively affected, and is expected to continue to negatively affect, the Company's operations. The Company has experienced and expect to continue to experience reductions in demand for some of its services; particularly diagnostics services since most patients are worried that they may catch the virus and are staying away from hospitals. While the impact of COVID-19 may have a negative effect on the Company's Revenue and Cost of Operation, the Company is unable to reasonably estimate the extent or nature of its impact at this time.

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 COVID-19 pandemic, as discussed above, 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, 2020 to period December 31, 2021.

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 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 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.

AHI's conference facility is used extensively for lay forums, workshops and symposiums since its opening in September 2009. The facility is designed to be used for educational purposes and training for students, nurses and doctors.

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 5, 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 new Hospital tower.

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 Amending 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 the new Hospital tower 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 has 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.

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 December 31, 2020 to December 31, 2021 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.

Additional Notes to Financial Statements

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.

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 2021. 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 consolidated financial statements of the Company.

- **Amendment to PFRS 16, COVID-19-related Rent Concessions beyond 30 June 2021**
The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
 - The rent concession is a direct consequence of COVID-19;
 - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
 - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
 - There is no substantive change to other terms and conditions of the lease.

- **Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, Interest Rate Benchmark Reform – Phase 2**

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

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, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Property plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a 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*
 - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
 - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

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

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

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*

KEY PERFORMANCE INDICATORS

Hospital Census

The number of average daily Inpatient census as of December 2021 decreased to 104 from the average of 126 in 2020, while outpatient census increased to an average of 459 per day as of December 2021 from 363 over the same period last year. The hospital's total revenue from services to patients for 2021 went up by 14.5% or Php0.4 million.

	Year 2021	Year 2020
Average Daily Inpatients	104	126
Average Daily Outpatients	459	333

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 2021 and 2020, the Company has 23 accredited HMOs.

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, 2021 and 2020 are as follows:

	Year 2021	Year 2020
Percentage of Allowance for ECL over Accounts Receivable	50.9%	40.6%
Days' Revenues in Receivables*	58	44

* 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 has been closely monitoring the progress of patient receivables and has been meeting 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, 2021 and 2020 are as follows:

	Year 2021	Year 2020
Days' Sales in Inventory*	87	75

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

Rationalization of Manpower Level

The decrease in headcount is mainly due to resignation, unfilled positions and redundancy program 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 continues to outsource some of its noncritical staffing requirements (security, janitorial, laundry and building maintenance and engineering services).

The following is the comparative manpower levels of the Hospital as of December 31, 2021 and 2020.

	Year 2021	Year 2020
Regular*	1,201	1,377
Probationary*	152	93
Total	1,353	1,470

* Actual headcount

Dividends

AHI declared dividends in the total amount of Php52.3 million and Php129.8 million in 2021 and 2020, 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).

Other than the provisions of the Revised Manual that were revised, there has been no deviation from the Revised Manual. Neither has there been any director or executive officer of AHI who has violated any provision of the Revised Manual.

AHI is in the process of further revising its corporate governance manual to comply with SEC Memorandum Circular No. 24, series of 2019, providing for the Code of Corporate Governance for Public Companies and Registered Issuers. AHI is targeting to submit the further Revised Manual to the SEC not later than 30 June 2022.

SCHEDULE I'
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 2022 will be conducted online on Monday, May 2, 2022 at 10:30 A.M. Stockholders may watch and participate in the proceedings by signing on at the following URL address:

<https://us06web.zoom.us/j/86238113258?pwd=b1owLzZn53lDbGp5OUJicDJ2TEhXQT09>

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 April 30, 2021
- 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, 2021
- f. Report on Incumbent Directors
- g. Ratification of Corporate Acts since April 30, 2021
- h. Election of Directors
- i. Appointment of External Auditor for 2022
- j. Adjournment

Minutes of the 2021 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, 2022 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 in light of the COVID-19 situation, 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 25, 2022 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 25, 2022.

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

² The Notice will be published on 10 and 11 April 2022 in the Business section (print and digital) of the Philippine Daily Inquirer and Philippine Star.

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

SCHEDULE II

**LETTER TO THE SEC ON THE EXTENSION OF TERM
OF AHI INDEPENDENT DIRECTORS**

18 March 2022

SECURITIES & EXCHANGE COMMISSION
GF Secretariat Building
PICC Complex, Roxas Boulevard
Manila, 1307

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

Re: **AHI Independent Directors - Extension of Term**

Gentlemen,

In relation to the filing of 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. Quabengoa.

Mr. Fontanilla and Ms. Quabengoa 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. 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 Directors Fontanilla and Quabengoa remain independent and are qualified for re-election to the AHI Board.

We trust that you find the foregoing in order.

Very truly yours,


GILBERT RAYMUND T. REYES
Corporate Secretary

ANNEX "A"
ASIAN HOSPITAL, INC.
VIRTUAL ANNUAL STOCKHOLDERS' MEETING

RECORD DATE: 12 APRIL 2022

**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 Monday, May 2, 2022 at 10:30 A.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/j/86238113258?pwd=b1owLzZhS3lDbGp5OUJlcDJ2TEhXQT09>
(the "Website")

from 8:00 A.M. of April 13, 2022 until 5:00 P.M. of April 25, 2022 (the "Registration Period"). Beyond this time and date, a Stockholder may no longer be allowed to participate in the Annual Meeting of the stockholders.

Registration Requirements

The following are needed for the online registration:

For Individual Stockholders

1. Completion of online pre-registration form which will require:
 - 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); and
 - d. Stock Certificate number (optional).
2. Submission of signed registration form 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:

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

2. Submission of signed registration form, proxy form, and the Secretary's Certificate or equivalent document (in case of a non-resident stockholder) attesting to the authority of the 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)

Online Registration Procedure

1. Log in into the Electronic Voting in Absenta System at: <https://us06web.zoom.us/j/86238113258?pwd=b1owL2ZhS3JDbGp5OUJlcDJ2TEhXQT09>. Please ensure that you have prepared the necessary information and requirements.
2. Enter the information required in the respective fields. When all information have been entered, print the online registration form, and click the "Register" button.
3. You will receive an email from ahiaadmin@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 the Stock and Transfer Agent 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 ahiaadmin@asianhospital.com or an automated email from the Zoom platform containing the unique access link 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 by April 26, 2022, 5:00 P.M., are entitled to participate in the 2022 Annual Meeting of the AHI 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 ahragminfo@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, starting on April 13, 2022 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 in the Website. Such e-mail confirmation shall also contain a unique access link per stockholder.

Please call or contact the Company's stock transfer agent or ahragminfo@asianhospital.com in case you have not received any notification by April 25, 2022.

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.

ANNEX "B"
SEC FORM 17-A AND 2021 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, 2021. 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/ABOUT/ANNUAL-STOCKHOLDERS-MEETING](https://www.asianhospital.com/about/annual-stockholders-meeting).

ANNEX "C"
MINUTES OF THE SHAREHOLDERS' MEETING DATED APRIL 30, 2021

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

Held on April 30, 2021
Via Webex

I. Call to Order

After the invocation and national anthem, the Chairman, Mr. Augusto P. Palaso Jr., called the meeting to order. The Corporate Secretary, Ms. Jane Catherine Rops, received the minutes of the proceedings.

II. Certification of Notice and Quorum

The Corporate Secretary, certified that the notice and agenda for the 2021 Annual Stockholders' Meeting ("AGM") were posted in the Corporation's website and published in the Philippine Star on February 15, 2021.

The Corporate Secretary confirmed that based on the registration procedures for the 2021 AGM, as of April 27, 2021 ("Record Date"), out of the total of 1,956,728,291 common shares issued, outstanding and entitled to vote as of the Record Date, the holders of 1,658,013,118 common shares were present today either in person or proxy, representing 85.65% of the Corporation's outstanding capital stock. Since a total of 85.65% or more than a majority of the outstanding capital stock were present or duly represented in the AGM, the Chairman, upon the verification of the Corporate Secretary, declared that there was a quorum for the transaction of business by the stockholders.

III. Ratification of the Minutes of the Previous Meeting

The Chairman informed the stockholders that the next order of business is the ratification of the minutes of the last annual stockholders' meeting held on 15 September 2020. The Chairman informed the stockholders that copies of the minutes of the meeting of the last annual stockholders' meeting were uploaded in the Corporation's website, together with the notices of the 2020 AGM and the DGS.

The Corporate Secretary confirmed that based on the voting procedures for the AGM, stockholders holding a total of 1,658,013,138 common shares, or 85.65% of the Corporation's outstanding capital stock, voted to approve and ratify the minutes of the last annual stockholders' meeting.

IV. Presentation of the Report of the Chief Executive Officer

Mr. Andres M. Licaros Jr. presented the updates on the operations and financials of the Hospital. A copy of his presentation is attached herein as "Annex A".

Among the salient points of his report are as follows:

1. COVID Dashboard: (i) the Corporation's emergency response during the second surge was challenged with supplies, manpower, PPEs, medication becoming scarce during the surge, (ii) at the peak of the surge, the Corporation was taking care of 100 to 110 moderate to critically ill COVID patients per day, (iii) a total of 2,747 COVID patients were admitted, overall fatality rate was 14% which is concentrated among critical cases (68%) and severe cases (11%), and (iv) a total of 288 healthcare workers were infected with one fatality.
2. The Corporation opened its COVID Testing Service on May 17, 2020, and served a total of 17,551 patients for the year 2020.
3. The Corporation deployed its Extreme Life Incident Team to look after the mental health of its fatigued medical staff.

Better Outcomes (Metrics)

1. All Patient Safety Triggers are down in 2020 from the 2019 levels and are below the global benchmark.
2. Critical Care Mortality: (i) ICU admissions picked up in 2020, which led the Corporation to make a decision to utilize two of the three dedicated ICU units to care for COVID patients, (ii) 2020 saw a jump in severity of illness attributed to critical COVID disease, which caused the highest standard mortality rate (SMR) of 0.98 of the ICU during the height of the first surge (an SMR of "1" means that one predicted death translates to one actual death), (iii) the SMR, however, dropped during the second surge, through the concerted efforts of the various departments that helped the critical care unit.

3. **Patient Experience Results:** (i) during the first two quarters of 2020, the Corporation's scores and rank in the global benchmark improved for both in-patient and out-patient services, (ii) the Corporation ranked in the 61st percentile in the global benchmark.
4. **Financial Results:** (i) in terms of gross revenues, the Corporation is only 8% behind its 2019 numbers despite a 48% drop in admissions and out-patient census, this is due to a longer average length of stay of patients (COVID patients require care for a longer period of time) (ii) EBITDA for 2020 (PhP586 Million) is lower than in 2019 (PhP 1,097 Million); (iii) NPAT for 2020 (PhP105 Million) is lower than in 2019 (PhP 515 Million).

Unforgettable Experience

1. **Tagged Safe Campaign:** (i) infection prevention controls are being strictly implemented, (ii) elimination of much of the face-to-face transactions via implementation of electronic queuing, electronic health declaration, collaboration among staff via electronic platforms.
2. **New Normal Services:** (i) online ordering and delivery of medicines, (ii) e-consult platform, (iii) online appointment systems for booking and paying for procedures, (iv) homecare services (consult and labtest), etc.

Following the President's report, the Chairman informed the shareholders that the floor has been opened for shareholders of record to raise questions and/or comments for the Board and/or the management. One question was asked on what the status of the Corporation's vaccination drive is among its healthcare workers, Mr. Licatus responded that the Corporation was among the first to vaccinate its healthcare workers with about 97-98% already being vaccinated. Another question was asked on whether the minority shareholders can appoint one independent director to the board. The Chairman responded that the current regulations of SEC allow for such representation in the Board by the minority shareholders.

V. Approval of the Audited Financial Statements of the Corporation for the Year Ended December 31, 2020

The Chairman informed the stockholders that the next item in the agenda is the approval of the audited financial statements of the Corporation as of December 31, 2020. The Chairman also mentioned that the salient points of the audited financial statements were included in the report of the President and CEO.

Upon motion duly made and seconded, the stockholders approved the audited financial statements of the Corporation as of December 31, 2020.

VI. Ratification of Corporate Acts

The Chairman informed the stockholders that the next item in the agenda is the ratification of the acts of the Board of Directors and management since September 15, 2020, as set forth in the minutes of the meetings of the Board of Directors of the Corporation, the disclosures filed with the SEC, and the Corporation's DIS uploaded at the website. Upon motion duly made and seconded, the stockholders resolved to ratify all the actions of the Board of Directors and management of the Corporation since September 15, 2020.

VII. Election of Directors

The Chairman informed the stockholders that the next item in the agenda is the election of directors for the year 2021-2022. The Chairman requested the Corporate Secretary to enumerate the names of those who were nominated for election as directors of the Corporation for the year 2021-2022. The Corporate Secretary enumerated the following nominees:

A. Regular Directors

1. Mr. Manuel V. Pangilinan
2. Mr. Augusto P. Palisoc Jr.
3. Mr. Andres M. Licaros Jr.
4. Mr. Jose Noel C. de la Paz
5. Mr. Ricardo V. Buenamino
6. Dr. Sol Z. Alvarez
7. Mr. Reymundo S. Cochango
8. Mr. Celso Bernard G. Lopez

B. Independent Directors

1. Dr. Ferdinand Jose A. Fontanilla
2. Dr. Carmelita I. Quebengeo
3. Former Chief Justice Artemio V. Panganiban

The Corporate Secretary informed the shareholders that the qualifications of the nominees were reviewed by the Corporation's Nomination Committee and that a brief statement of the business background of each nominee was included in the Corporation's DIS uploaded at the website. He also noted that considering that there are as many candidates as

there are seats in the Corporation's Board of Directors, all nominees are eligible to be elected as Directors of the Corporation for the year 2021-2022.

After the motion was duly seconded, and no objections being raised, the Chairman informed the body that the following were elected as directors of the Corporation by the stockholders holding 85.65% of the outstanding capital stock of the Corporation:

A. Regular Directors

9. Mr. Manuel V. Pangilinan
10. Mr. Augusto P. Pabico Jr.
11. Mr. Andres M. Licaros Jr.
12. Mr. Jose Noel C. de la Paz
13. Mr. Ricardo V. Buencamino
14. Dr. Sol Z. Alvarez
15. Mr. Reynaldo S. Cochungco
16. Mr. Celso Bernard G. Lopez

B. Independent Directors

4. Dr. Ferdinand Jose A. Fontanilla
5. Dr. Carmelita I. Quebengeo
6. Former Chief Justice Artemio V. Panganiban

VIII. Appointment of External Auditor for 2021

After the election of directors of the Corporation, the Chairman opened the floor for the nomination of the Corporation's external auditor. The nomination of the Corporation's external auditor was closed after SGV & Co. was nominated.

Upon motion duly made and seconded, the stockholders holding 85.65% of the Corporation's outstanding capital stock voted for the re-appointment of SGV & Co. as the Corporation's external auditor for the year 2021-2022.

IX. Adjournment

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

Prepared by:

JANE CATHERINE ROJO TIU
Secretary of the Meeting

Noted by:

AUGUSTO P. PALISOC JR.
Chairman of the Meeting

ANNEX "D"
MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

AHI is already debt free in 2017 and has tremendously increase its cash position, thereby all major capital expenditure, new and replacements, are funded from cash generated from operations. AHI does not intend to raise additional funds nor to obtain new loan to fund its capital expenditures and has no product research and development plan in the next twelve months. AHI is expecting to purchase medical equipment in 2022 as replacement only of existing equipment.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Sycip Gorres Velayo & Co. 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 2021.

AHI has the same independent public auditor, has always complied with the provisions on long association of personnel (including partner rotation) with an audit client as prescribed in the Code of Ethics for Professional Accountants in the Philippines as adopted by the Board of Accountancy and Professional Regulation Commission and such other standards as may be adopted by the Securities and Exchange Commission.

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.

**ANNEX "E"
CERTIFICATION OF INDEPENDENT DIRECTORS**

CERTIFICATION OF INDEPENDENT DIRECTOR

I, FERNANDO JOSE A. FORTANILLA, 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:

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

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
San Beda University - College of Medicine	Dean	2002 - present
Fabel Corporation	Vice President	December 1994 - present
Lubal Corporation	Vice President	December 1994 - present
Department of Ophthalmology - The Medical City	Section Head - Uveitis	2002 - present
Eye Glaucoma Specialists	Founding Partner	2002 - present
Iru Runten and Astro Bar, Inc.	Member Board of Directors	2018 - present

- 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 8B of the Securities Regulation Code ("SRC"), its Implementing Rules and Regulations ("IRR") and other issuances of the Securities and Exchange Commission ("SEC").
- To the best of my knowledge, I am not related to any director/officer/substantial shareholder of **ASIAN HOSPITAL, INC.** and its various direct and indirect affiliates other than the relationship provided under Rule 402 of the IRR of the SRC.
- To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
- I am not affiliated with a government agency or a government owned and controlled corporation.
- 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.
- I shall inform the Corporate Secretary of **ASIAN HOSPITAL, INC.** of any changes in the above mentioned information within five days from its occurrence.

Date, this 10 MAR 2022 at Muntinlupa City



FERNANDO JOSE A. FORTANILLA

SWORN TO AND SUBSCRIBED to before me on this _____ day of _____, 2022, at _____, Metro Manila, Philippines, personally appeared before me and exhibited to me _____, a validly issued and unexpired _____, No. _____, of the City of _____, Metro Manila, Philippines, who acknowledged to me that he is the same _____ as the _____ of _____, Inc., and that he executed the foregoing _____ as his free and voluntary act and deed.

Doc No. 517
Page No. 177
Book No. 3
Series of 2022



[Faint notary text and stamp]

CERTIFICATION OF INDEPENDENT DIRECTOR

I, CARMELITA J. QUEBENGCO, Filipino, of legal age and a resident of The Grand Midorn, 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 86 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 3B.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 above-mentioned information within five days from its occurrence.

Done, this 5 MAR 2022 at MAKATI CITY

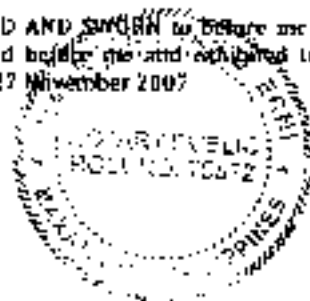
Carmelita Quebengco

CARMELITA J. QUEBENGCO

16 MAR 2022 at MAKATI CITY

SUBSCRIBED AND SWORN to before me this 16 MAR 2022 at MAKATI CITY affiant personally appeared Carmelita Quebengco and exhibited to me her Senior Citizen ID No. 15632 issued at MAKATI CITY on 22 November 2007

Doc. No. SK
Page No. 10
Book No. I
Series of 2022



[Signature]
Notary Public for the Philippines
Makati City, Philippines
[Additional illegible text]

CERTIFICATION OF INDEPENDENCE

I, **ARTEMIO S. PANGANIBAN**, Filipino, of legal age and a resident of 1203 Acacia Street, Dasmarinas Village, Alabang City, after having been duly sworn to in accordance with Law do hereby declare that:

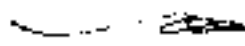
- I am a nominee for independent director of **ASIAN HOSPITAL, INC.** and have been its independent director since 1 March 2017.
- I am affiliated with the following companies:

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
IG Summit Holdings, Inc.	Independent Director	2011 - present
Jollibee Foods Corporation	Non-Executive Director	2012 - present
Manila Electric Company	Independent Director	2008 - present
Metro Pacific Investments Corporation	Independent Director	2007 - present
Perpet Corporation	Independent Director	2010 - present
PLDT, Inc.	Independent Director	2013 - present
PLA Commercial REIT, Inc.	Independent Director	2012 - present
ProM Energy Corporation	Independent Director	2015 - present
Metrobank Foundation	Chairman, Board of Advisors	2010 - present
Pan Philippine Resources Corporation	Chairman	1970 - present
Arjoon Investment and Management Inc.	Chairman	1970 - present
Foundation for Liberty and Prosperity	Chairman	2011 - present
Philippine Judges' Foundation	Chairman	2015 - present
Manila Metropolitan Cathedral	Pastor	2010 - present
Kayaba Foundation		
Chuncho Tebatake Foundation	Vice-Chairman	2015 - present
Lin Yan Kee Foundation	Trustee	2014 - present
Metro Pacific Tollways Corporation	Independent Director	2010 - present
Tollways Management Corporation	Independent Director	2001 - present
Metro Pacific Bank and Trust Company	Senior Adviser	2007 - present
Bank of the Philippine Islands	Member, Advisory Council	2010 - present
Double Dragon Properties Corporation	Adviser	2014 - present
MerryMart Consumer Corporation	Adviser	2020 - present
Philippine Dispute Resolution Center, Inc.	Chairman Emeritus	2013 - present
Asian Law Association	Chairman, Philippine National Committee	2016 - present
World Bank (Phil's)	Member, Advisory Group	2009 - present
Permanent Court of Arbitration - The Hague, The Netherlands	Designated Chairman, Philippine National Group	2017 - present

For my full and date, true and correct personal records: arjom@metrobank.com

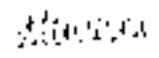
3. To the best of my knowledge, I possess all the qualifications and none of the disqualifications to serve as an Independent Director at **ASEAN HOSPITAL, INC.**, as provided for in Section 36 of the Securities Regulation Code ("SRC"), its Implementing Rules and Regulations ("IRR") and other issuances of the Securities and Exchange Commission ("SEC").
4. To the best of my knowledge, I do not belong to any director/officer/substantial shareholder of Merit-Pac, Inc. or any of its subsidiaries and affiliates other than the relationship provided under Rule 31.2 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 the 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 **ASEAN HOSPITAL, INC.** of any changes in the above-mentioned information within five days to my appointment.

10 May 2022 Makati City
 Done in and at the City of Makati, Philippines


ARTEMIO V. PANGALANAN

10 May 2022 Makati City

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2022, at _____, all of which personally appeared before me and exhibited to me his Passport No. P046008341 issued at DFA Manila on 21 January 2019.



Doc. No. _____
 Page No. _____
 Book No. _____
 Series of 2022



Annex "F"

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

Financial Statements
As at December 31, 2021 and 2020
and for the Years Ended December 31, 2021,
2020 and 2019

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 Hospital Holdings, Inc.) (the Company) which comprise the statements of financial position as at December 31, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2021 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, 2021, 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, 2021 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.



ASIAN HOSPITAL, INC.
(A Subsidiary of Metro Pacific Hospital Holdings, Inc.)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	P686,585,977	P381,465,645
Receivables (Notes 5 and 22)	368,230,538	333,196,818
Inventories (Note 6)	231,547,840	230,478,230
Other current assets (Note 7)	29,533,014	31,044,803
Total Current Assets	1,315,897,369	976,185,496
Noncurrent Assets		
Property and equipment (Note 8)	3,975,127,660	4,055,836,337
Deferred income tax assets - net (Note 19)	127,799,369	126,562,333
Other noncurrent assets (Note 9)	67,898,479	36,582,979
Total Noncurrent Assets	4,170,825,508	4,218,981,649
TOTAL ASSETS	P5,486,722,877	P5,195,167,145
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 10, 12 and 22)	P710,211,622	P673,734,928
Income tax payable	66,173,333	64,390,589
Due to a related party (Note 22)	12,165,062	15,826,449
Total Current Liabilities	788,550,017	753,951,966
Noncurrent Liabilities		
Accrued retirement benefits liability - net (Note 18)	20,003,997	43,595,413
Lease liability - net of current portion (Notes 23 and 24)	-	2,342,312
Total Noncurrent Liabilities	20,003,997	45,937,725
Total Liabilities	808,554,014	799,889,691
Equity		
Capital stock (held by 604 equity holders in 2021 and 2020) (Note 11)	1,934,032,691	1,933,915,417
Additional paid-in capital	185,465,780	185,465,780
Retained earnings (Note 11)	2,543,445,584	2,276,007,179
Other comprehensive income (loss) - net of tax (Notes 9, 11 and 18)	15,224,808	(110,922)
Total Equity	4,678,168,863	4,395,277,454
TOTAL LIABILITIES AND EQUITY	P5,486,722,877	P5,195,167,145

See accompanying Notes to Financial Statements



ASIAN HOSPITAL, INC.*(A Subsidiary of Metro Pacific Hospital Holdings, Inc.)***STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31		
	2021	2020	2019
REVENUE (Note 12)	P3,583,264,672	P3,208,527,422	P3,578,115,812
COST OF SERVICES AND SALES (Note 13)	(2,147,805,819)	(2,098,642,923)	(2,047,013,933)
GROSS PROFIT	1,435,458,833	1,109,884,499	1,531,101,879
Operating expenses (Note 14)	(1,844,422,200)	(971,811,190)	(853,298,061)
Other operating income - net (Note 15)	52,891,717	36,098,899	58,432,077
OPERATING INCOME	443,928,350	174,172,208	736,235,895
Interest income (Notes 4 and 5)	1,275,533	2,471,617	1,901,905
Finance costs (Note 16)	(1,217,218)	(3,024,840)	(2,653,454)
INCOME BEFORE INCOME TAX	443,986,665	173,618,985	735,484,346
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 19)			
Current	131,214,675	96,248,215	210,611,505
Deferred	(6,958,082)	(27,226,051)	9,848,391
	124,256,593	69,022,164	220,459,896
NET INCOME	319,730,072	104,596,821	515,024,450
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)	15,335,730	(334,695)	(16,600,448)
TOTAL COMPREHENSIVE INCOME	P335,065,802	P104,262,126	P498,424,002
BASIC/DILUTED EARNINGS PER SHARE (Note 25)	P0.1651	P0.0540	P0.2659

See accompanying Notes to Financial Statements.



ASIAN HOSPITAL, INC.*(A Subsidiary of Metro Pacific Hospital Holdings, Inc.)***STATEMENTS OF CHANGES IN EQUITY****FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019**

	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, 2018	₱1,933,085,816	₱185,465,780	₱2,026,301,030	₱16,824,221	₱4,161,676,847
Application of dividends against subscriptions receivable (Note 11)	538,589	-	-	-	538,589
Net income	-	-	515,024,450	-	515,024,450
Other comprehensive income (Notes 9, 11 and 18)	-	-	-	(16,600,448)	(16,600,448)
Total comprehensive income	-	-	515,024,450	(16,600,448)	498,424,002
Total before dividend declaration	1,933,624,405	185,465,780	2,541,325,480	223,773	4,660,619,438
Cash dividends (Note 11)	-	-	(240,154,320)	-	(240,154,320)
BALANCES AT DECEMBER 31, 2019	1,933,624,405	185,465,780	2,301,171,160	223,773	4,420,485,118
Application of dividends against subscriptions receivable (Note 11)	291,012	-	-	-	291,012
Net income	-	-	104,596,821	-	104,596,821
Other comprehensive loss (Notes 9, 11 and 18)	-	-	-	(334,695)	(334,695)
Total comprehensive income (loss)	-	-	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)	4,525,018,256
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

See accompanying Notes to Financial Statements.

ASIAN HOSPITAL, INC.
(A Subsidiary of Metro Pacific Hospital Holdings, Inc.)

STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P443,986,665	P173,618,985	P735,484,346
Adjustments for:			
Depreciation and impairment loss (Notes 8 and 9)	344,594,030	372,382,790	353,717,756
Provision for expected credit losses (Notes 5 and 14)	188,400,074	133,950,421	19,185,493
Retirement benefits cost (Notes 17 and 18)	16,186,478	11,431,052	8,043,066
Amortization of software and licenses (Note 9)	7,402,284	10,443,997	7,685,351
Provision (reversal of provision) for inventory obsolescence (Note 6)	3,845,131	5,079,795	(1,662,584)
Interest expense (Notes 16, 18 and 23)	929,035	2,754,556	2,270,999
Loss on disposal of property and equipment (Notes 8 and 13)	26,441	1,510,567	930,109
Interest income (Notes 4 and 5)	(1,275,533)	(2,471,617)	(1,901,905)
Unrealized foreign exchange loss (gain) - net	(6,176,393)	4,986,608	1,624,283
Operating income before working capital changes and provisions	997,918,212	713,687,154	1,125,376,914
Decrease (increase) in:			
Receivables	(223,054,148)	(194,291,361)	(71,331,332)
Inventories	(4,914,741)	467,752,391	(39,452,983)
Other current assets	1,511,789	(4,138,841)	(2,064,475)
Increase in:			
Accounts payable and other current liabilities	19,038,259	93,441,230	10,916,748
Due to a related party	(3,661,387)	8,464,590	811,840
Cash generated from operations	786,837,984	549,410,381	1,024,256,712
Interest received	1,275,533	2,471,617	1,901,905
Contribution to the retirement fund and benefits paid (Note 18)	(19,348,396)	(23,190,167)	(15,369,813)
Income taxes paid, including creditable withholding tax	(129,431,931)	(123,295,345)	(167,990,373)
Net cash from operating activities	639,333,190	405,396,486	842,798,431
CASH FLOWS USED IN INVESTING ACTIVITIES			
Additions to:			
Property and equipment (Notes 8 and 24)	(251,312,675)	(272,035,772)	(560,321,020)
Software and licenses (Notes 9 and 24)	(4,248,076)	(3,705,234)	(11,613,713)
Proceeds from disposal of property and equipment (Note 8)	25,447	150,446	95,215
Decrease (increase) in:			
Advances to contractors	(28,804,908)	3,086,016	18,810,870
Other noncurrent assets	55,000	-	46,000
Net cash used in investing activities	(283,985,212)	(272,504,544)	(552,982,648)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Payments of			
Dividends (Notes 11 and 24)	(52,174,393)	(129,469,790)	(239,615,731)
Lease liability (Note 24)	(3,850,000)	(3,500,000)	-
Cash used in financing activities	(56,024,393)	(132,969,790)	(239,615,731)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	5,796,746	(4,360,351)	(2,030,648)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	305,120,332	(4,438,199)	48,169,404
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	381,465,645	185,903,844	337,734,440
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	P686,585,977	P381,465,645	P385,903,844

See accompanying Notes to Financial Statements.



ASIAN HOSPITAL, INC.

(A Subsidiary of Metro Pacific Hospital Holdings, Inc.)

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 Hospital Holdings, Inc. (MPHHI), 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 MPHHI's ownership in AHI to 52.41% as of April 19, 2012.

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. (BIP1) on July 1, 2014. BIP1 has legal and beneficial ownership in AHI of 27.5%. As at December 31, 2018, MPHHI effectively owns 85.6% of AHI.

MPHHI is incorporated in the Philippines and its registered office address is 10th Floor, MGO Building, Legaspi corner Dela Rosa Streets, Legaspi Village, Makati City.

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 22, 2022.

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 2021. 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.

- *Amendment to PFRS 16, COVID-19-related Rent Concessions beyond 30 June 2021*

The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change,
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- There is no substantive change to other terms and conditions of the lease.

- *Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition



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, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Property, Plant and Equipment Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
 - Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards. Subsidiary as a first-time adopter*
 - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
 - Amendments to PAS 41, *Agriculture Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

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

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021, and 2020, 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.

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 rereasurement 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, 2021 and 2020.

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, 2021 and 2020, 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 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 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.

Operating lease commitments - The Company as 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.

Operating lease commitments – The Company as 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 (IFRS 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 4.99%.

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, 2021, and 2020, financial assets recognized in the statements of financial position amounted to ₱1,067.3 million and ₱716.2 million, respectively, while financial liabilities amounted to ₱685.7 million and ₱658.7 million, respectively (see Note 21).

Provision for expected credit losses (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.

To reflect the Company's current collection trend from its receivables, 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.

As a result of the change in estimate, provision for ECL decreased by ₱66.7 million in 2021. The amount of the effect in future periods is not disclosed because estimating it is impracticable.

Provision for ECL amounted to ₱188.4 million, ₱134.0 million and ₱19.2 million in 2021, 2020 and 2019 respectively (see Note 14). Receivables, net of allowance for ECL, amounted to ₱368.2 million and ₱333.2 million as at December 31, 2021 and 2020, 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 ₱231.5 million and ₱230.5 million as at December 31, 2021 and 2020, respectively. Inventory write-off amounted to ₱11.9 million and nil as at December 31, 2021 and 2020, respectively (see Note 6).

Provision for inventory obsolescence amounted to ₱3.8 million and ₱5.1 million in 2021 and 2020, respectively, and recovery from provision on inventory obsolescence amounted to ₱1.7 million in 2019 (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 2021, 2020 and 2019 (see Notes 8 and 9). Accumulated impairment losses on property and equipment amounted to ₱1.3 million as at December 31, 2021 and 2020 (see Note 8).

As at December 31, 2021, the carrying values of property and equipment, investment properties, and software and licenses amounted to ₱3,975.1 million, ₱2.3 million and ₱12.0 million, respectively, while their carrying values as at December 31, 2020 amounted to ₱4,055.8 million, ₱2.5 million and ₱8.9 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 ₱129.9 million and ₱128.3 million as at December 31, 2021 and 2020, 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 ₱16.2 million, ₱11.4 million and ₱8.0 million in 2021, 2020 and 2019, respectively, while net interest expense from retirement benefit cost amount to ₱0.7 million, ₱2.4 million and ₱2.3 million in 2021, 2020 and 2019, 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 ₱0.3 million and ₱17.0 million in 2020 and 2019, respectively (see Note 18). As at December 31, 2021 and 2020, accrued retirement benefits liability amounted to ₱20.0 million and ₱43.6 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

	2021	2020
Cash on hand and in banks	P456,133,969	P381,465,645
Time deposit	230,452,008	-
	P686,585,977	P381,465,645

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 P1.1 million, P2.4 million and P1.8 million in 2021, 2020 and 2019, respectively.

5. Receivables

	2021	2020
Trade:		
Philippine Health Insurance Corporation (PhilHealth)	P409,585,690	P193,123,941
Self-pay	159,259,193	120,188,903
Health maintenance organizations (HMO)	51,269,936	61,673,384
International insurance	34,552,743	58,317,134
Corporate accounts	31,157,676	53,204,253
Others	31,327,362	49,037,622
Nontrade	33,171,559	25,837,688
	750,324,159	561,382,923
Less allowance for ECL	382,093,621	228,186,107
	P368,230,538	P333,196,818

Movements in the allowance for ECL follow:

	2021	2020
Beginning balances	P228,186,107	P97,386,702
Provision for ECL (Note 14)	188,400,074	133,950,421
Write off	(34,492,560)	(3,151,016)
Ending balances	P382,093,621	P228,186,107

The Company's outstanding trade receivables from related parties are P5.4 million and P12.7 million as at December 31, 2021 and 2020, respectively (see Note 22).

Interest income earned from late payment charges totaled P0.2 million in 2021 while P0.1 million in 2021 and 2020.

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

	2021	2020
At Cost		
Medicines	P73,224,253	P90,790,227
Medical supplies	168,941,119	158,329,930
	242,165,372	249,120,157
Less allowance for inventory obsolescence	10,617,532	18,641,927
	P231,547,840	P230,478,230

The cost of medicines and medical supplies carried at net realizable value amounted to P10.6 million and P18.6 million as at December 31, 2021 and 2020, respectively. All inventories carried at net realizable value were fully provided with allowance.

Movements in the allowance for inventory obsolescence accounts follow:

	2021	2020
Beginning balance	P18,641,927	P13,562,132
Provision for inventory obsolescence (Note 13)*	3,845,131	5,079,795
Write off	(11,869,526)	-
	P10,617,532	P18,641,927

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

7. Other Current Assets

	2021	2020
Prepaid expenses	P17,777,755	P20,550,957
CWT	11,755,259	9,836,269
Input VAT	-	657,577
	P29,533,014	P31,044,803

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, 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	P3,868,741,046	P1,136,941,089	P253,966,374	P2,328,611,827	P458,594,157	P93,600,409	P9,128,900	P68,728,234	P7,928,373,397
Additions	-	-	16,813,766	4,521,312	120,196,158	34,116,717	6,087,696	-	34,854,645	261,772,398
Reclassifications	-	116,115,659	7,608,004	-	-	-	-	-	(123,795,659)	-
Disposals	-	-	-	-	(22,467,639)	(277,776)	(287,816)	-	-	(22,996,951)
Ending balances	506,088,432	3,882,896,665	1,160,539,844	258,487,686	2,426,321,346	492,467,098	103,474,709	9,128,900	29,787,230	8,269,186,724
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	-	3,878,213,676
Depreciation (Notes 13 and 14)	-	84,251,249	50,370,442	4,319,141	153,664,465	42,630,731	6,552,586	3,441,414	-	344,429,877
Disposals	-	-	-	-	(22,467,327)	(296,554)	(197,768)	-	-	(22,867,663)
Ending balances	-	965,486,319	643,330,962	248,916,564	1,855,324,627	384,850,252	88,179,489	6,882,828	-	4,392,775,690
Accumulated Impairment Losses	-	-	-	-	866,303	41,312	375,759	-	-	1,283,374
Net Book Value	P506,088,432	P2,917,410,346	P517,208,882	P99,571,122	P601,026,813	P107,597,534	P14,999,321	P2,246,072	P29,787,230	P3,976,411,034

As at December 31, 2020:

	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	P3,059,224,832	P1,122,761,488	P253,415,117	P2,140,555,544	P438,014,629	P93,948,583	P-	P74,110,486	P7,673,099,107
Additions	-	-	19,459,000	551,224	120,162,826	30,631,941	3,608,567	9,120,900	81,784,408	266,298,015
Reclassifications	-	14,056,174	-	-	74,110,486	-	-	-	(78,166,460)	-
Disposals	-	-	(4,478,400)	-	(6,416,329)	(132,313)	(36,761)	-	-	(11,063,803)
Ending balances	506,088,432	3,066,381,006	1,136,842,088	253,966,374	2,328,611,827	458,594,157	99,600,409	9,120,900	68,728,234	7,928,373,397
Accumulated Depreciation										
Beginning balances	-	801,062,618	547,481,925	219,596,193	1,530,405,228	305,851,596	74,867,688	-	-	3,508,355,829
Depreciation (Notes 13 and 14)	-	80,372,459	49,222,395	5,180,840	189,684,722	37,306,398	3,184,411	3,441,414	-	372,317,837
Disposals	-	-	(3,943,800)	-	(5,252,451)	(132,313)	(31,426)	-	-	(9,359,950)
Ending balances	-	881,235,070	592,960,320	244,597,423	1,724,127,499	343,026,079	81,825,671	3,441,414	-	3,878,213,676
Accumulated Impairment Losses	-	-	-	-	866,303	41,312	375,759	-	-	1,283,374
Net Book Value	P506,088,432	P2,185,545,936	P543,881,568	P99,368,951	P603,614,025	P115,526,766	P17,999,979	P5,674,486	P68,728,234	P4,050,163,321



The cost of fully depreciated property and equipment that are still being used in operations amounted to ₱1,724.5 million and ₱1,643.1 million as at December 31, 2021 and 2020, respectively.

The Company disposed some items of property and equipment in 2021, 2020 and 2019. Transactions are as follows:

	2021	2020	2019
Net book value	₱51,888	₱1,703,813	₱1,275,324
Less: Proceeds	25,447	150,446	95,215
Trade-in value	—	42,800	250,000
Loss on disposals	₱26,441	₱1,510,567	₱930,109

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

	2021	2020
Advances to contractors	₱38,437,140	₱9,932,232
Software and licenses	11,998,547	8,868,002
Financial assets at FVOCI	8,468,000	8,568,000
Refundable deposits	6,657,970	6,712,970
Investment property	2,336,822	2,501,775
	₱67,898,479	₱36,582,979

a. 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.

b. Software and licenses as at December 31 follow:

	2021	2020
Cost		
Beginning balances	₱152,876,890	₱149,805,875
Additions	10,532,829	3,071,015
Ending balances	163,409,719	152,876,890
Accumulated Amortization		
Beginning balances	144,008,888	133,564,891
Amortization (Notes 13 and 14)	7,402,284	10,443,997
Ending balances	151,411,172	144,008,888
Net Book Value	₱11,998,547	₱8,868,002

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

	2021	2020
Beginning balance	₱8,568,000	₱8,568,000
Unrealized loss on changes in fair value	(100,000)	—
Ending balance	₱8,468,000	₱8,568,000



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

	2021	2020
Beginning balance	P5,935,000	P5,935,000
Unrealized loss on changes in fair value	(100,000)	-
Ending balance	P5,835,000	P5,935,000

- d. As at December 31, 2021, and 2020, 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:

	2021	2020
Cost	P4,123,808	P4,123,808
Accumulated Depreciation		
Beginning balances	1,622,033	1,457,080
Depreciation (Note 14)	164,953	164,953
Ending balances	1,786,986	1,622,033
Net Book Value	P2,336,822	P2,501,775

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 2021, 2020 and 2019.

There are no direct operating expenses including repairs and maintenance arising from investment property that generated rental income in 2021, 2020 and 2019.

10. Accounts Payable and Other Current Liabilities

	2021	2020
Trade accounts payable	P352,225,849	P386,971,097
Accrued expenses	140,153,057	143,033,068
Accrued physician fees	44,537,328	65,173,851
Statutory payables	24,583,375	25,644,681
Contract liabilities (Note 12)	12,091,059	7,748,579
Retention payable	9,632,423	12,725,751
Refund payable	8,662,262	10,332,993
Others	118,326,269	22,104,908
	P710,211,622	P673,734,928

- 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% and 5% are given by a number of trade suppliers.

Related party balances included in "Trade accounts payable" and "Accrued expenses" amounted to P10.1 million and P8.2 million as at December 31, 2021 and 2020, 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.

	2021	2020
Outside services	P30,122,718	P48,904,345
Cost of medical supplies	27,751,740	27,600,115
Professional fees	23,400,969	14,120,498
Personnel	16,757,304	18,126,123
Utilities	10,423,010	5,154,547
Rebate	5,250,460	1,008,980
Maintenance	3,088,587	5,401,731
General expenses	7,478,125	9,880,422
Rent	3,402,482	3,841,151
Others	12,477,662	8,995,156
	P140,153,057	P143,033,068

- 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 Interim Reimbursement Mechanism funds and 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.

II. Equity

Capital Stock

	Number of Shares	
	2021	2020
Authorized - P1 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:

	2021	2020	2019
Beginning balance	₱2,812,974	₱3,103,986	₱3,642,575
Application of dividends against subscription receivable (see Note 24)	(117,274)	(291,012)	(538,589)
Ending balance	₱2,695,700	₱2,812,974	₱3,103,986

Retained Earnings

As at December 31, 2021 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, 2021 as cash dividends in 2022.

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
November 15, 2021	November 26, 2021	December 15, 2021	₱0.627	1,936,728,391	₱120,777,160

BOD Declaration Date	Record Date	Payment Date	Dividend Per Share	Outstanding Shares as of Declaration Date	Total
November 25, 2020	December 7, 2020	December 13, 2020	₱0.667	1,936,728,391	₱128,769,802

BOD Declaration Date	Record Date	Payment Date	Dividend Per Share	Outstanding Shares as of Declaration Date	Total
April 30, 2019	May 15, 2019	May 30, 2019	₱0.662	1,916,328,391	₱126,077,160
November 26, 2019	December 7, 2019	December 19, 2019	₱0.662	1,916,328,391	126,077,160
					₱240,154,320

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:

	2021	2020	2019
Actuarial gain (loss) in accrued retirement benefits liability	₱9,389,808	(₱6,045,922)	(₱5,711,227)
Unrealized gain on changes in fair value	5,835,000	5,935,000	5,935,000
	₱15,224,808	(₱10,922)	₱223,773

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.

	2021	2020	2019
By source			
Patient service revenue	₱3,170,492,785	₱2,857,266,829	₱3,285,861,438
Pharmacy sales	807,444,135	777,030,312	684,544,591
Discounts	(494,672,248)	(425,769,719)	(392,290,217)
	₱3,583,264,672	₱3,208,527,422	₱3,578,115,812



	2021	2020	2019
By customers			
Inpatient	₱2,642,350,148	₱2,553,248,327	₱2,292,583,081
Outpatient	1,435,586,772	1,081,048,814	1,677,822,948
Gross revenue	4,077,936,920	3,634,297,141	3,970,406,029
Discounts	(494,672,248)	(425,769,719)	(392,290,217)
	₱3,583,264,672	₱3,208,527,422	₱3,578,115,812

Contract Balances

The Company's trade receivables amounted to ₱717.2 million and ₱535.5 million as at December 31, 2021 and 2020, respectively (see Note 5).

Contract liabilities include deposits received from patients, amounting to ₱12.1 million and ₱7.7 million as at December 31, 2021 and 2020, respectively (see Note 10). Revenue recognized from contract liabilities included in 2021 and 2020 amounted to ₱4.6 million and ₱0.8 million, respectively.

13. Cost of Services and Sales

	2021	2020	2019
Medical supplies	₱595,879,595	₱552,312,557	₱464,055,854
Personnel costs (Note 17)	361,159,182	357,438,980	339,822,117
Professional fees and outside services	204,511,101	197,380,881	196,168,238
Reader's fee	177,454,313	148,835,039	219,814,860
Depreciation (Notes 8 and 9)	175,616,037	210,140,280	202,748,295
Communication, light and water (Note 22)	91,773,760	90,515,605	120,448,021
Patient meals	34,203,852	45,739,961	45,843,264
Repairs and maintenance	20,062,149	10,422,580	11,755,669
Supplies	17,703,464	18,375,486	25,536,754
Rent (Note 23)	15,283,886	17,769,336	11,768,772
Amortization of software and licenses (Note 9)	767,823	512,017	694,611
Others - net (Note 6)	26,924,477	17,417,298	11,765,198
Cost of services	1,721,339,639	1,666,860,020	1,650,421,653
Cost of sales - Pharmacy	426,466,200	431,782,903	396,592,280
	₱2,147,805,839	₱2,098,642,923	₱2,047,013,933

14. Operating Expenses

	2021	2020	2019
Personnel costs (Note 17)	₱303,203,588	₱267,975,262	₱276,935,416
Provision for ECL (Note 5)	188,400,074	133,950,421	19,185,493
Depreciation (Notes 8 and 9)	168,977,993	162,242,510	150,969,461
Professional fees and outside services (Note 22)	140,820,271	133,326,423	156,008,828
Repairs and maintenance	50,045,488	45,285,253	52,313,266

(Forward)



	2021	2020	2019
Communication, light and water (Note 22)	₱42,140,709	₱39,793,721	₱45,735,520
Taxes and licenses	31,105,111	49,758,710	26,740,814
Entertainment, amusement and recreation	18,974,651	17,826,482	18,355,301
Supplies	16,341,279	17,020,543	17,923,449
Insurance	14,516,308	15,721,951	13,367,362
Transportation and travel	10,571,328	9,688,339	12,888,180
Rent (Note 23)	6,905,022	7,229,699	11,412,171
Amortization of software and licenses (Note 9)	6,634,461	9,931,980	6,990,740
Advertising	3,305,297	6,619,402	18,325,970
Others	42,480,620	55,440,494	26,146,090
	₱1,044,422,200	₱971,811,190	₱853,298,061

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

15. Other Operating Income - Net

	2021	2020	2019
Rent income (Note 23)	₱10,799,702	₱10,254,251	₱20,396,318
Foreign exchange gain (loss) - net	11,449,723	(1,759,339)	2,873,586
Loss on disposal of property and equipment (Note 8)	(26,441)	(1,510,567)	(930,109)
Others	30,668,733	29,114,554	36,092,282
	₱52,891,717	₱36,098,899	₱58,432,077

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

16. Finance Costs

	2021	2020	2019
Net interest from retirement benefits cost (Note 18)	₱727,278	₱2,384,901	₱2,270,999
Interest expense on lease liability (Note 23)	201,757	369,655	-
Bank charges	288,183	270,284	382,455
	₱1,217,218	₱3,024,840	₱2,653,454

17. Personnel Costs

	2021	2020	2019
Salaries and wages (Notes 13 and 14)	₱648,176,292	₱613,983,190	₱608,714,467
Retirement benefits cost (Note 18)	16,186,478	11,431,052	8,043,066
	₱664,362,770	₱625,414,242	₱616,757,533



18. Retirement Benefits

The Company has a non-contributory retirement plan which provides retirement benefits 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					Reimbursements in Other Comprehensive Income					December 31, 2021		
	January 1, 2021	Current Service Cost*		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		Expected Adjustments	Subtotal
		(Notes 14 and 17)	Service Cost					Net Interest** (Note 16)	Demographic Assumptions				
Present value of defined benefit obligation	₱123,768,932	₱18,873,985	₱3,112,491	₱4,886,476	₱22,827,388	₱14,897,503	P-	(₱2,441,232)	(₱15,811,251)	(₱6,611,567)	(₱4,515,066)	₱184,198,791	
Fair value of plan assets	(₱10,165,539)	-	-	(₱113,632)	₱4,882,832	(₱2,275,993)	₱1,106,260	-	-	-	₱1,368,780	(₱6,196,794)	
Accrued retirement benefits liability - net	₱43,595,411	₱18,873,985	₱3,112,491	₱723,278	₱18,554,556	₱12,621,510	₱1,212,510	(₱2,441,232)	(₱15,811,251)	(₱6,611,567)	(₱3,146,286)	₱178,002,007	

*Presented as retirement benefits cost under "Personnel Costs"

**Presented as interest expense under "Interest Expense" in Statement of Comprehensive Income

	Net Retirement Benefits Cost in Statement of Comprehensive Income					Reimbursements in Other Comprehensive Income					December 31, 2020		
	January 1, 2020	Current Service Cost*		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		Expected Adjustments	Subtotal
		(Notes 14 and 17)	Service Cost					Net Interest** (Note 16)	Demographic Assumptions				
Present value of defined benefit obligation	₱108,265,522	₱18,431,052	₱6,090,190	₱17,461,442	(₱1,640,943)	P-	₱12,599,283	(₱2,551,112)	(₱1,173,236)	₱1,474,935	₱123,768,932		
Fair value of plan assets	(₱3,116,031)	-	(₱1,645,489)	(₱1,645,489)	(₱1,364,231)	(₱1,295,193)	-	-	-	(₱1,196,799)	(₱1,163,532)		
Accrued retirement benefits liability - net	₱52,491,491	₱18,431,052	₱6,090,190	₱13,812,953	(₱2,190,162)	₱1,303,787	₱12,599,283	(₱2,551,112)	(₱1,173,236)	₱478,136	₱43,595,411		

*Presented as retirement benefits cost under "Personnel Costs"

**Presented as interest expense under "Interest Expense" in Statement of Comprehensive Income

	Net Retirement Benefits Cost in Statement of Comprehensive Income					Reimbursements in Other Comprehensive Income					December 31, 2019		
	January 1, 2019	Current Service Cost*		Net Interest** (Note 14)	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		Expected Adjustments	Subtotal
		(Notes 14 and 17)	Service Cost					Net Interest** (Note 14)	Demographic Assumptions				
Present value of defined benefit obligation	₱12,543,146	₱1,641,666	₱6,069,758	₱8,711,424	(₱2,983,981)	P-	₱2,601,805	(₱2,176,181)	(₱4,942,533)	₱4,793,455	₱10,245,572		
Fair value of plan assets	(₱9,084,261)	-	(₱2,798,759)	(₱3,798,759)	(₱2,315,912)	(₱2,089,999)	-	-	-	(₱50,099)	(₱5,734,051)		
Accrued retirement benefits liability - net	₱1,248,885	₱1,641,666	₱6,069,758	₱8,412,669	(₱5,300,894)	₱5,511,805	₱2,601,805	(₱2,176,181)	(₱4,942,533)	₱4,743,356	₱2,491,491		

*Presented as retirement benefits cost under "Personnel Costs"

**Presented as interest expense under "Interest Expense" in Statement of Comprehensive Income



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

	2021	2020	2019
Discount rate	5.10%	3.78%	5.57%
Salary increase rate	5.00%	5.00%	7.00%
Employees covered	1,375	1,505	1,560
Mortality rate	2017 Philippine Intercompany Mortality Table	The 2001 CSO Table - Generation[1]	The 2001 CSO Table - Generational
Disability rate	The Disability Study, Period 2 Benefit 5	The Disability Study, Period 2 Benefit 5	The Disability Study, Period 2 Benefit 5

Withdrawal rates are as follows:

Age	Nurse			Non-Nurse		
	2021	2020	2019	2021	2020	2019
19 - 24	28.77%	27.73%	25.50%	22.10%	22.78%	23.75%
25 - 29	35.79%	33.23%	35.75%	19.90%	20.17%	23.00%
30 - 34	33.51%	40.40%	30.00%	14.22%	15.94%	20.00%
35 - 39	47.16%	61.71%	25.00%	7.26%	7.18%	8.50%
40 - 44	32.69%	45.00%	9.00%	6.08%	5.97%	7.00%
≥ 45	35.00%	35.00%	4.00%	5.21%	5.02%	6.50%

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

	2021	2020
Cash and cash equivalents	₱5,412,530	₱15,255,502
Government securities	78,438,592	60,476,883
Others	2,335,662	4,433,154
Fair value of plan assets	₱86,186,784	₱80,165,539

The distribution of fair value of plan assets by each class as at December 31, 2021 are as follows:

	2021	2020
Cash and cash equivalents	6.28%	19.03%
Government securities	91.01%	75.44%
Others	2.71%	5.53%
	100.0%	100.00%

All government securities 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.

	2021		2020	
	Increase (decrease)	Accrued Retirement Benefits	Increase (decrease)	Accrued Retirement Benefits
Discount rates	1.0% (1.0%)	(P)9,770,336 11,473,507	1.0% (1.0%)	(P)12,593,885 14,971,347
Future salary increases	1.0% (1.0%)	11,367,929 (9,868,711)	1.0% (1.0%)	14,629,860 (12,569,430)
No attrition rates		131,228,980		173,017,119

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 10.0 years and 11.1 years on December 31, 2021 and 2020, respectively.

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

	2021	2020
Not exceeding one year	P18,541,744	P17,922,620
More than one year but not exceeding two years	6,987,304	3,448,478
More than two years but not exceeding five years	17,987,974	24,382,340
More than five years but not exceeding ten years	52,682,289	44,317,319
	P96,199,311	P90,070,757

The latest actuarial valuation report of the Company is as at December 31, 2021.

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. It took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.



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:

	2021	2020	2019
Current:			
RCIT	₱138,347,773	₱95,777,866	₱210,270,423
Final tax on interest income	202,922	470,349	341,082
Impact of change in income tax rate beginning July 1, 2020	(7,336,020)	-	-
	<u>131,214,675</u>	<u>96,248,215</u>	<u>210,611,505</u>
Deferred	(6,958,082)	(27,226,051)	9,848,391
	<u>₱124,256,593</u>	<u>₱69,022,164</u>	<u>₱220,459,896</u>

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event in the 2020 financial statements. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 were computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT/2% MCIT) for financial reporting purposes.

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.

Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Company for fiscal year 2020 is 27.50%. This resulted in lower provision for current income tax for the year ended December 31, 2020 by ₱7,336,020. The reduced amount is reflected in the Company's 2020 annual income tax return. However, for financial reporting purposes, the change is recognized in the 2021 financial statements as an effect of change in tax rate.

This resulted to a lower deferred income tax assets and liability as of December 31, 2020 and provision for deferred tax for the year then ended by ₱20,661,871. The reduction is recognized in the 2021 financial statements as an effect of change in tax rate.



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

	2021	2020
Deferred income tax assets on:		
Allowance for:		
ECL	P95,523,406	P68,455,832
Inventory obsolescence	2,654,382	5,592,578
Difference between the depreciation expense per books and the depreciation expense deducted for income tax purposes	17,171,387	30,537,248
Accrued retirement benefits liability - net	5,000,999	13,078,624
Unamortized past service cost	5,600,521	5,083,882
Accrued expenses	2,500,000	1,500,000
Right-of-use asset - net of lease liability	585,578	1,797,167
Rental deposit	545,868	339,853
Allowance for possible loss of equipment	320,843	385,012
Unrealized foreign exchange loss - net	-	1,495,982
	129,902,984	128,266,179
Deferred income tax liability on:		
Unrealized foreign exchange gain - net	(1,544,098)	-
Lease liability	(559,517)	(1,703,846)
	(2,103,615)	(1,703,846)
	P127,799,369	P126,562,333
	2021	2020
Deferred tax asset recognized in other comprehensive (income) loss – actuarial (income) loss on accrued retirement benefits liability	(P5,289,194)	P143,441

- 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:

	2021	2020	2019
Provision for income tax computed at the statutory income tax rate	P110,996,666	P52,085,696	P220,645,304
Additions to (reductions in) income tax resulting from:			
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)	-	-
Interest income subjected to final tax	(268,846)	(709,645)	(526,490)
Final tax on interest income	202,922	470,349	341,082
Deficiencies and penalties	-	7,745,616	-
Nondeductible expenses	-	5,168,130	-
Write-off of deferred tax assets	-	4,262,018	-
Provision for income tax	P124,256,593	P69,022,164	P220,459,896



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.

	2021	2020
Liabilities (a):		
Accounts payable and other current liabilities	P710,211,622	P673,734,928
Accrued retirement benefits liability - net	20,003,997	43,595,413
Income tax payable	66,173,333	64,390,589
Due to a related party	12,165,062	15,826,449
Lease liability - net of current portion	-	2,342,312
	P808,554,014	P799,889,691
Tangible net worth (b):		
Capital stock	P1,934,032,691	P1,933,915,417
Additional paid-in capital	185,465,780	185,465,780
Retained earnings	2,543,445,584	2,276,007,179
Other comprehensive income (loss) - net of tax	15,224,808	(110,922)
	4,678,168,863	4,395,277,454
Less software and licenses - net	11,998,547	8,868,002
	P4,666,170,316	P4,386,409,452
Liabilities to tangible net worth ratio (a/b)	0.17:1.0	0.18:1.0

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 assets at FVOCI

The fair value of equity financial assets designated as 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, 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***	-	-	2,342,312	2,342,312
Due to a related party	-	-	12,165,062	12,165,062
Total financial liabilities	₱-	₱-	₱685,702,250	₱685,702,250

*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

	December 31, 2020			
	Amortized Cost	Financial Asset at FVOCI	Financial Liabilities	Total
Assets				
Cash and cash equivalents*	₱367,720,712	₱-	₱-	₱367,720,712
Trade receivables	320,777,282	-	-	320,777,282
Non-trade receivables	12,419,536	-	-	12,419,536
Refundable deposits	6,712,970	-	-	6,712,970
Equity financial assets measured at FVOCI	-	8,568,000	-	8,568,000
Total financial assets	₱707,630,500	₱8,568,000	₱-	₱716,198,500
Liabilities				
Accounts payable and other current liabilities**	₱-	₱-	₱636,693,425	₱636,693,425
Lease liability***	-	-	5,882,800	5,882,800
Due to a related party	-	-	15,826,449	15,826,449
Total financial liabilities	₱-	₱-	₱658,402,674	₱658,402,674

*Excluding cash on hand amounting to ₱13.7 million as at December 31, 2020

**Excluding statutory payables and contract liabilities amounting to ₱25.6 million and ₱7.7 million, respectively, as at December 31, 2020

***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, 2021, and 2020, the fair value of these investments amounting to P8.5 million and P8.6 million, respectively, are determined and disclosed using Level 1 inputs, which are quoted in active markets for identical assets. In 2021 and 2020, 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⁾	
	2021	2020	2021	2020
Cash and cash equivalents*	P683,895,907	P367,720,712	P679,895,907	P363,720,712
Receivables	368,230,538	333,196,818	368,230,538	333,196,818
Refundable deposits**	6,657,970	6,712,970	6,657,970	6,712,970
Financial asset at FVOCI**	8,468,000	8,568,000	8,468,000	8,568,000
	P1,067,252,415	P716,198,500	P1,063,252,415	P712,198,500

⁽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 P2.7 million and P3.7 million as at December 31, 2021 and 2020, respectively.
 **Included as part of "Other non-current 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:

	Netter Post Due or Impaired	December 31, 2021					Provision for ECL	Total
		Age Due						
		<30 Days	30-60 Days	61-90 Days	91-120 Days	>120 Days		
Cash and cash equivalents*	P683,895,910	-	-	-	-	-	P683,895,910	
Receivables								
Trade:								
PhoHealth	15,131,689	24,257,222	23,081,864	44,125,227	42,066,174	258,399,434	(289,413,526)	178,172,883
EMO	42,121,457	7,765,891	891,625	74,095	62,864	346,024	(98,602)	51,175,324
Corporate accounts	12,764,504	13,494,212	2,779,504	895,064	1,294,699	96,871	(181,255)	30,976,434
International insurance	7,221,262	9,090,263	9,809,967	6,448,375	295,935	1,667,137	(4,065,323)	39,483,420
Self-pay	109,322	9,846,314	6,924,387	9,861,753	9,543,462	122,382,549	(134,215,676)	24,943,317
Others	4,503,257	13,026,882	7,158,581	421,546	5,790,241	330,590	-	31,227,262
Nontrade	1,614,236	8,661,656	3,827,269	5,127,345	3,333,397	4,667,856	(4,028,241)	29,148,218
Refundable deposits**	6,657,970	-	-	-	-	-	-	6,657,970
Financial assets at FVOCI**	8,468,000	-	-	-	-	-	-	8,468,000
	P788,095,844	P66,052,034	P64,019,913	P66,873,283	P67,520,775	P383,810,681	(P382,093,621)	P1,067,252,415

*Including cash on hand amounting to P2.7 million as at December 31, 2021.
 **Included as part of "Other non-current assets" account.



	December 31, 2020							Total
	Neither Past Due nor Impaired	Past Due					Provision for ECL	
		<30 Days	30-60 Days	61-90 Days	91-120 Days	>120 Days		
Cash and cash equivalents*	P\$67,720,712	P-	P-	P-	P-	P-	P-	P\$67,720,712
Receivables:								
Trade:								
Pharmtech	18,897,087	17,631,511	24,594,108	29,375,140	10,476,551	71,928,144	(99,005,888)	94,118,053
HMO	50,115,797	8,219,971	1,078,195	365,268	1,001,892	816,061	(1,364,832)	40,399,552
International insurance	14,252,049	8,908,241	19,520,539	5,215,271	4,711,617	5,692,317	(2,924,250)	55,492,844
Corporate accounts	18,548,887	15,468,233	7,591,121	6,530,931	1,909,127	1,169,632	(766,892)	52,431,161
Self-pay	24,024,217	5,315,520	12,016,409	23,956,696	13,040,244	40,822,815	(102,338,972)	17,649,951
Other	470,149	13,142,094	2,772,462	6,195,915	8,703	26,488,299	(8,166,701)	40,679,921
Nontrade	1,732,834	2,675,558	1,773,603	2,098,532	1,021,091	16,246,970	113,418,152	22,439,556
Refundable deposits**	6,712,970	-	-	-	-	-	-	6,712,970
Financial assets on B-VLKT**	8,566,000	-	-	-	-	-	-	8,566,000
	P\$20,944,202	P\$1,547,831	P\$9,156,139	P\$30,000,665	P\$2,161,675	P\$23,541,358	(P\$28,188,105)	P\$76,194,500

* Excluding cash on hand amounting to P\$2.7 million.

** 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 expected credit losses. 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, expected credit loss 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, 2021			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Cash and cash equivalents*	P\$83,895,907	P-	P-	P\$83,895,907
Trade receivables	341,909,945	175,242,655	-	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	P\$1,068,967,425	P\$381,910,611	P-	P\$1,440,878,036

* Excluding cash on hand amounting to P\$2.7 million.

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



	December 31, 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Cash and cash equivalents*	P367,720,712	P-	P-	P367,720,712
Trade receivables	377,606,949	157,938,288	-	535,545,237
Nontrade receivables	9,241,618	16,596,070	-	25,837,688
Refundable deposits**	6,712,970	-	-	6,712,970
Total financial assets	P761,282,249	P174,534,358	P-	P935,816,607

* Excluding cash on hand amounting to P(1.7 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, 2021						TOTAL
	On demand	Within one year	1-2 years	2-3 years	3-4 years	More than 4 years	
Cash and cash equivalents*	P453,443,899	P293,452,008	P-	P-	P-	P-	P746,895,907
Trade receivables	-	139,082,220	-	-	-	-	139,082,220
Nontrade receivables	-	29,348,318	-	-	-	-	29,348,318
Refundable deposits	-	-	6,657,970	-	-	-	6,657,970
Financial assets at FVOCI	-	-	8,468,080	-	-	-	8,468,080
Total financial assets	453,443,899	462,882,546	15,125,970	-	-	-	931,452,415
Accounts payable and other current liabilities**	-	678,194,876	-	-	-	-	678,194,876
Due to a related party	-	12,166,062	-	-	-	-	12,166,062
Loan liability***	-	2,342,312	-	-	-	-	2,342,312
Total financial liabilities***	-	692,703,250	-	-	-	-	692,703,250
Liquidity position (gap)	P453,443,899	(P229,820,704)	P15,125,970	P-	P-	P-	P238,750,165

* Excluding cash on hand amounting to P(1.7 million) as at December 31, 2021

** On-balance current payables and current liabilities amounting to P(28 million) and P(1.7 million), respectively, as at December 31, 2021

*** Includes future contract payments

	December 31, 2020						TOTAL
	On demand	Within one year	1-2 years	2-3 years	3-4 years	More than 4 years	
Cash and cash equivalents*	P367,720,712	P-	P-	P-	P-	P-	P367,720,712
Trade receivables	-	320,777,282	-	-	-	-	320,777,282
Nontrade receivables	-	17,419,536	-	-	-	-	17,419,536
Refundable deposits	-	-	6,712,970	-	-	-	6,712,970
Financial assets at FVOCI	-	-	8,568,080	-	-	-	8,568,080
Total financial assets	367,720,712	338,196,818	15,281,070	-	-	-	716,198,660
Accounts payable and other current liabilities**	-	676,693,325	-	-	-	-	676,693,325
Due to a related party	-	15,826,449	-	-	-	-	15,826,449
Loan liability***	-	3,850,000	2,342,312	-	-	-	6,192,312
Total financial liabilities***	-	696,369,774	2,342,312	-	-	-	698,712,086
Liquidity position (gap)	P367,720,712	(P358,172,956)	P12,938,958	P-	P-	P-	P257,486,574

* Excluding cash on hand amounting to P(1.7 million) as at December 31, 2020

** On-balance current payables and current liabilities amounting to P(28 million) and P(1.7 million), respectively, as at December 31, 2020



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:

	2021		2020	
	Original Currency	Peso Equivalent	Original Currency	Peso Equivalent
Cash and cash equivalents	US\$2,395,643	₱122,177,793	US\$2,840,766	₱136,413,573
Receivables	622,462	31,745,552	242,828	11,660,601
	US\$3,018,105	₱153,923,345	US\$3,083,594	₱148,074,174

As at December 31, 2021, and 2020, the exchange rates used were ₱51.00 and ₱48.02 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
2021	₱51.00	(6.2%)	(₱9,558,640)
		6.2%	9,558,640
2020	48.02	5.2%	3,085,367
		(5.2%)	(3,085,367)

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 MPHHL.

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 2% and 3% in 2021 and 2020, respectively, resulted to increase in management fee in 2021 and 2020.

The tables below provide the total amount of transactions and their outstanding balances included in "Due to a related party" with MPHHL as of and for the years ended December 31, 2021 and 2020.

Parent	Nature of transactions	Transactions for the year		Outstanding balances		Terms	Conditions
		2021	2020	2021	2020		
MPHHL	Management fee	₱10,000,153	₱10,477,087	₱4,634,528	₱8,315,915	Due every month Cash payment adjusted for its changes in the CPI	Unsecured
	Legal	1,488,000	1,840,000	4,988,571	4,988,571	Due upon receipt of invoice	Unsecured
	Grocery purchasing	408,400	630,000	2,078,571	2,078,572	Due upon receipt of invoice	Unsecured
	Other services	-	511,957	443,391	443,391	Due upon receipt of invoice	Unsecured
	Total	₱11,896,553	₱13,169,043	₱12,105,061	₱15,826,449		

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, 2021 and 2020.

Nature of transaction	Transactions for the year		Outstanding balances		Terms	Collateral
	2021	2020	2021	2020		
Receivables						
Affiliates Under Common Control						
Philippine Long Distance Telephone Company	Hospital bills	₱52,466,081	₱23,311,260	₱4,891,937	₱12,269,617	30 days, noninterest-bearing
Smart Communications, Inc.	Postal income	1,009,615	1,217,912	463,894	599,640	90 days, noninterest-bearing
Metrowest Investments Corporation	Unpaid bills	166,415	-	22,831	-	30 days, noninterest-bearing
Metrowest Water Investments Corp.	Hospital bills	30,039	-	41,828	-	30 days, noninterest-bearing
		₱53,672,130	₱24,529,172	₱5,422,190	₱12,869,257	
Parties						
Affiliates Under Common Control						
Manila Electric Company	Availment of electric services	₱93,246,797	₱106,365,389	₱8,291,925	₱1,525,937	30 days, noninterest-bearing
Medi-Lab Laboratory Inc.	Laboratory services and purchase of reagents	44,289,924	27,794,654	1,330,124	6,105,275	30 days, noninterest-bearing
Philippine Long Distance Telephone Company	Availment of communication services	5,341,537	1,030,329	434,351	471,200	30 days, noninterest-bearing
Smart Communications, Inc.	Availment of communication services	1,222,562	1,744,632	15,181	218,490	30 days, noninterest-bearing
Maynilad Water Services Inc.	Availment of utilities service	188,217	111,156	3,020	-	30 days, noninterest-bearing
East Manila Hospital Managers Corporation	Availment of utilities services	28,286	-	28,286	-	-
		₱146,283,213	₱147,052,159	₱10,147,617	₱8,221,206	

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:

	2021	2020
Salaries and short-term employee benefits	₱113,477,405	₱115,678,812
Post-employment retirement benefits	7,343,938	7,429,717
Separation benefits	3,892,389	-
	₱124,713,732	₱123,108,529

23. Leases

The Company as 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 ₱9.5 million, ₱7.8 million and ₱13.4 million in 2021, 2020 and 2019, respectively. Contingent rent income recognized in profit



or less amounted to ₱0.9 million, ₱1.8 million and ₱6.3 million in 2021, 2020 and 2019, 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 ₱0.4 million in 2021 and ₱0.7 million in 2020 and 2019.

The Company as 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:

	2021	2020
Beginning balance	₱5,990,555	₱9,120,900
Interest expense on lease liability (Note 16)	201,757	369,655
Lease payments	(3,850,000)	(3,500,000)
Ending balance	2,342,312	5,990,555
Current portion of lease liability*	2,342,312	3,648,243
Noncurrent portion of lease liability	₱-	₱2,342,312

*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 4.99%.

Shown below is the maturity analysis of lease liabilities pertaining to contractual undiscounted cash flows as at December 31, 2021:

	2021	2020
Within one year	₱2,342,312	₱3,850,000
After one year but not more than five years	-	2,342,312
Total undiscounted lease liabilities	₱2,342,312	₱6,192,312

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:

	2021	2020
Cost of services and sales	₱15,281,886	₱17,769,336
Operating expenses	6,905,022	7,229,699
	₱22,188,908	₱24,999,035



24. Note to Statements of Cash Flows

- a. Principal non-cash investing activities pertain to the unpaid acquisitions of property and equipment amounting to ₱40.4 million and ₱28.0 million for years ended December 31, 2021 and 2020, respectively, and unpaid acquisition of software and licenses amounting to ₱6.7 million and ₱0.4 million for the years ended December 31, 2021 and 2020, respectively.
- b. Changes in liabilities arising from financing activities

	Dividends Payables (Note 11)	Lease Liability (Note 23)
Balance as at December 31, 2018	₱-	₱-
Cash flow (see Statements of Cash Flows)		
Payments of dividends	(₱239,615,731)	₱-
Non-cash:		
Dividend declaration	240,154,320	-
Application of dividends against subscriptions receivable	(538,589)	-
	239,615,731	-
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



25. Basic/Diluted Earnings per Share

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

	2021	2020	2019
(a) Net income	₱319,730,072	₱104,596,821	₱515,024,450
(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)	₱0.1651	₱0.0540	₱0.2659

There were no potentially dilutive shares as at December 31, 2021, 2020 and 2019. 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.

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, 2021 is as follows:

	Base Amount	Output VAT
Vatable sales:		
Lease income	₱10,799,702	₱1,295,964
Others	92,197,724	11,063,727
VAT exempt	3,536,328,839	-
Total	₱3,639,326,265	₱12,359,691

Others pertain 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, 2021	₱73,455
Current year's domestic purchases/payments for:	
Domestic purchase of goods other than capital goods	-
Domestic purchase of services	7,960,937
Applied against output VAT	(8,034,392)
Balance at December 31, 2021	₱-

Input VAT claimed from Meralco for the year ended December 31, 2021 amounted to ₱969,479.

VAT payments made during the year amounted to ₱3,397,918.

Outstanding balance of output VAT as at December 31, 2021 amounted to ₱927,381. Output VAT is presented as part of "Statutory payables" under "Accounts payables and other current liabilities" 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, 2021 are as follows:

Expanded withholding taxes	P108,007,883
Compensation and benefits	26,099,416
Final taxes	774,871
Withholding VAT	-
Total	P134,882,170

Taxes and Licenses and Other Matter

The Company did not have any importations nor purchases of products subject to excise tax in 2021.

The components of the Company's taxes and licenses for the year ended December 31, 2021 are as follows:

Business taxes	P20,940,775
Real estate taxes	4,852,069
Fringe benefits tax	71,654
Community tax certificate	10,500
Barangay permit	15,015
Other taxes	5,675,438
Total	P31,565,451

Permits and licenses included as part of business taxes amounted to P460,340 is presented as "Others" under "Cost of Sales and Services"

