

## **DRAFT**

MINUTES OF THE ANNUAL STOCKHOLDERS MEETING OF DAVAO DOCTORS HOSPITAL (CLINICA HILARIO), INC. HELD ON MAY 14, 2022 AT 1:00 p.m. AT THE DAVAO CONVENTION AND TRADE CENTER, F. TORRES ST., DAVAO CITY

### **I. CALL TO ORDER**

Chairman Augusto P. Palisoc, Jr. called the meeting to order at 1:00 p.m. after the opening prayer, and the singing of the national anthem.

### **II. CERTIFICATION OF NOTICE AND QUORUM**

The Corporate Secretary, Dr. Daniel C. dela Paz, certified that notices of the meeting were duly sent to all stockholders of record as of March 31, 2022, by electronic mail and published in the business section of Sunstar and Mindanao Times, in print and online format, for two (2) consecutive days and that the owners of 617,903 shares representing 67.55% of the issued and outstanding shares of the capital stock of the corporation were present in person or by proxy.

### **III. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING**

On motion of Mr. Leuer T. Ricardo, duly seconded by Ms. Julieta V. Fernandez, and no objection raised, the minutes of the previous stockholders meeting held last May 8, 2022 was approved and confirmed.

### **IV. MANAGEMENT'S REPORT**

The President and CEO, Mr. Celso Bernard G. Lopez started the management report by informing the stockholders that management reviewed the previous expansion plans to align with the new normal brought by the COVID-19 pandemic. He gave the rationale on why the Valera tower plan was not pushed through and how management pivoted to extending the steel carpark, expanding the alternative outpatient care sites to off-hospital premises, and reinvigorating the homecare program and telemedicine services.

The Chief Operating Officer, Ms. Mirasol B. Tiu then reported about the operationalization of the strategy to pivot. Connecting with the points tackled by Mr. Lopez, she shared with the stockholders the current progress of the Steel Parking Extension Project and its expected completion. She also talked about the specific improvements and reconfigurations done to the facilities to make them COVID-19 ready which allowed the accommodation of more COVID-19 cases in the hospital. She then recounted the stories of the exchange and sharing of resources between DDH and the other Metro Pacific sister hospitals in Mindanao at the height of the pandemic. The operational performance of Dumoy and Lab-N-Go, and how their growth aided in the strategical shift of the hospital were also highlighted. She explained that the success of these two off-premises outpatient service centers paved the way for the ongoing Primary Care Center Expansions in SM City Davao and SM Lanang. She also gave an account of the Environmental,

Social and Governance Activities done last year which highlighted the initiatives done to fulfill 3 of the 17 Sustainable Development Goals of the United Nations.

The Medical Director, Dr. Ronald P. Tangente continued the Management Report by articulating the clinical initiatives done to complement the operations and strategy. He talked about the shift in mindset that the doctors had adapted to accommodate COVID-19 cases in the hospital. He also featured the product innovations that helped sustain and boost the operations, particularly, Lab-N-Go, Telemedicine, Homecare and Mobile Services. He then shared how the hospital enhanced its systems and processes to continually undertake complex surgeries and to ensure that these procedures followed proper medical protocols amidst the pandemic.

The Chief Operating Officer, Ms. Mary Joy P. Tacay, discussed the financial effects of the adaptation of the strategies and the various initiatives. She reported that the revenues for 2021 rose by 17% year-on-year to Php2.14B, very close to its aspirational budget elaborating that while inpatient revenues were dismal in the 1<sup>st</sup> half of the year but the pivot to COVID-19 in July resulted in exponential growth in revenues allowing the company to catch up with its full-year goal. She continued that the performance of the hospital's outpatient business was always above budget the whole year due to the strength of its COVID-19 testing business and an increase in outpatient care services at our Dumoy Care Center and the Lab-N-Go facility; that the personnel costs and operating expenses for 2021 were at Php405M and Php401M, respectively, both within budget despite the additional infection control costs due to COVID-19, and; that the hospital prioritized acquiring revenue-generating equipment like an ophthalmic microscope, optical coherence tomography, endoscopy tower, and ultrasound machines.

Ms. Tacay continued that since the hospital decided not to proceed with the construction of the 15-story Valera Tower, the allocated amount in the 2021 budget of Php111M for design fees was no longer spent. She added that the hospital saved Php30M in CAPEX when it abandoned the plan to convert the Dumoy Satellite to a Level 1 hospital, and Php6M in discounts when the hospital discontinued the DDH Health and Loyalty cards program.

Lastly, she reported that the hospital received Php50M in dividends from Davao Doctors College in December 2021 resulting in a Net Profit After Tax (NPAT) for the year of Php200M, which was higher by 66% year-on-year and higher than budget by 4%. She then announced the Board of Directors has approved the release of dividends amounting to Php37.4M, which were distributed to the shareholders on the day of the meeting.

The President of Davao Doctors College, Inc., Prof. Mike Soledad, likewise gave a report on how the college has managed to exhibit growth in its enrolment despite the pandemic thereby generating positive bottomline results and ending the year with an NPAT of Php77.1M.

## **V. ADOPTION OF THE PRESIDENT REPORT**

Mr. Darwin Eric B. Asibal moved that the Management's Report be received and adopted and that the Annual Report for the year ended December 31, 2021 be adopted. Ms. Rosemarie V. Basanes seconded the motion. Upon inquiry of the Chairman, nobody objected and the motion was carried.

## **VI. APPROVAL OF THE AUDITED FINANCIAL STATEMENT**

Ms. Abilia S. Bentulan moved for the approval of the Audited Financial Statements of the corporation as of 31 December 2021, which were incorporated in the Annual Report given to the stockholders, and this was seconded by Mr. James Hechanova. No objection was raised. As such, the motion was carried.

## **VII. RATIFICATION OF THE ACTS OF THE BOARD OF DIRECTORS AND MANAGEMENT FOR THE YEAR 2021**

The Chairman then informed the stockholders that the next item is the ratification of the acts of the Board of Directors and management of the company for the year 2021 as set forth in the minutes of the meetings of the Board and in the disclosures duly filed with the SEC as summarized in the Definitive Information Statement that was distributed to the stockholders.

Mr. Marvin Eric Aguilos moved for the confirmation and ratification of the acts of the Board of Directors and management for the year 2021, which motion was seconded by Ms. Careen Frances A. Real. Having no objection raised, the motion was carried.

## **VIII. APPOINTMENT OF EXTERNAL AUDITOR**

Mr. Irvino Ted Q. Pocot nominated SGV & CO., CPAs as the company's external auditor. Ms. Araceli Hechanova moved that the nomination be closed, which was seconded by Gody Leona. There was no objection to the nomination. Thus, the motion was carried and SGV & CO., CPAs is appointed as the external auditor of the company.

## **IX. RATIFICATION OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF INCORPORATION AND BY-LAWS**

The Corporate Secretary explained to the stockholders that the Department of Health requires SEC-approved trade names for the primary care centers and that the Board has approved as trade names, "DDH", "Davao Doctors Hospital (DDH) Care Center", "Davao Doctors Care Center" and "DDH Care Center". He added that the Board has also approved that the Primary Purpose of the corporation be amended to be more encompassing, thus including telehealth, home care, and wellness, and that the term of the corporation shall be amended from 50 years to perpetual. He also said that the Board has approved amending the By-laws so that the Compliance Officer will report to the Audit, Board Risk Oversight, Corporate Governance, and Compliance Committee and not directly to the Chairman. Since the said approval of the Board to these amendments needs the concurrence of the stockholders, the Chairman sought the ratification of the same.

Ms. Armie Jane A. Plaza moved for the approval of the proposed amendments to the Articles of Incorporation and By-laws of the corporation, which was seconded by Mr. Paquito C. Ebero. Since there was no objection, the motion was carried.

## **X. ELECTION OF THE BOARD OF DIRECTORS**

The Corporate Secretary informed the stockholders of the names of the persons duly nominated and determined to be qualified to be elected as members of the Board of Directors of the corporation, to wit:

A. Regular Directors

1. Anzures, Maureen Elizabeth H.
2. Cochangco, Reymundo S.
3. Dela Paz, Daniel C.
4. Go, Crispin C.
5. Hao, Llewellyn T.
6. Lopez, Celso Bernard G.
7. Mata, Rizalina Maria Karis M.
8. Palisoc, Augusto P., Jr.
9. Pangan, Rizalina M.

B. Independent Directors

1. Castillo, Julia Susan B.
2. Dominguez, Paul G.

The Corporate Secretary explained that considering that the Articles of Incorporation of the corporation require eleven (11) board seats and there are only eleven (11) candidates, all the candidates are eligible to serve as directors for the year 2022.

Ms. Clementina L. Bacolod moved that all the nominees be deemed elected as members of the Board for the year 2022 without need for an actual casting of votes and that all candidates shall be deemed to have obtained an equal number of votes. Ms. Carissa A. Real seconded the motion. No objection was raised. Hence, all candidates were deemed elected as members of the Board of Directors of the corporation for the year 2022.

The Chairman expressed his gratitude to the wise counsel and service of Dr. Reuben Higinio S. Cabrera who served as Independent Director of the corporation for 9 years. He then welcomed Ms. Julia Susan B. Castillo to the DDH family.

## XI. ADJOURNMENT

The Chairman inquired whether the stockholders wished to take up other matters but nobody responded.

Ms. Edgardo Buenaventura moved for adjournment, which was seconded by Mr. Darwin Eric Asibal. Having no opposition, the meeting was adjourned at 2:20 p.m.

  
DANIEL C. DELA PAZ, M.D.  
Corporate Secretary