

SECURITIES AND EXCHANGE COMMISSION  
**SEC FORM 12-1 SRS**  
SIMPLIFIED REGISTRATION STATEMENT FOR HOSPITALS

**GENERAL INSTRUCTIONS**

1. Pursuant to SEC Res. No. 225, s. of 2017, hospitals may use Form 12-1 SRS for registration of its securities that are sold or offered for sale pursuant to Section 8 and 12 of the Code. The use of Form 12-1 SRS is without prejudice to the right of the Commission to require such other information or documents as it may prescribe, consistent with the interest of the general public and for the protection of investors.
2. Under Section 13.1(b) of the Securities Regulation Code ("SRC"), the Commission may reject Registration Statement which on its face is *incomplete*. Notwithstanding the said provision, Sec. 14.2 of the SRC states that an amendment filed prior to the effectivity date of the Registration Statement ("RS") shall recommence the forty-five (45) day period within which the Commission shall act on a RS. Thus, should the company be amendable to extending the 45-day processing period (by executing a letter consenting to the processing time of the application to enable the company to amend its RS) the Market and Securities Regulation Department ("MSRD") shall be constrained to elevate the application based on the existing RS on file, to enable MSRD to comply with the said processing period mandated under Section 12.6 of the SRC.
3. Attention is directed under Section 68, As Amended on the Financial Statement requirements. Prior to preparation of their filings, registrants should also review the provisions of SRC Rule 72.1, "General Rules and Regulations for Filing of SEC Forms with the Securities and Exchange Commission." Definitions contained in "Annex B" and SRC Rule 68, as amended, to the extent they are not defined herein, shall govern the meanings of similar terms used herein.
4. The registration statement shall be signed by the registrant's chief executive officer, its chief operating officer, its chief financial officer, its controller, its chief accounting officer, its corporate secretary or persons performing similar functions.
5. The name of each person who signs the registration statement shall be typed or printed beneath his/her signature. Any person who occupies more than one of the specified position shall indicate the capacity in which he signs the registration statement. At least one (1) copy of the documents filed shall be manually signed and the unsigned copies shall be conformed.
6. Every amendment to a registration statement shall be signed by the persons specified in Section 12.4 of the Code or by any executive officer duly authorized by the Board of Directors. The final prospectus shall, however, be signed by all required signatories under Section 12.4 of the Code.
7. Three (3) copies of the complete Form 12-1 SRS shall be filed including exhibits and all other papers and documents filed as part thereof.
8. In case of withdrawal of a registration statement, fifty percent (50%) of the filing fee paid shall be *forfeited and not* be allowed for future application.

9. In the event that the registration statement is rejected pursuant to Section 13 of the Code, the filing fee paid thereon shall be *forfeited*.
10. Confidential Treatment of Information filed with the Commission -any request for confidentiality will be presented to Commission En Banc prior its application for registration or offering
11. How to use this form: Put ✓ inside the box to mark a box.

SECURITIES AND EXCHANGE COMMISSION  
**SEC FORM 12-1 SRS**  
SIMPLIFIED REGISTRATION STATEMENT FOR HOSPITALS

1. SEC Registration Number ..... CS201609135
  
2. Exact name of issuer as specified in its charter  
..... ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – BUTUAN, INC.
  
3. Principal Business Address including postal code..... Hangos Heart Specialist Clinic and Wellness Center  
Ochoa Avenue cor. Villanueva Extension  
Butuan City 8600
  
4. Province, country of other jurisdiction of incorporation or organization..... Agusan del Norte, Philippines
  
5. BIR Tax Identification No. 009-288-254-000
  
6. Industry Group: Hospitals and Physicians
  
7. Telephone Number including area code: (085) 815-4874  
Fax Number
  
8. Official company's website..... [www.acebutuan.com.ph](http://www.acebutuan.com.ph)
  
9. Fiscal Year (Day and Month) 31 December

### COMPUTATION OF FILING FEE

Title of each class of securities to be registered	Shares to be registered	Proposed Offering Price per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
<b>Founder (I)</b>	<b>600</b>	<b>-</b>	<b>600,000</b>	
<b>Common (I)</b>	<b>131,400</b>	<b>-</b>	<b>131,400,000</b>	<b>860,500.00</b>
<b>Preferred (I)</b>	<b>60,000</b>	<b>-</b>	<b>60,000,000</b>	
<b>common</b>	<b>600 blocks</b>	<b>200,000</b>	<b>120,000,000</b>	<b>8,605.00</b>
	<b>900 blocks</b>	<b>250,000</b>	<b>225,000,000</b>	
	<b>1,850 blocks</b>	<b>300,000</b>	<b>555,000,000</b>	
	<b>250 blocks</b>	<b>400,000</b>	<b>100,000,000</b>	
<b>Total</b>	<b>228,000</b>		<b>P1,192,000,000</b>	<b>P869,105.00</b>

Registration Statements filed pursuant to Section 12 of the Code shall be accompanied by a fee as follows:

Maximum aggregate price of securities to be offered	Amount of filing fee
Not more than P500 Million	0.10% of the maximum aggregate price of the securities to be offered
More than P500 Million but not more than P750 Million	P500,000 plus 0.075% of the excess over P500 Million
More than P750 Million but not more than P1 Billion	P687,500 plus 0.05% of the excess over P750 Million
More than P1 Billion	P812,500 plus 0.025% of the excess over P1 Billion

A legal research fee of 1% of the filing fee paid for filings made pursuant to SRC Rule 8.1 shall also be paid at the time of the filing.

## **PART I - INFORMATION REQUIRED IN PROSPECTUS**

1. Front of the Registration Statement and Outside Front Cover Page of Prospectus
2. Inside Front Cover and First Two or More Pages of Prospectus
3. Forward looking Statement
4. Definition of Terms
5. Executive Summary
6. Risk Factors
7. Business Information
8. Use of Proceeds
9. Description of Securities Offered
10. Plan of Distribution
11. Capitalization
12. Outstanding Securities and Principal Shareholders
13. Board of Directors
14. Management
15. Financial Information
16. Information on Independent Accountant and Other Related Matters
17. Independent Auditors and Counsels
18. Regulatory Framework
19. Corporate Governance and Board Committees
20. Other Material Factors

## **PART II - INFORMATION REQUIRED IN REGISTRATION STATEMENT BUT NOT REQUIRED IN PROSPECTUS**

21. Other Expenses of Issuance and Distribution

Give the itemized statement of all expenses of the offering other than the discounts and commission (if applicable). If any of the securities are registered for sale by security holders, state how much of the expenses the security holders will pay. If the amount of any items are not known, give estimates but identify them as such.

22. Exhibits

<b>Description</b>	<b>Exhibit No.</b>
1. Publication of Notice re: Filing	TBS
2. Articles of Incorporation and By-laws	"B", "B-1", "B-2"
3. Instruments defining the rights of security holders	"C"
4. Opinion re: Legality	"D"
5. Opinion re: Tax Matters	"D"
6. Material Contracts	"E"
7. Audited Financial Statements/Audited Interim Financial Statements	"F", "G"

Description	Exhibit No.
8. Subsidiaries of the Issuer	N.A.
9. Consent of Experts and Independent Counsel	"D"& "F"
10. Notarized Curriculum Vitae and Latest Photographs of Officers and Members of the Board of Directors	"H"
11. Authorization re: Issuer's Bank Account	"I"
12. Copy of Board Resolution approving the securities offering and authorizing the filing of Registration Statement	"J"
13. Duly verified resolution of the Issuer's Board of Directors approving the disclosure contained in the registration statement and prospectus and assuming liability for the information contained therein	"J"
14. Manual on Corporate Governance	TBS
15. Additional Exhibits:	
Certification that all mandated government license, permits are secured and valid	"K"
Certification on No Pending Case filed against and by the Issuer	"L"
Certification that all AFS of all subsidiaries has been filed with the Commission (if applicable)	N.A.
Certification by selling shareholder as to the accuracy of any part of the registration statement contributed by such selling shareholders (if applicable)	N.A.
Certification from Project Engineer as to percentage of Hospital building constructed	"M"
Tax Compliance Report filed by the Issuer	"N"
Feasibility study prepared by qualified profession on the capacity of the Issuer to provide Medical Benefits	"O"
Memorandum of Agreement with other ACE Hospitals (if applicable)	"P"
Permit to Construct Hospital issued by Bureau of Health Facilities and Services (BHFS) of the Department of Health (DOH)	"Q"
Escrow/Custodian Agreement with a reputable bank	N.A.
Credit Line Agreement	N.A.
Copy of the Environmental Compliance Certificate	"R"
Copy of Development Agreement	N.A.
Certified True Copy of Transfer Certificate Title	"S"
List of Equipment to be Purchased	"T"

23. Furnish any other document the omission of which will render the foregoing material facts or any other part of the Registration Statement misleading.

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, this registration statement is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of \_\_\_\_\_ on \_\_\_\_\_.

\_\_\_\_\_  
**Dr. FREDILYN G. SAMORO**  
President

\_\_\_\_\_  
**Dr. GERALDINE P. MALBAS**  
Corporate Secretary

\_\_\_\_\_  
**ELMER Z. SAMORO**  
Chief Accounting Officer

\_\_\_\_\_  
**Dr. DEANNA RAE C. LIBARIOS**  
Treasurer/Comptroller/CFO

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ affiants exhibiting to me their competent proof of ID as follows:

Name	Type of Identification	I.D. Number	Date/Place of Issue
Fredilyn G. Samoro	PRC	72330	Oct. 15, 1990/Manila
Geraldine P. Malbas	PRC	66089	Feb. 6, 1989/Manila
Deanna Rae C. Libarios	PRC	103805	Sept. 15, 2004/Manila
Elmer Z. Samoro	PRC	87761	Nov. 6, 1992/Manila

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Doc. No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of 2019.



**ALLIED CARE EXPERTS (ACE)  
MEDICAL CENTER – Butuan, INC.**

A Corporation existing and duly organized under the  
Laws of the Republic of the Philippines with

**SEC Certificate of Registration No. CS201609135**

This Final Prospectus relates to the registration of **192,000 issued and outstanding shares of Allied Care Experts (ACE) Medical Center - Butuan Inc.** (ACEMC Butuan) consisting of *600 Founders shares, 131,400 Common shares and 60,000 Preferred shares plus 36,000 common shares equivalent to 3,600 blocks* of ACE-Butuan (the *Offer Shares*), all with a par value of P1,000.00 per share, for issuance to the public at an Offer Price ranging from Php200,000.00 up to a maximum amount of Php400,000.00 per block.

The securities will be traded Over-the-Counter through its organic employee who will act as salesman<sup>1</sup>.

DATE: June 21, 2019

**Principal Office:**

HANGOS HEART SPECIALIST CLINIC  
AND WELLNESS CENTER OCHOA AVENUE  
COR. VILLANUEVA EXTENSION BUTUAN CITY 8600

**Telephone Numbers:**

(085) 815-4874

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

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<sup>1</sup>*The Hospital has tapped its organic salaried employee to act as salesman. The Hospital believes that its organic employees are the best marketers of its shares as they know the vision and mission of the Hospital and are well versed with its operations.*



This Final Prospectus relates to the primary offer and sale of 36,000 common shares of Allied Care Experts (ACE) Medical Center – Butuan, Inc. (the “Issuer”) equivalent to 3,600 blocks (consisting of 10 shares per block) at an offer price ranging from Php200,000.00 per block up to a maximum offer price of Php400,000.00 per block with an aggregate principal amount of One Billion Pesos (P1,000,000,000.00). The securities will be issued upon approval of the Securities and Exchange Commission. Assuming all Offer Shares are issued, **ACE Medical Center - Butuan Inc.** (ACE Butuan) will have a total of **228,000 issued and outstanding shares** consisting of *600 Founders shares* and *167,400 Common shares* and *60,000 Preferred shares* all with a par value of P1,000.00 per share.

The 3,600 blocks will be offered in tranches, through a series of offerings at an offer price in progressive amounts. The first 600 blocks will be offered at the price of Php200,000.00, the next 900 blocks will be sold at the price of Php250,000.00 per block, the next 1,850 blocks at the price of Php300,000.00 per block, and the remaining 250 blocks at the price of Php400,000.00 per block. While the blocks of common shares that will be issued have the same features and privileges (except the privilege to practice, that is available only to Medical Practitioners), the staggered Offer Price per series of shares for sale to the public was arrived at by considering several factors including but not limited to: (i) the timing of purchase relative to the completion of the Hospital and its facilities, (ii) the number of applicants the Hospital could serve and accommodate, (iii) the total development costs based on cost assessments of the engineers, architects and other professionals hired for the project, (iv) comparable price of similarly situated structure with similar facilities, (v) market demand and (vi) risk undertaken by the original stockholders. As the hospital building rises, the lesser the risk of the investors.

The blocks will be sold on a first come, first served basis, subject to pre-qualification procedures. Once the maximum number of blocks per series are sold, the next series will be offered at an increased offer price. The offer shares will not be listed in the Exchange and will be issued over the counter only, through its salaried employee/s who will act as salesmen.

ACEMC Butuan expects to raise gross proceeds amounting up to One Billion Pesos (P1,000,000,000.00) and the net proceeds are estimated to be at least Nine Hundred Fifty-One Million Nine Hundred Thirty Thousand Eight Hundred Ninety-Five Pesos (Php951,930,895.00) after deducting fees, commissions and expenses relating to the issuance of the securities. The net proceeds of the Offer shall be used primarily by the Company for the construction, development and pre-operation of ACE Medical Center Butuan (the “Hospital”). For further detailed information on the use of proceeds, see “Use of Proceeds” on page 29 of this Final Prospectus.

Each investor must comply with all laws applicable to it and must obtain the necessary consent, approvals or permission for its purchase, offer or sale under the laws and regulation in force to which it is subject.

The company is organized under the Philippine Law. The Company is authorized to distribute dividends out of its surplus profit, in cash, properties of the Company, shares of stock. Dividends paid in the form of cash or property, are subject to approval of the Board of Directors of the Company. Dividends paid in the form of additional Common Shares are subject to the approval of the Board of Directors and stockholders who owns at least two-third (2/3) of the outstanding capital of the company. The Board may not declare dividends as determined by the Board, taking into consideration factors such as implementation of business plans, debt service requirements, operating expenses, budgets, funding of new investments and acquisitions and appropriate reserves and working capital. Refer to page 59 on Dividends and Dividend Policy of this Prospectus.

Unless otherwise, indicated, all information in this Final Prospectus is as of the date of this Final Prospectus. Neither the delivery of this Final Prospectus nor any sale made pursuant to this Final Prospectus shall, under any circumstances, create implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company since such date.

No person has been authorized to give any information or to make any representation not contained in this Final Prospectus. If given or made, any such information or representation must not be relied upon as having been authorized by the Company. This Final Prospectus does not constitute an offer or any securities, or any offer to sell or solicitation of any offer to buy any of the securities of the Company in any jurisdiction, to or from any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Before making an investment decision, investor must rely on their own examination of the Company and the terms of the Offer including the risks involved.

The Issuer has included in this Statement all of its representation about this offering. If anyone gives you more or different information, you should ignore it. You should carefully review and rely only on the information in this Statement in making an investment decision. The Investors should be aware that risks and uncertainties might occur.

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

By:

**FREDILYN G. SAMORO, MD**

President

ACEMC- Butuan, Inc.

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ affiant exhibiting to me her competent proof of ID as follows:

Name	Type of Identification	I.D. Number	Date/Place of Issue
Fredilyn G. Samoro	PRC	72330	Oct. 15, 1990/Manila

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Series of 2019.

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## Forward-looking Statements

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors which may cause actual results, performance or achievements of the Issuer, to be materially different from any future results; and
- performance or achievements expressed or implied by forward-looking statements.

Such forward-looking statements are based on assumptions regarding the present and future business strategies and the environment in which the registrant will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

- the ability of the registrant to successfully implement its strategies;
- the ability of the registrant to anticipate and respond to healthcare trends;
- the ability of the registrant to successfully manage its growth;
- the condition and changes in the Philippines, Asian or global economies;
- any future political instability in the Philippines, Asia or other regions;
- changes in interest rates, inflation rates and the value of the Peso against the U.S. Dollar and other currencies;
- changes in government regulations, including tax laws, or licensing requirements in the Philippines, Asia or other regions; and
- competition in the healthcare industry in the Philippines and globally.

Additional factors that could cause actual results, performance or achievements of registrant to differ materially include, but are not limited to, those disclosed under “Risk Factors” and elsewhere in this Prospectus.

These forward-looking statements speak only as of the date of this Prospectus. The registrant expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the expectations of the registrant with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based.

This Prospectus includes forward-looking statements, including statements regarding the expectations and projections of the Issuer for future operating performance and business prospects. The words “believe”, “expect”, “anticipate”, “estimate”, “project”, “may”, “plan”, “intend”, “will”, “shall”, “should”, “would” and similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Prospectus are forward-looking statements. Statements in this Prospectus as to the opinions, beliefs and intentions of the Issuer accurately reflect in all material respects the opinions, beliefs and intentions of the management of the registrant as to such matters at the date of this Prospectus, although the Issuer can give no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. This Prospectus discloses, under the section “Risk Factors” and elsewhere, important factors that could cause actual results to differ materially from the expectation of the Issuer. All subsequent written and oral forward-looking statements attributable to either the Issuer or persons acting on behalf of the Issuer are expressly qualified in their entirety by cautionary statements

## DEFINITION OF TERMS

As used in this Prospectus, the following terms shall have the meanings ascribed to them:

"Articles"	The Articles of Incorporation of the issuer
"ACEMC Butuan"	ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – BUTUAN, INC.
"Board"	The Board of Directors of the issuer collectively referred to as one consisting of fifteen (15) members
"By-Laws"	The By-laws of the issuer
"Corporation"	Refers to ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – BUTUAN INC. unless otherwise specifically described in this document
"Director"	The individual membership of the incumbent Board of Directors of the Issuer
"DOH"	Department of Health
Environmental Compliance Certificate ("ECC")	Environmental Compliance Certificate is a document issued by the DENR/EMB after a positive review of an ECC application certifying that the proposed project will not cause significant negative environmental impact and the project proponent has complied with all the requirements of the Environmental Impact System, and has committed to implement its approved Environmental Management Plan
"Founder"	Refers to the individual holders of founder share
"Hospital"	ACE Medical Center - Butuan Hospital, or the building referred hereto being built in the name of ACE Medical Center – Butuan Inc.
"Internal Rules"	Refers to the rules and regulations concerning application procedures, availment, use and enjoyment of facilities and services, and all amendments thereto
"Issuer"	The same as Allied Care Experts (ACE) Medical Center- Butuan, Inc.

"Offer Price"	The price at which the Offer Securities are being offered in tranches to the public as indicated in this Prospectus
"Offer Securities"	Refers to the 36,000 Common shares or 3,600 blocks (1 block is equivalent to 10 shares) of ACE Medical Center-Butuan, Inc. to be offered for sale to the public, also interchangeably called "Offer Shares"
"Medical Specialist"	A doctor or medical practitioner who has successfully passed the screening process of ACE Medical Center-Butuan, Inc., in good standing and is admitted/accepted to practice his profession.
"Prospectus"	This document and any supplement or amendments thereto, pertaining to the issuance and sale of the Offer Securities.
"SEC"	Philippine Securities and Exchange Commission
"Stock Certificate"	The written or electronic evidence of ownership of share of stock of ACE Medical Center-Butuan, Inc.
"Stockholder"	A registered holder of shares of stocks of ACE Medical Center-Butuan, Inc. He may be a medical practitioner or a non-medical stockholder.

## EXECUTIVE SUMMARY

*The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and audited financial statements, including notes thereto, found in the appendices of this Prospectus.*

*Prospective investors should read this entire Prospectus fully and carefully, including the section on "Risk Factors". In case of any inconsistency between this summary and the more detailed information in this Prospectus, then the more detailed portions, as the case may be, shall at all times prevail.*

### **Brief Background on the Company**

ACE Medical Center – Butuan, Inc. (ACE MC Butuan) is a stock corporation duly organized under the laws of the Republic of the Philippines on May 6, 2016. ACE Butuan originally had an authorized capital stock of One Hundred Twenty Million Pesos (120,000,000.00) divided into Six Hundred (600) Founder Shares, Fifty-Nine Thousand Four Hundred (59,400) Common Shares and Sixty Thousand (60,000) Preferred Shares, all with a par value of One Thousand Pesos (P1,000.00) per share.

On June 5, 2018, the Securities and Exchange Commission approved the Issuer's application to increase its authorized capital stock from One Hundred Twenty Million Pesos (120,000,000.00) divided into Fifty Nine Thousand Four Hundred (59,400) Common Shares and Sixty Thousand (60,000) Preferred Shares, all with a par value of One Thousand Pesos (P1,000.00) per share to Two Hundred Forty Million Pesos (240,000,000.00) divided into Six Hundred (600) Founders' shares, One Hundred Seventy-Nine Thousand Four Hundred (179,400) Common shares and Sixty Thousand (60,000) Preferred shares, all with a par value of One Thousand Pesos (P1,000.00) per share. As such, as of the date of this Final Prospectus, One Hundred Ninety Two Thousand (192,000) shares consisting of Six Hundred (600) Founders' shares, One Hundred Thirty-One Thousand Four Hundred (131,400) Common shares and Sixty Thousand (60,000) Preferred Shares all with a par value of One Thousand Pesos (P1,000.00) per share have been subscribed.

### **Core Business**

ACE Medical Center-Butuan, Inc. was established to maintain, operate, own, and manage hospitals, medical and related healthcare facilities and businesses such as, but without restriction to clinical laboratories, diagnostic centers, ambulatory clinics, condo hospitals, scientific research and other allied undertakings and services which shall provide medical, surgical, nursing, therapeutic, paramedic, or similar care, provided that purely professional, medical or surgical services shall be performed by duly qualified physicians or surgeons who may or may not be connected with the hospitals and whose services shall be freely and individually contracted by the patients.

### **Business Strategies**

ACE Medical Center - Butuan will set up a Level II health care facility with an organized, systematic, cost-effective, sympathetic and holistic approach to its goal in providing the best quality and justifiable medical services to its clients and stakeholders.

ACEMC Butuan will accomplish its purpose by the acquisition of complete and world-class facilities, provide medical specialists who are competent and fully qualified in their line of work, and have equally efficient well motivated employees and management staff.

ACE Medical Center – Butuan will be an 8-storey building (with Lower Ground level) 176-bed capacity hospital, with total floor area of 20,370 sq. m. constructed on a 5,000 sq. m. property



located at South Montilla Boulevard, Villa Kananga, Butuan City. It will provide services to residents of Butuan City, nearby Barangays and Municipalities, and the neighboring provinces. ACEMC Butuan will be a multidisciplinary specialty medical facility that will house medical specialists who are subscribers to the capital stock of the Corporation. The intended and considered markets for its shares are mostly medical specialists and individuals who are related to medical specialists.

The act of purchasing the securities being offered does not automatically entitle such purchaser to practice his profession and use the facilities of ACE Medical Center – Butuan, Inc., although it is a prerequisite. Physicians and medical specialists who are subscribers to at least one (1) block or ten (10) shares of the capital stock, whether Founders or Common shares, and have paid in full may be allowed to practice. Such purchasers have to undergo the required screening process and must possess the minimum requirements as indicated in the Articles of Incorporation, By-Laws and Internal Rules of the Hospital. After successfully passing this process, the applicant shall then be entitled to the privileges offered by the Hospital. The privilege to practice in the Hospital is subject to restrictions, limitations, and obligations as maybe imposed by ACE Medical Center – Butuan, Inc. pursuant to its rules and duly approved resolutions. Medical Specialists who have been granted the right to practice shall continuously possess the required qualifications and may be subjected to post-qualification assessment to ensure the quality of service provided by the hospital.

ACE Medical Center – Butuan, Inc. will assess and collect from each duly admitted medical specialist a one-time, non-refundable, non-transferrable fee of One Hundred Fifty-Thousand Pesos(P150,000.00) for the privilege to practice and monthly dues (for utilities) effective on the date of turnover of the clinic.

## **Level 2 Hospital**

ACE Medical Center - Butuan will be a Level 2 Hospital. Under the Rules and Regulations Governing the New Classification of Hospitals and Other Health Facilities in the Philippines (Effective: August 18, 2012), the following are the minimum requirements for Level 2 Hospitals:

**A Level 2 Hospital** shall have as minimum, all of Level 1 capacity<sup>2</sup>, including, but not limited to, the following:

1. An organized staff of qualified and competent personnel with Chief of Hospital/Medical Director and appropriate board certified Clinical Department Heads;
2. Departmentalized and equipped with the service capabilities needed to support board certified/eligible medical specialists and other licensed physicians rendering services in the specialties of Medicine, Pediatrics, Obstetrics and Gynecology, Surgery; their subspecialties and ancillary services;

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<sup>2</sup>A Level 1 hospital shall have as minimum the services stipulated under Rule V. B. 1. b. 1. of the Order, including, but not limited to, the following: 1. A staff of qualified medical, allied medical and administrative personnel headed by a physician duly licensed by PRC; 2. Bed space for its authorized bed capacity in accordance with DOH Guidelines in the Planning and Design of Hospitals; 3. An operating room with standard equipment and provision for sterilization of equipment and supplies in accordance with: a. DOH Reference Plan in the Planning and Design of an Operating Room/Theater (Annex A); b. DOH Guidelines on Cleaning, Disinfection and Sterilization of Reusable Medical Devices in Hospital Facilities in the Philippines (Annex B); 4. A post-operative recovery room; 5. Maternity facilities, consisting of ward(s), room(s), a delivery room, exclusively for maternity patients and newborns; 6. Isolation facilities with proper procedures for the care and control of infectious and communicable diseases as well as for the prevention of cross infections; 7. A separate dental section/clinic; 8. Provision for blood station; 9. A DOH licensed secondary clinical laboratory with the services of a consulting pathologist; 10. A DOH licensed level 1 imaging facility with the services of a consulting radiologist; 11. A DOH licensed pharmacy.

3. Provision for general ICU for critically ill patients.
4. Provision for NICU (Neonatal Intensive Care Unit)
5. Provision for HRP (High Risk Pregnancy Unit)
6. Provision for respiratory therapy services;
7. A DOH licensed tertiary clinical laboratory;
8. A DOH licensed level 2 imaging facility with mobile x-ray inside the institution and with capability for contrast examinations.

**RISK FACTORS**

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

An investor deals in an investment of which may carry a different level of risks.

1. The following is a summary of all the risks that apply to the Issuer and/or this offering. You should carefully consider these risks prior to investing in this offering.

**Operating History:**

The Issuer has limited or no operating history because the Issuer may have operated for only a short period of time, it has produced little or no profit. There is no assurance that it will ever produce a profit.

**Difficulty to collect from patients (select all that apply): Check Box**

√	Existing law penalizes the refusal of hospitals and medical clinics to administer appropriate initial medical treatment and support in emergency or serious medical cases.
√	Hospital experience delay in payment from Health Insurance or Health Maintenance Organizations.

However, the Issuer can mitigate said risk by:

The Issuer mitigates such risk through the accreditation of various Health Maintenance Organizations (HMO) to cover more patients and increase the probability of getting paid. With HMO covered patients, special rates are given. The Issuer will mitigate delays in payment from HMO's by investing in software programs that will efficiently monitor the Hospital's finances and receivables to ensure that its exposure to unpaid promissory notes is maintained at manageable levels.

**Limited Resources/Losses (select all that apply):**

√	The Issuer has limited resources and will not be able to continue operating without the proceeds from this offering. It is possible that the proceeds from this offering and other resources may not be sufficient for the Issuer to continue to finance operations. The Issuer expects to continue to experience losses from operations and it cannot be predicted when or if the Issuer will become profitable. If the Issuer achieves profitability, it may not be sustainable.
√	The Issuer has incurred losses since inception and may incur future losses. The Issuer has not yet generated a profit from operations. As of the date of the most recent financial statements, the Issuer had an accumulated deficit of ₱20,555,210 and ₱10,577,025 as at December 31, 2018 and 2017, respectively.

However, the Issuer can mitigate said risk by:

The Issuer mitigates the risks associated with limited resources through the availability of the credit line facility with the Land Bank of the Philippines. Currently, there is available credit line amounting to Php775,000,000.00 (Php475,000,000.00 for construction costs and Php300,000,000.00 for hospital equipment, furniture and fixtures). As of the date of this prospectus, the Hospital has utilized about Php174M of the total available facility (P124M for construction and P50M for hospital equipment).

### Key Personnel

	The Issuer's success depends substantially on the services of a small number of individuals
√	The Issuer may be harmed if it loses the services of these people and it is not able to attract and retain qualified replacements
√	The Issuer's officers, directors, managers and key persons will continue to have substantial ownership and control over the Issuer after the offering
√	The Issuer does not maintain key person life insurance on those individuals on whom the Issuer's success depends. The loss of any of these individuals could have a substantial negative impact on the Issuer and your investments.

However, the Issuer can mitigate said risk by:

The Issuer mitigates such risk by maintaining a competitive compensation package and benefits for its Management and Key Officers. The Human Resources Department will likewise maintain a program that will enhance and develop the career path of key officers and employees to ensure continued stay and loyalty to the Company.

### Inexperienced Management (select all that apply):

	None of the Issuer's officers, directors, and/or managers has managed a company in this industry. The Issuer's ability to operate successfully may depend on its ability to attract and retain qualified personnel, who may be in great demand.
	None of the Issuer's officers, directors, and/or managers has experience in managing a development stage hospital

However, the Issuer can mitigate said risk by:

N/A
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**Past Failures**

	Prior to organizing the Issuer, one or more of the Issuer’s officers, directors, and/or managers operated a business in which shareholders lost part or all of their investment. The Issuer’s ability to operate successfully may depend on its officers, directors, and/or managers to succeed where they have failed before.
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However, the Issuer can mitigate said risk by:

N/A
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**Government Regulations:**

√	The Issuer must comply with local and national rules and regulations. If the Issuer fails to comply with a rule or regulation it may be subject to fines or other penalties, or its permit or license may be revoked or suspended. The Issuer may have to stop operation and you may lose your entire investment.
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**Dilution** (select all that apply):

√	The price of a share in this offering is significantly higher than the book value of the securities. By participating in this offering, you will incur immediate and substantial dilution of the book value of your investment.
	To the extent outstanding options or warrants to purchase securities are exercised, new Investors will incur further dilution of the book value of their investment
√	There are no limits in place to restrict the Issuer’s ability to issue securities in the future. If the Issuer issues additional securities, by participating in this offering you may experience further dilution of the value of your investment.

**No Existing Market**

√	Because there is no market for the Issuer’s securities, you may not be able to sell your securities or recover any part of your investment. You should not invest unless you can afford to hold your investment indefinitely.
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**Offering Price:**

√	The offering price of the Issuer’s securities has been arbitrarily set and accordingly should not be considered an indication of the actual value of the Issuer.
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**Best-effort Offering:**

√	The Issuer is offering these securities on a “best-effort” basis. The Issuer has <u>not</u> contracted with an underwriter, placement agent, or other person to purchase or sell all, or a portion of its securities and there is no assurance that it can sell all or any of the securities.
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**Lack of Investor Control (select if applicable):**

√	The Issuer’s officers, directors, managers, and/or key persons will continue to have substantial control over the Issuer after the offering. As such, you may have little or no ability to influence the affairs of the Issuer.
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**Restriction on the Transfer of Shares**

√	As indicated in the Articles of Incorporation and By-Laws of the Issuer, the ownership of its securities is restricted and is subject to the conditions stated therein. Likewise, the ownership of the shares of ACE Medical Center – Butuan Inc. by individuals no matter how many, does not automatically entitle such holder the privilege to practice or use the facilities of ACE Medical Center -Butuan Hospital. The prospective medical practitioner or even the non-medical stockholder has to pass the evaluation and qualifications set forth by the Credentials Committee and the Board of Directors. He has to possess the minimum requirements in order to be allowed to practice and enjoy the privileges of the hospital, including the regular payment of dues. And even if one is already admitted, if he violates the by-laws, internal rules and duly promulgated resolutions of the board, such stockholder may not be allowed to further practice or enjoy the facilities of the Hospital. Of course this will be implemented after observing the basic rule of due process.
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**Political and Economic Factors**

√	<p>In general, the profitability of the Company depends to a large extent on the overall level of business and economic activity in the country, which in turn is affected by political and economic factors. Any political instability in the future may have a negative effect on the industries proposed to be served by the Company.</p> <p>In the past, the Philippine economy and the securities of Philippine companies have been, to varying degrees, influenced by economic and market conditions in other countries, especially in Southeast Asia, as well as investors’ responses to those conditions. Although economic conditions are different in each country, investors’ reactions to adverse developments in one country may affect the market price of securities of companies in other countries, including the Philippines. For example, the recent economic crisis in the United States and Europe triggered market volatility in other countries’ markets, including the Philippines. Accordingly, adverse developments in the global economy could lead to a reduction in the demand for, and market price of the Offer Shares.</p>
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**Taxation**

√	Existing tax rates may increase in the future or existing tax exemptions and deductions may likewise be revoked, adversely affecting the Company’s revenues. Similarly, such tax rates may decrease or new exemptions and deductions may be created, to the Company’s benefit.
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## **Other Risks**

### Risk relating to Hospital Business

- Licenses, permits
- Regulatory risks
- Healthcare infections
- Emergencies/disaster risks
- Government discount programs/collection from Philhealth
- Hazardous material events, e.g. chemical/radiological exposure
- Physician litigation

### Risks to purchasers associated with corporate actions including:

- Additional issuance of securities
- Issuer repurchases of securities
- A sale of the Issuer or of assets of the Issuers
- Transactions with related parties

In addition to the foregoing enumeration, there may be other risks (either unknown to the Company as of the date of this Prospectus or deemed immaterial) which may have an adverse effect on the investment to be made by the prospective buyers.

## **BUSINESS INFORMATION**

### **1. Anticipated Business Plan of the Issuer**

ACE Medical Center - Butuan will set up a level II health care facility with an organized, systematic, cost-effective, sympathetic and holistic approach to its goal in providing the best quality and justifiable medical services to its clients and stakeholders. ACE Medical Center - Butuan will be a 8-storey building (with Lower Ground level) 176-bed capacity hospital, with total floor area of 20,370 sq. m. constructed on a 5,000 sq. m. property located at South Montilla Boulevard, Villa Kananga, Butuan City. It will be a multidisciplinary specialty medical facility that will house medical specialists who are subscribers to the capital stock of the Corporation. The intended and considered markets for its shares are mostly medical specialists and individuals who are related to medical specialists.

The act of purchasing the securities being offered does not automatically entitle such purchaser to practice his profession and use the facilities of ACE Medical Center – Butuan Inc., although it is a prerequisite. Physicians and medical specialists who are subscribers to at least one (1) block or ten (10) shares of the capital stock, whether Founders' or common shares, and have paid in full may be allowed to practice. Such purchasers have to undergo the required screening process and must possess the minimum requirements as indicated in the Articles of Incorporation, By-Laws and Internal Rules of the Hospital. After successfully passing this process, the applicant shall then be entitled to the privileges granted by the Hospital. The privilege to practice in the Hospital is subject to restrictions, limitations, and obligations as maybe imposed by ACE Medical Center – Butuan, Inc. pursuant to its rules and duly approved resolutions. Medical Specialists who have been granted the right to practice shall continuously possess the required qualifications and may be subjected to post-qualification assessment to ensure the quality of service provided by the hospital.

ACE Medical Center – Butuan, Inc. will assess and collect from each duly admitted medical specialist a one-time, non-transferrable fee of One Hundred Fifty-Thousand Pesos for the privilege to practice and monthly dues (for utilities) effective on the date of turnover of the clinic.

**2. Operations**

The Issuer (select all that apply):

<input checked="" type="checkbox"/>	Has never conducted operations
<input checked="" type="checkbox"/>	Is in the construction development stage
<input type="checkbox"/>	Is currently conducting operations
<input type="checkbox"/>	Has shown a profit in the last fiscal year

Briefly describe

**3. Jurisdiction:** Is the Issuer an entity organized and doing business in the Philippines?

Yes  No

**4. Date of Incorporation:** May 6, 2016

**5. Fiscal Year End (Month and Day):** 31 December

**Suppliers:**

The Issuer (select all that apply):

<input checked="" type="checkbox"/>	Has major supply contracts
<input type="checkbox"/>	Is currently or expects to be dependent upon a limited number of suppliers
<input type="checkbox"/>	Has no suppliers

Sources and availability of raw materials and the names of principal suppliers; If the registrant is or is expected to be dependent upon one or a limited number of suppliers for essential raw materials, energy or other items, describe. Describe any major supply contracts.

ACE Medical Center - Butuan, Inc. has entered into several contracts for the construction of the hospital building.

On July 1, 2017, ACE Butuan executed a contract with **CARWILL CONSTRUCTION INCORPORATED**, whereby the latter shall provide services as GENERAL CONTRACTOR for the construction of the 200-bed hospital building in accordance with the plans and specifications of ACEMC Butuan.

On January 23, 2017, ACE Butuan executed a contract with **J3 Trainers and Consultants**, whereby the latter shall provide construction management services for the Hospital Project, including without limitation, services required to plan, schedule, coordinate, manage and administer the Project

ACEMC Butuan has a contract with Steel Asia for the steel reinforcing bars.

**Procurement Policy**

State the procurement policy of the hospital.

A Purchasing Committee is created, the members were appointed by the President.

- The Committee meets regularly, on a weekly/monthly basis, to conduct bidding process depending on the urgency to procure a particular item.
- The Committee invites at least 3 prospective bidders. Suppliers are asked to submit a quotation on a particular item, through sealed bidding process.
- The Committee will witness the opening of bids, tabulate and analyze through an “apple to apple” comparison and making sure that the item offered is in conformity with the specification/s given.
- The Committee, prior to the awarding of the winning bid, consults first with the end-users to ensure that the item to be purchased will serve its intended purpose.
- The Committee will submit the canvassed items together with the bid analysis/tabulation of the offer to the Executive Committee for further scrutiny and subsequent endorsement to the Board for approval.
- Upon approval of the Board, the Purchasing Committee will prepare the Purchase Order (PO) to be issued to the winning bidder for delivery of the item.

**Competition**

Describe the competition that the Issuer faces, and how the Issuer intends to compete. If the Issuer offers what it considers to be unique good or services, discuss competition from companies that provide similar or substantial goods or services.

Name the Issuer’s principal competitors, and indicate their relative size and financial market strengths. Describe the Issuer’s strategy, whether to compete by price, service, or some other basis

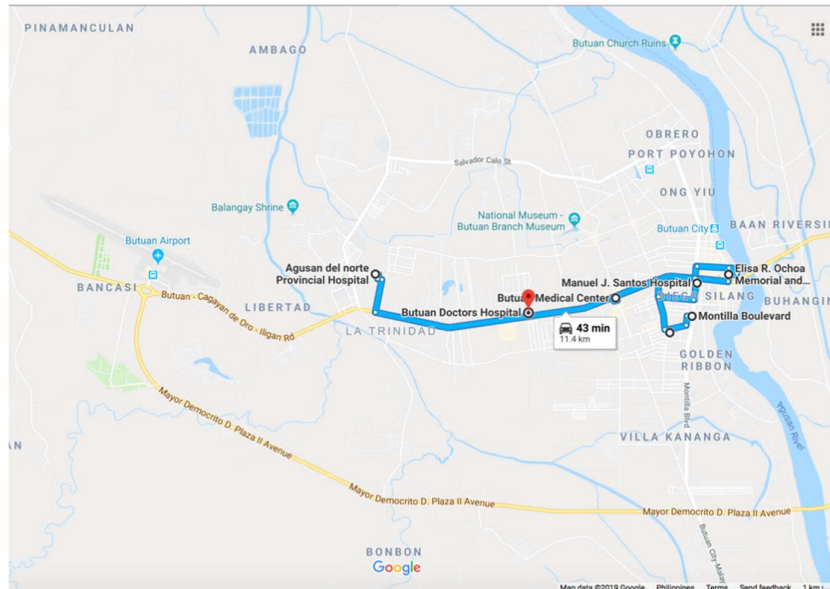
The issuer belongs to the industry which caters to the need of the public and medical specialists for hospital facilities. There are no recognized trends within such industry. The geographic area of competition is in Butuan City, Agusan del Norte wherein the following Hospitals are operating:

NAME OF HOSPITAL	ADDRESS	BED CAPACITY	CATEGORY	LEVEL CLASSIFICATION
Holy Child Colleges of Butuan Hospital	102 Southdrive, Guingona Subd., Butuan City, Agusan del Norte	48	Level 1	Private
Butuan Doctors’ Hospital	JC Aquino Ave, Butuan City, Agusan del Norte	150	Level 2	Private
Manuel J Santos Hospital	Montilla Blvd., Butuan City, Agusan del Norte	100	Level 2	Private
Elisa R. Ochoa Memorial and Maternity General Hospital	702 San Jose St., Butuan City, Agusan del Norte	50	Level 2	Private



Agusan Del Norte Provincial Hospital	Libertad, Butuan City, Agusan del Norte	100	Level 1	Government
Butuan Medical Center	Km 5, Baan, Butuan City, Agusan del Norte	100	Level 2	Government

The strategic location of ACE Medical Center-Butuan primarily influence the decision of the medical specialists to subscribe to the shares of stock in ACE Medical Center - Butuan. Once the Doctor decides where to practice, price and quality of facility management come as the next factors. Good location, proximity to patients, reasonableness of the offer price and quality of the facilities enable ACE Medical Center-Butuan Inc. to effectively compete with its competitors within the area.



Patients will find a better ambiance with ACE Medical Center-Butuan due to its carefully planned, designed, constructed hospital building. Its advantage is not simply its newly built structure but it also boasts of new facilities and equipment.

ACE Medical Center-Butuan will be a one-stop-shop with its latest technology, complete laboratory and imaging facilities such as: MRI, CT Scan, Mammogram, 2D Echo, and Physical and Occupational Therapy and Rehabilitation facilities and equipment. The following specialized services will also be provided: Kidney Center, Oncology Unit, Neuroscience Center, Eye Center and Wellness and Aesthetic Center.

### Marketing

Describe how the Issuer plans to market its products or services during the next 12 months, including who will perform these marketing activities

ACE MC Butuan, Inc. will market and offer the securities through its salaried employees who will act as salesmen. These organic employees are well aware of the mission and vision of the Hospital and are accustomed with Hospital operations. Management believes that the strategic location of the Hospital, the facilities and the services it will provide, and the people behind the Hospital, are sufficient to entice medical specialists and prospective investors to consider the

offer. ACE Butuan will greatly rely on the salesmen and satisfied patients to spread the word about the facilities the Hospital can offer.

**Employees**

The Issuer (select all that apply):

	Has existing Labor Union in the company
	Has existing Collective Bargaining Agreement
	Has existing labor strike

Indicate whether or not any of them are subject to collective bargaining agreements (CBA) and the expiration dates of any CBA. If the registrant’s employees are on strike, or have been in the past three (3) years, or are threatening to strike, describe the dispute. Indicate any supplemental benefits or incentive arrangements the registrant has or will have with its employees;

The Hospital will be staffed with medical specialists who will provide the skeleton force and attract other specialist to practice in the Hospital. The Hospital will hire employees for its operations. Aside from competitive salary package, they will be entitled to the same benefits (management discounts) with that of the inventors' dependents including their immediate family (1st degree only).

Below is the breakdown of the current manpower of ACEMCI and when it goes into commercial operations:

Type of Employees	Number of Current Employees	Expected within the Next 12 months
Medical Support Staff	-	-
Administrative Staff	2	6
Engineering and Maintenance	-	-
Outsourced	-	-
Clerical	1	1
Others	-	-

**Medical Specialists**

Briefly describe the qualifications and criteria to qualify. Disclose the current number of medical specialists and its expected number within the next 12 months.

Medical Specialists are Doctors who possess the minimum qualifications and are deemed fit to practice, upon recommendation by the Credentials Committee and approved by the Board and Management of ACE Medical Center Butuan. The Credentials Committee requires that the medical specialists of ACEMC Butuan have updated professional licenses as practicing physicians from the PRC and PHIC. They should have finished their training in the Accredited Specialty and Subspecialty Societies of their fields in the Philippines, and should be certified Diplomates and Fellows of their respective Medical Specialties.

Documentary requirements shall be submitted to the office of the Credentials Committee upon application, and the Committee will recommend to the Chief of Medical Services, the Executive Vice President, the Chief Executive Officer, and the BOD for final approval.

Currently, ACE Medical Center-Butuan has a total of 35 Medical Specialists that will practice within the hospital. Within the next 12 months, it is expected that the Hospital will accept at least 63 more Doctors.

There will be a total of 69 clinic spaces. Of the 69, 13 clinic are inside specialty units. Average clinic hours per doctor is 2-4 hours per day. Clinic hours are from 8 AM to 8 PM (12 hours a day). The Hospital anticipates at least 100 doctors with active status (those who admit and have clinic hours) and 50 visiting doctors (those who admit only and no clinic hours)

**Properties**

The Issuer (select all that apply):

Property	Own	Lease
Land/Building/Real Estate	√	
Equipment and other long term assets	√	
Intangible property such as patents, licenses, copyrights, trademarks, etc.		

Give the location and describe the condition of the principal properties (such as real estate, plant and equipment, mines, patents, etc.) that the registrant and its subsidiaries own. Disclose any mortgage, lien or encumbrance over the property and describe the limitations on ownership or usage over the same. Indicate also what properties it leases, the amount of lease payments, expiration dates and the terms of renewal options. Indicate what properties the registrant intends to acquire in the next twelve (12) months, the cost of such acquisitions, the mode of acquisition (i.e. by purchase, lease or otherwise) and the sources of financing it expects to use. If the property is being leased, indicate and describe the terms and conditions of the lease.

ACE Medical Center - Butuan will be a 8-storey Building with one Lower Ground level, 176-bed capacity hospital, with total floor area of 20,370 sq.m. constructed on a 5,000 sq. m. property located at South Montilla Boulevard, Villa Kananga, Butuan City. It will also serve as a Referral Center for Allied Care Experts (ACE) institutions in other parts of the country which ACEMC Butuan has a Memorandum of Agreement with.

The property is covered by Transfer Certificate of Title No. 157-2016002008 and Tax Declaration No. 08-07-0006-09837 registered in the name of Allied Care Experts (ACE) Medical Center-Butuan, Inc.

The Hospital will have the following facilities:

**Lower Ground Floor**

The Lower Ground Floor is about 2,157.40sq.m. which will house the following facilities:

- Psychiatry Ward
- Psychiatry Clinic
- Dietary Section

Bulk Storage  
Engineering Office  
Biomedical Office  
Workshop Office  
Staff Lounge  
Housekeeping/Linen Storage  
Wheelchair parking  
Medical Gas Cage  
Purchasing Office  
CSR

***Upper Ground Floor- Hospital Building*** (2,157.40 sq. m.)

Emergency Complex  
Radiology Department with X-ray, Ultrasound, MRI, CT Scan and Mammography  
Dexa Densitometry  
Satellite Laboratory Department for Extraction and Releasing  
Pharmacy  
Billing and Cashier  
Admitting Section  
HMO and Social Services  
Guest Services Department  
Convenience Store

***Second Floor***(2,604.14 sq. m.)

Operating Room Complex with 4 Major Surgery Rooms, 1 Ophthalmology Surgery Room and 1 Minor Surgery Room  
Post-Anesthesia Care Unit  
Obstetric Complex with OB Admitting Section, Labor Room, 2 Normal Delivery Rooms and 1 Caesarian Room  
1 Delivery Suite  
Nursery  
Intensive Care Unit (Medical, Pediatric and Surgical)  
Acute Stroke Unit  
Endoscopy Unit  
Folks' Lounge  
Prayer Room

***Third Floor*** (2,604.14 sq. m.)

Doctors' Clinics  
Eye and ENT Center with Audio Room and Laser Room  
Cath Lab Complex  
Neuroscience Center with EEG, EMG-NCV  
Dental Clinic  
VIP Lounge  
Cardio/Pulmonary Dept.  
Diabetes Center  
Satellite Admitting Section  
Chapel

***Fourth Floor*** (2,142.14 sq. m.)

Orthopedic and Rehabilitation Center  
Kidney Center  
Satellite Pharmacy  
Main Laboratory Section with Drug Testing  
Blood Bank  
Chemo Therapy and Blood Transfusion Unit

***Fifth Floor***(2,142.14 sq. m.)

Single bed private rooms  
Semi-Private Rooms  
Suite rooms  
Family Suite Room  
Male Surgical ward  
Female Surgical ward  
OB-Gyne ward  
Orthopedic Ward  
Isolation room  
Doctors' on-call Rooms  
Prayer Room

***Sixth Floor*** (2,142.14 sq. m.)

Single bed private rooms  
Semi-Private Rooms  
Suite rooms  
Family Suite Room  
Male Medical ward  
Female Medical ward  
Pediatric Ward  
Stroke Ward  
Isolation room  
Prayer Room

***Seventh Floor*** (2,142.14 sq. m.)

Single-bed Private Rooms  
Suite Rooms  
Family Suite Room  
Sleep Laboratory/Polysomnogram  
Isolation room  
Prayer Room

***Eighth Floor*** (2,278.14 sq. m.)

Wellness Center  
Administrative Offices  
Board Room  
Medical Records Room  
Offices of Clinical Department Heads  
Accounting and Treasury  
Auditorium  
Guest Doctors' Rooms  
Nurse Training and Conference Room

Human Resources Office  
Information Systems

***Outside the Building***

Ambulance and Motor Pool  
Cadaver Holding Area  
Garbage Holding Area  
Generator Set  
Parking Area

**TOTAL FLOOR AREA: 20,370 sq. m.**

Initially, the hospital will be operating only at 100-bed capacity in order to maximize its manpower complement and resources. This will eventually be increased to maximum bed capacity as the need arises.

The Hospital has no current plans to acquire any other property.

**Legal Proceedings of Company, its Subsidiaries and/or Affiliates**

Describe briefly any material pending legal proceedings to which the registrant or any of its subsidiaries or affiliates is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities or any other entity.

The Issuer is not a party to any legal proceedings, neither is any of its properties the subject of any pending legal proceedings.

**Government Regulation** (select all that apply):

√	The Issuer and/or its products/services are subject to material regulation by a government agency.
√	The Issuer is required to have a license or permit (other than organizational license) to conduct business.
√	The Issuer has obtained any required licenses or permits to conduct business.

Need for any government approval of principal products or services. If government approval is necessary and the registrant has not yet received that approval, discuss the status of the approval within the government approval process

ACE Medical Center - Butuan Inc. has secured the necessary Permit to Construct the Hospital from the DOH. The Office of the Building Official (OBO) of Butuan City has issued the Building Permit, Mechanical, Electrical, Plumbing, and Fire permit. The Occupancy Permit will be issued by the OBO once the hospital building is completed. Other permits may be required later for its operation and shall be complied with by the Company.

In the course of its pre-operation stage, ACE Medical Center – Butuan Inc. will secure permits and licenses from national and local government entities particularly the License to Operate (LTO) from the DOH, Environmental Compliance Certificate and Hazardous Waste Permit from DENR. The Business Permit will be secured from BPLO of Butuan City.

The LTO will be secured after the full construction of the Hospital and the necessary Occupancy Permit from the Building Official has been issued. The DOH will need to conduct ocular inspection of the facilities of the Hospital, as well as the pre-operation procedures of ACE Medical Center - Butuan to ensure it is compliant with the standards of the Department prior to issuance of the LTO.

## **Services and Departments**

Provide information on hospital departments and their functions. Include personnel overview per department and their functions.

### **DEPARTMENT OF ANESTHESIA**

The mission of the department is to provide safe, effective, and ethical care to our patients. The Anesthesiology Department shall be responsible for providing all primary anesthesia and pain management services. This includes, but is not limited to, general and regional anesthesia in operating suites, obstetrics, emergency room, radiology and intensive care. Anesthesia services shall be available twenty-four (24) hours of the day and night for emergency cases.

Objectives:

- a. Select, implement, and evaluate anesthesia management plans
- b. Implement the anesthesia plan employing the full scope of anesthesia practice to include both general and regional anesthesia
- c. Perform and utilize associated procedures needed during the anesthetic management of the patient
- d. Perform, within medically established guidelines, resuscitation of the newborn infant, child, or adult as the need arises

Manpower Complement:

Department Chairman	:	1
Co-chair	:	1
Medical Staff	:	2

### **DEPARTMENT OF INTERNAL MEDICINE**

The Department of Internal Medicine includes physicians whose primary role is to provide medical care in the hospital. This team of providers includes physicians, resident physicians and nurse practitioners, who work closely with bedside nurses, social workers, physical therapists and other staff to provide thoughtful, safe, collaborative and effective medical care.

Objectives:

- a. To provide prompt, updated medical care for patient
- b. To maintain a high standard of ethical and professional service in the various fields of Internal Medicine.

- c. To support the continuing medical education programs for the medical staff and paramedical personnel
- d. To develop a residency training program in Internal Medicine with the ultimate goal of accreditation by the Philippine College of Physicians (PCP).
- e. To implement hospital policies emanating from the Board of Directors, Hospital Administrator, Medical Director and Chief of Clinics.
- f. To promote camaraderie among medical staff

**Manpower Complement**

Department Chairman	:	1
Co-chair	:	1
Medical Staff	:	20

**DEPARTMENT OF OBSTETRICS AND GYNECOLOGY**

The Department of Obstetrics and Gynecology focuses on women’s health and wellness by providing high quality patient care, educating future leaders, and fulfilling innovative research within a highly collaborative environment. It is a leading institution in all aspects of women’s health with nationally recognized programs in obstetrics and gynecology, including high-risk pregnancy, reproduction genetics, gynecology, breast disease, infertility, contraception and cancer.

**Objectives:**

- a. To provide prompt, updated obstetrical and gynecologic care for patients
- b. To maintain a high standard of ethical and professional service in the various fields of OB-Gyne.
- c. To support the continuing medical education programs for the medical staff and paramedical personnel.
- d. To develop a residency training program in OB-Gyne with the ultimate goal of accreditation by the Philippine Board of Obstetrics and Gynecology (PBOGS).
- e. To implement hospital policies emanating from the Board of Directors, Hospital Administrator, Medical Director and Chief of Clinics.
- f. To promote camaraderie among medical staff.

**Manpower Complement**

Department Chairman	:	1
Co-chair	:	1
Medical Staff	:	4

**DEPARTMENT OF PEDIATRICS**

The Department of Pediatrics promotes the health of children and adolescents with a balanced program that seeks new knowledge through research, provides outstanding educational opportunities, delivers high quality comprehensive clinical care and service, advocates vigorously for children and adolescents, and is responsive to the changing needs of our community and society.

**Objectives:**



- a. To implement hospital policies emanating from the Board of Directors, Hospital Administrator, Medical Director and Chief of Clinics
- b. To provide optimum child health care for the Community based on professional skills, knowledge, and experience.
- c. To plan towards standardization of specific service units to meet the requirements of the PPS, through which we would be proficient enough to deliver the best medical services to our patients
- d. To provide subspecialty services of pediatric patients in the clinic and beyond.
- e. To promote judicious use of antibiotics for our pediatric patients
- f. To encourage each and every pediatrician to formulate and implement cost effective therapeutic regimens
- g. To develop camaraderie, understanding, and unity among consultant staff

Manpower complement

Department Chairman	:	1
Co-chair	:	1
Hospitalist	:	1
Medical Staff	:	10

**DEPARTMENT SURGERY**

The department of surgery treats patients both in emergency situations and for scheduled procedures. Scopes of services of the departments are:

- Inpatient services to patients diagnosed with a disease that requires surgery.
- Provides outpatient treatment for patients in the outpatient surgery clinic.
- Providing subspecialty surgical services to patients in the clinic and beyond
- Subspecialty surgical procedure under general surgery department based on the time or even during an emergency.
- Perform outpatient surgical procedures
- Helping patients to achieve optimal health status while in hospital.

Objectives:

- a. To provide prompt, updated surgical care for patients
- b. To maintain a high standard of ethical and professional service in the various fields of surgery.
- c. To support the continuing medical education programs for the medical staff and paramedical personnel
- d. To develop and maintain a residency-training program in General Surgery accredited by the Philippine College of Surgeons.
- e. To implement hospital policies emanating from the Board of Directors, Hospital Administrator, Medical Director and Chief of Clinics.
- f. To promote camaraderie among the medical staff

Manpower Complement

Department Chairman	:	1
Co-chair	:	1
Hospitalist	:	9
Medical Staff	:	20

## CLINICAL PATHOLOGY DEPARTMENT

The Department performs pathologic examinations efficiently and accurately in the shortest possible time with the least use of materials and reagents for confirmation of clinical impression, screening, or detection of diseases, for prognosis and for therapeutic management, to aid the physicians in the management of their patients.

The Department caters to the needs of clinical or surgical services of the hospital. It also serves as training field for undergraduate medical students and paramedical personnel. CPD shall assess nosocomial environmental conditions in the hospital.

The Department of Pathology involves the study and diagnosis of diseases through examination of the surgically removed organ, tissues (biopsy samples), body fluids and in some cases the whole body (autopsy). It promotes understanding the basis of diseases, teaching knowledge to others and to apply understanding to improve medical diagnosis and treatment of patient leading to improve diagnosis, treatment and eventually, prevention.

Objectives:

- a. To provide prompt, updated, and accurate pathologic result.
- b. To maintain a high standard of ethical and professional service in the field of pathology.
- c. To support the continuing medical education program for the staff and personnel.
- d. To implement hospital policies from the Hospital board and administration.

Manpower Complement:

Chairman	: 1
Co-chair	: 1
Medical staff	: 1

## RADIOLOGY DEPARTMENT

The Department of Radiology uses medical imaging to diagnose and treat diseases such as radiography, ultrasound, computed tomography, and magnetic resonance imaging. It functions under the control of Radiologists and qualified technical staff.

The Department shall provide the hospital with high quality radiological services as required for Good Patient Care. These shall be achieved by the adherence to the following criteria:

- All procedures are to be done on a strict basis of clinical priority and confidentiality.
- All services are to be provided only upon the knowledge of the referring physician.
- Adherence to radiation safety shall conform with the guidelines provided by the Radiation Health Office.
- Assistance shall be provided to other hospital departments in the development of optimal clinical diagnosis and management and protocols.
- Prospective clinical research program will be developed.
- Continuing Education Program for all the staff shall be maintained.

The scope of services include:

- a. Out-patient and in patient diagnostic imaging.

- b. Helping patients to achieve optimal health status while in hospital.

Objectives:

- a. To provide prompt and updated diagnostic procedures for patients
- b. To maintain a high standard of ethical and professional services
- c. To support continuing medical education for the medical and paramedical services
- d. To implement hospital policies in the scope of radiology
- e. To promote camaraderie among the medical staff.

Manpower complement:

Chairman	:	1
Co-chair	:	1
Medical Staff	:	1
Radiology Staff	:	5

### **INFECTION CONTROL DEPARTMENT**

The Infection Control Department, through its Chairperson or physician member, has the authority to institute any appropriate control measures or studies and to recommend corrective action within any department, when there is considered to be a danger to any patient or to personnel. The Infection Control Department has the ultimate authority, in the event that there is a question or disagreement in relation to infection control policy or procedure. To facilitate early and complete reporting, the Infection Control Department, Infection Control Practitioner or the Registered Nurse on the patient care unit has the authority to initiate culture and sensitivity testing and institute any appropriate isolation procedures. When any of these actions are taken, the physician responsible for the patient will be notified.

The Department's Objectives are:

- To establish a functional surveillance system for control of nosocomial infections.
- To identify, through the surveillance system, any specific problem areas in need of administrative or professional resolution and report to the medical staff of the hospital.

Manpower Complement:

Chair	:	1
Co-chair	:	1
Medical Staff	:	4
Infection Control Nurse	:	1

### **TISSUE COMMITTEE**

This Committee reviews histo-pathological results done on tissues recovered from operations and determines if operations performed were appropriate and discrepancies in pre-operative and post-operative diagnosis.

The Tissue Committee evaluates the report on every piece of tissue surgically removed. When there is consistency among the pre-operative diagnosis, operative diagnosis and pathological diagnosis, the results are tabulated for the purpose of quarterly and annual reports. In those instances of diagnostic and pathological inconsistency, the case is studied in detail. Further

evaluation would include a review of the patient's chart and the responsible surgeon has to justify his or her course of action. The results and recommendation are tabulated. Cases presenting unresolved inconsistencies or potential deficiencies in desired standards of care are referred to Executive Committee for further evaluation.

Manpower Complement:

Chairman	:	1
Pathologist	:	1
Department Chairs	:	4

### **EMERGENCY DEPARTMENT**

The Emergency Room department is a vital part of the hospital as it is the first to receive patients needing immediate medical attention, either because of the life-threatening condition, multiple injuries or severity of symptoms. It is especially equipped with the life-saving devices and trained personnel to handle emergency cases.

The Department's Objectives include:

- providing competent emergency care at all times by a team of qualified and experienced Emergency Room personnel
- providing prompt, lifesaving treatment without discrimination
- maintaining the highest standards of emergency care facility.

Manpower Complement:

ER Head	:	1
Staff Nurse	:	12
Orderlies	:	2
Ambulance Driver	:	1

### **REHABILITATION MEDICINE AND PHYSICAL THERAPY**

The Rehab Department caters to individuals who have impairments, functional limitations, disabilities, or changes in physical function and health status resulting from injury, disease or other causes. By designing and implementing therapeutic interventions that may include, but not limited to pharmacologic management, therapeutic exercises, functional training in self-care and home management, manual therapy techniques, prescription and fabrication of assistive and orthotic devices, electrotherapeutic modalities, physical agents and mechanical modalities, the Rehabilitation Medicine and Physical Therapy Center alleviates impairment and functional limitations. Cases handled vary from neurological, musculoskeletal, cardiopulmonary and pediatric among others. The patient load will consist of in-patients, out-patients and those who will need domiciliary services.

The Department's main objectives are:

- Establishing a comprehensive treatment plan to restore the patient to his highest functional mobility, activities of daily living, community reintegration, workplace requirements and recreation.
- Provision of patient and family education which is a cornerstone to all clinical programs.
- Planning of individualized exercises to increase of daily activities, increase musculoskeletal strength, and maximize cardiovascular fitness.

Manpower Complement:

Chair	:	1
Rehabilitation Doctor or Physiatrist	:	1
Physical Therapist	:	3

**PULMONOLOGY DEPARTMENT**

The Department provides immediate cardio-pulmonary management, as requested by the Physician, that will help lead in the accurate diagnosis of an illness for proper administration of therapeutic procedure.

The Department's Objectives include:

- To deliver official results of the procedures within 24 hours.
- To respond during Code Blue.
- To provide ventilatory support to intubated patient.
- To gradually remove mechanically intubated patient from ventilator.
- To provide accurate pulmonary diagnostic procedure:
  - a. Blood Gas Analysis (ABG)
  - b. Pulmonary Function Test (PFT)
  - c. Peak Expiratory Flow Measurement (PEFR)
- To provide effective pulmonary therapeutic procedures:
  - a. Aerosol Therapy (Nebulization)
  - b. Intermittent Positive Pressure Breathing Therapy (IPPB)

Manpower Complement:

Chair	:	1
Supervisor, RT	:	1
Respiratory Therapist	:	4
Medical Staff	:	3

**OUT-PATIENT DEPARTMENT**

This is a combination of several departments. It is a miniature version of the hospital except that the patient is ambulatory. Physicians with different specializations provide services. Individual patients come to consult or receive treatment, others go back to the physician to assess their progress following discharge from hospital.

Department's Objectives include:

- To be the channel of our foremost goal which is to provide "Quality Service" to our clientele. Their satisfaction is our top most priority.
- To ensure that all patients for consultation are given proper assessment before they are decked to the concerned doctor.
- To ensure that all necessary documents are properly prepared, kept and organized.
- To enhance secretaries' knowledge in handling patients.

Manpower Complement

Department Head	:	1
OPD Supervisor	:	1

OPD Clerk : 3

**ADMINISTRATIVE DEPARTMENT**

This Department accommodates complaints of patients and their relatives and other hospital problems/issues. Proper approach is needed in dealing with patient’s relatives and hospital staff.

**Objectives:**

- To man the department with qualified and competent staff able to handle and meet the needs & satisfaction of patients being admitted in the hospital.
- To ensure that the staffs’ responsibilities & obligations are being observed with quality output and at the same time given job descriptions are properly followed.
- Ensure that the existing policies & regulation of the hospitals pertaining to professional fees, discounts, promissory notes & discharge of patients are properly observed.
- Make sure that less patients will be seeking for social service assistance instead convince & encourage them to settle their bills and or issue collateral prior to discharge.
- To be able to meet all the required assignments of the department within the allowable or least time with quality output.

**Manpower Complement**

Admin Officer	:	1
Asst. to the Admin Officer	:	1
Messenger/Liaison Officer	:	1

**BILLING SECTION**

The Billing Section is one of the major components of hospital operation. This unit is working based on the revenue of the different departments of the hospital. A proper coordination and communication with the Doctors and staff are very vital in this unit.

**Objectives:**

- To provide efficient, accurate computation and fastest service to patient, in accordance with the implementing guidelines and hospital policy.
- To provide good service and customer total satisfaction.
- To improve service to patients in order to shorten the processing of their bills or minimize if not eliminate occurrence of “late bills”.

**Manpower Complement**

Billing Supervisor	:	1
Billing Clerk	:	4

**PHARMACY**

This Department serves as the vital link in the chain of health professionals dedicated to patient care. The Pharmacist will provide at all times an adequate supply of safe effective and

good quality drugs in appropriate dosage forms consistent with the needs of the patients and to rationalize drug utilization in collaboration with the medical staff.

Objectives:

- To properly utilize the Pharmacy Service to the maximum geared toward the actual dynamics of better patient care.
- To provide at all times, medications of the highest standard in appropriate dosage forms consistent with needs of the patients in collaboration with the medical staff.
- To rationalize drug utilization and procurement in collaboration with the Pharmacy and Therapeutics Committee.
- To render effective and efficient professional service to in and out patients of all economic levels.
- To maintain an adequate system of stock and inventory control and must have the ability to control operational cost without comprising services.

Manpower Complement:

Chair	:	1
Chief Pharmacist	:	1
Staff Pharmacist	:	4

#### **CENTRAL SUPPLIES DEPARTMENT**

The CS Department has the following personnel: the department head, the assistant head and four (4) clerks. The department is open twenty-four (24) hours servicing all sectors of the hospital. CSR personnel work forty-eight (48) hours a week and rotate on three (3) shifts-morning, afternoon and night.

The CS department will serve as essential link in the chain of hospital health service dedicated to patient care. The department will provide at all times an adequate supply of safe, effective and quality products for the need of the patients.

Objectives:

- To improve patient care by providing the necessary sterile and un-sterile supplies, articles and equipment in the nursing units and other department of the hospital.
- To provide and maintain products and emergency equipment made safe for patient use.
- To ensure proper sterilization of supplies relevant to hospital procedure.

Manpower Complement:

Department Head	:	1
Assistant Head	:	1
CSR Clerk	:	3

#### **PSYCHIATRY DEPARTMENT**

The Dept of Psychiatry and Behavioral Services include physicians whose primary role is to provide comprehensive mental health and counseling services. This team of providers includes physicians who work closely with nurses and other staff to provide expert and effective psychiatric care.

Objectives:

- a. To provide advanced ,evidenced-based individualized treatment care plan based on latest research;
- b. To maintain a high standard of ethical and professional service in mental health and counseling services
- c. To support the continuing medical education program for the staff and personnel
- d. To implement hospital policies emanating from the BoardofDirectors,Hospital Administrators,Medical Director and Chief of Clinics
- e. To promote camaraderie among the staff

Manpower Complement:

Chair : 1  
 Co- chair : 1  
 Medical Staff : 2

**DEPARTMENT OF FAMILY MEDICINE**

The Department of Family Medicine includes comprehensive healthcare for people of all ages. The team of providers are primary care physicians that integrate biological, clinical and behavioral sciences.

Objectives:

- a. To implement hospital policies emanating from Board of Directors, Hospital Administrator, Medical Director and Chief of Clinics.
- b. To provide physician-patient relationship with the patient viewed in the context of family.
- c. To provide prompt, updated, updated medical care of patients.
- d. To support continuing medical education for the medical staff and paramedical personnel.
- e. To develop residency training program in Family Medicine with ultimate goal of accreditation by Philippine Academy of Family Physicians.

Manpower complement:

Chair : 1  
 Co-chair : 1  
 Medical Staff : 10

**Transactions with and/or dependence on related parties**

The Company, in the normal course of business, has entered into transactions with related parties principally consisting of:

- a. *Advances to related party* – The Company granted a loan to Allied Care Experts (ACE) Medical Center Butuan Development Corporation, which have relatively significant influence over key managements personnel of the Company, at an interest rate of 8.5% per annum plus fees and other charges payable on January 2019. (see Note 12)
- b. *Loans payable – ACEMC Iloilo* - The Company borrowed to its affiliate, ACE Medical Center-Iloilo Inc., in the amount of P37,000,000 with interest rate of 5% payable monthly commencing on the last day of the month after the date of the advance of the loan plus pro-rated interest rates of 5% per month on the maturity value of the loan after its due



date of May 16, 2017. As of date, the account has remained due and demandable but with high expectancy of settlement in spite of the delay. (see Note 12)

- c. *Loans payable to individuals* – This account represents obligations from a close member of a stockholder’s family in support of the Company’s preliminary financing aspect of the construction of the hospital structure. (see Note 12)
- d. *Advances from shareholders* – This account is divided into two parts:
  - Interest-bearing Advances from shareholders – The account represents an unsecured interest-bearing advance from the shareholders in payment to some founders who withdrew their capital investments. The loan bears an interest of twelve percent (12%) per annum and is payable subject to the availability of funds. The Company, however, reserves the right to defer settlement in favor of prioritizing payments relative to hospital construction. (see Note 12)
  - Non-interest-bearing Advances from shareholders – This account represents advances made by its shareholders in support of the Company’s building construction requirements. These advances are non-interest bearing and to be paid subject to availability of funds and/or the Board may decide to convert said advances to equity in the distant future. (see Note 12)

As of December 31, 2018, total amount advanced from shareholders amounted to ₱78,344,330.

#### **USE OF PROCEEDS**

The figures herein are only estimates and are made under the assumption that all or a significant portion of the Offer Securities will be sold setting aside fortuitous events or acts of men beyond the control of the management of the Issuer.

In the event all the Offer Securities are sold, it will generate maximum gross proceeds of approximately Php1,000,000,000.00. The gross proceeds, less transaction expenses, taxes, professional and registration fees, etc. will yield Php951,930,895.00 which shall be used to complete the construction, development and operation of the Hospital. An estimate of the net proceeds, assuming the best case and complete sell out of the Offer Securities as currently priced is as follows:

Anticipated Gross Proceeds	<b>P 1,000,000,000.00</b>
Less:	
Registration/Filing Fees	869,105.00
Taxes	10,000,000.00
Legal and Audit Fees	700,000.00
Marketing Fees	36,000,000.00
Other Incidental Expenses	500,000.00
Total	48,069,105.00
	<b>P951,930,895.00</b>

In the event that the actual expenses relating to the Offer differ from the above estimates, the net proceeds to the Company from the Offer may be higher or lower than the expected net proceeds set forth above. Any increase or decrease in the net proceeds to the Company shall be addressed

by making a corresponding increase or decrease, as the case may be, to the proposed use pro-rata.

In the event the maximum net proceeds of Php951,930,895.00 is realized, it will be applied to partially finance the purposes mentioned below, in the **estimated** amounts, based on the % to the total proceeds that will be raised as follows: *(enumerated in descending order of priority)*

<b>Proposed Use</b>	<b>Amount</b>	<b>%</b>	<b>Est. Period of disbursement</b>
Construction	285,579,268.50	30%	3 <sup>rd</sup> – 4 <sup>th</sup> Q 2019
Medical equipment	285,579,268.50	30%	1 <sup>st</sup> Q 2020
Architects and other PFs	47,596,544.75	5%	3 <sup>rd</sup> Q 2019
Pre-operating expenses	190,386,179.00	20%	1 <sup>st</sup> Q 2021
Debt Servicing	95,193,089.50	10%	2020 onwards
Hospital/Office furniture & fixtures	47,596,544.75	5%	2 <sup>nd</sup> Q 2020
<b>Total</b>	<b>₱951,930,895.00</b>	<b>100%</b>	

Primary use of proceeds will be for construction expenses. Total construction cost estimate of the project is at Php753,690,000.00. This will be partially financed by the proceeds of the public offering. Another intended use of the proceeds of the IPO is for procurement of medical equipment. 30% of the proceeds is allotted for purchase of medical equipment such as CT Scan, X-ray machines, MRI, Anesthesia Machine, Patient Monitors, Defibrillators, and other medical equipment enumerated under Exhibit "T". Another use will be for payment of professional fees to Architects and Engineers contracted by the Hospital.

Pre-operating expenses will cover inventories of Central Supply Dept., including Laboratory and Radiology, initial stocks of the Pharmacy Departments, salaries of the staff, daily operational expenses of the Hospital (cable subscription, housekeeping, janitorial services) prior to the grant of the LTO and during the first seven months of operation. Below is the computation of the estimated pre-opex:

<b>PARTICULARS</b>	<b>1st</b>	<b>2nd</b>	<b>3rd</b>	<b>4th</b>	<b>5th</b>	<b>6th</b>	<b>7th</b>	<b>TOTAL</b>
Payroll	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	6,000,000.00	24,000,000.00
Supplies								
Pharmacy	20,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	38,000,000.00
Laboratory	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	14,000,000.00
CSR	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	35,000,000.00
Office supplies	250,000.00	250,000.00	250,000.00	250,000.00	250,000.00	250,000.00	250,000.00	1,750,000.00
Other supplies	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	7,000,000.00
Reader's Fee/Professional Fee	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	14,000,000.00
Utilities	2,500,000.00	2,500,000.00	2,500,000.00	2,500,000.00	2,500,000.00	2,500,000.00	2,500,000.00	17,500,000.00
Training and Seminars	1,000,000.00							1,000,000.00
Unforeseen expenses	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	35,000,000.00
Estimated expenses	<b>₱41,750,000.00</b>	<b>₱23,750,000.00</b>	<b>₱23,750,000.00</b>	<b>₱23,750,000.00</b>	<b>₱23,750,000.00</b>	<b>₱23,750,000.00</b>	<b>₱26,750,000.00</b>	<b>₱187,250,000.00</b>

10% of the proceeds is allotted for Debt Servicing, for payment of loans contracted with Land Bank of the Philippines, details of which are provided in succeeding paragraphs. Once operational, the Hospital expects to pay the remaining principal amount. A small amount is allocated for hospital furniture and fixtures of the different offices such as the Admitting, Administration, Billing, Doctors clinics, Laboratory, etc.

The commitment of the major stockholders to fund the construction, development, pre-opening operations and start-up costs of the Hospital, is backed up with a credit line facility totaling Php775,000,000.00. TL1 for P475,000,000.00 for construction, with initial interest at 5.25% variable with one-time fixing at 6% per annum for 12 years; and TL2 for P300,000,000.00 for equipment with interest ranging from 4.5% to 5.5% per annum (depending on tenor). Currently, ACE Butuan has already utilized around P174M (P124M for construction and P50M for equipment) of its available credit facility.

ACE Medical Center - Butuan may also borrow from other financial institutions as the need arises, after the Hospital becomes operational.

As of June 15, 2019, the Hospital Building is 43.45% constructed and estimated to be completed under the following schedule:

- Remaining 57.71% for Structural and of Architectural works to include final finishes to be completed by January 2021.
- Remaining 87.14% of Electrical, Fire Protection and Plumbing/Sanitary works to be completed on or before January 2021.

Expected building inauguration is by May 2021.

The facilities to be constructed within the Hospital include the doctors/dentists clinics, office area for the HMO, administration office, parking lots, commercial area for coffee shop, elevators, comfort rooms and waiting areas for patients.

As the offer will be made in tranches, the estimate gross proceeds may not be realized at the same time or within a fixed period.

The figures in the **Use of Proceeds** are estimates based on current pricing of the equipment, development costs and operational expenses of the Company. As such, adjustments and/or deviations in the disclosed uses may be made. To the extent that the net proceeds from the Offer are not immediately applied to the above purposes, the Company will invest the net proceeds in short term demand deposits and/or money market instruments. In any event there will be material adjustments or deviations, the company undertakes to inform the Commission within 30 days prior to its implementation.

Where less than all of the securities to be offered may be sold and more than one use is listed for the proceeds, the registrant shall indicate the order of priority of such purposes and discuss its plans if substantially less than the maximum proceeds are obtained.

If any material amounts of other funds are necessary to accomplish the specified purpose(s) for which the offering is made, the registrant shall state the amounts and sources of such other funds needed.

If the proceeds will be used to pay-off existing debt, disclose the following: \_\_\_\_ Not Applicable

Name of Debtor	Amount of Debt	Interest	Maturity Date
Land Bank of the Philippines	Php475,000,000.00	5.25% variable with one-time fixing at 6% p.a.	October 2030
Land Bank of the Philippines	Php300,000,000.00	4.5% to 5.5% per annum (depending on tenor)	7 years from initial drawdown
<b>TOTAL</b>	Php775,000,000.00		

ACE Medical Center - Butuan, Inc. initially secured a loan from Land Bank of the Philippines on April 19, 2018, for the principal amount of Php475,000,000.00 with initial interest at 5.25% variable with one-time fixing at 6% per annum for 12 years. Maturity date is October 2030.

Another Loan was granted for the principal amount of Php300,000,000.00 subject to variable interest rate (4.5%-5.5%) with option to shift to fixed rate after full drawdown. TL-2 shall have a term of 7 years to be reckoned from initial drawdown date, inclusive of 2 years grace period on the principal.

Is the debtor related to the Issuer or any of its Directors or Officers? \_\_\_Yes \_\_\_No

If the answer to any of the above is "yes", disclose the relationship between each person and the issuer and the principal terms of each transaction. If assets were acquired from a person, disclose the cost of the asset to the issuer and the method used to determine this cost. Disclose for each person who has been involved in more than one related party transaction, their relationship with the issuer and which of the transactions they have been involved with.

If the proceeds will be used to purchase real estate property? \_\_\_\_\_Yes \_\_\_No\_\_\_ Not Applicable

(Provide information on each property acquired)

Description of Property	
Name of Seller	
Acquisition Cost	
Terms of Payment	

If the answer to any of the above is "yes", disclose the relationship between each person and the issuer and the principal terms of each transaction. If assets were acquired from a person, disclose the cost of the asset to the issuer and the method used to determine this cost. Disclose for each person who has been involved in more than one related party transaction, their relationship with the issuer and which of the transactions they have been involved with.

If any material amount of the proceeds is to be used to acquire assets or finance the acquisitions of other businesses, describe the assets or businesses and identify the persons from whom they will be bought. State the cost of the assets and, where such assets are to be acquired from affiliates of the registrant or their associates, give the names of the persons from whom they are to be acquired and set forth the principle followed in determining the cost to the registrant.

If the proceeds will be used for the construction of the hospital, provide the following:

Project Name	ACE Medical Center - Butuan Hospital
Project Cost (Estimate)	753,690,000.00
Schedule of Disbursement	Until 1 <sup>st</sup> Quarter of 2021
Target Completion Date	May 2021
Percentage Completed	43.45%

9. If proceeds to this offering is not sufficient to fund the intended use, where will the company source the additional funding? \_\_\_ Not Applicable

ACE Medical Center - Butuan, Inc. initially secured a loan from Land Bank of the Philippines on April 19, 2018, for the principal amount of Php475,000,000.00 with initial interest at 5.25% variable with one-time fixing at 6% per annum for 12 years. Maturity date is October 2030.

Another Loan was granted for the principal amount of Php300,000,000.00 subject to variable interest rate with option to shift to fixed rate after full drawdown. TL-2 shall have a term of 7 years to be reckoned from initial drawdown date, inclusive of 2 years grace period on the principal.

## DESCRIPTION OF SECURITIES OFFERED

### Securities of the Registrant

10. The securities being offered are (select all that apply):

<input type="checkbox"/>	Founder's Shares
<input checked="" type="checkbox"/>	Common Shares
<input type="checkbox"/>	Preferred Shares
<input type="checkbox"/>	Others (specify):

- (a) State the amount of capital stock of each class issued or included in the shares of stock to be offered:  
 (b) If the registrant is offering common equity, describe any dividend, voting and preemption rights.  
 (c) If the registrant is offering preferred stock, describe the dividend, voting, conversion and liquidation rights as well as redemption or sinking fund provisions.

ACE Medical Center – Butuan, Inc. is registering the following shares: **600** Founders’ shares, **131,400** common shares, **60,000** Preferred shares (all issued and outstanding) and **36,000** common shares equivalent to **3,600** blocks (10 shares per block) which will be offered for sale to the public by way of primary offering.

The 3,600 blocks will be offered in tranches, through a series of offerings at an offer price in progressive amounts. The first 600 blocks will be offered at the price of Php200,000.00, the next 900 blocks will be sold at the price of Php250,000.00 per block, the next 1,850 blocks at the price of Php300,000.00 per block, and the remaining 250 blocks at the price of Php400,000.00 per block.

Only 3,600 blocks will be offered to the public, and sold primarily to Medical Specialists who possess the minimum qualifications and are deemed fit to practice, upon recommendation by the Credentials Committee and approved by the Board and Management of ACE Medical Center – Butuan, Inc. Other purchasers may be non-medical specialists who are related to medical specialists and those who intend to purchase the shares purely for investment purposes.

The common shares/blocks that will be offered will qualify the medical shareholder to practice at the Hospital, subject to pre-qualification procedures, aside from earning dividends as may be declared by the Board.

**RIGHTS AND RESTRICTIONS**

The ownership of the Offer Securities is subject to the following rights and restrictive conditions

1. The transfer, or otherwise disposal of shares shall observe the following priorities:
  - a. First Priority- to the corporation which must exercise its option within thirty (30) days from date of receipt of the written offer by the Secretary of the corporation.
  - b. Second Priority- to the holders of Founder’s Shares, who must exercise the option within the same period of thirty (30) days from date of receipt of the written offer by the Secretary of the corporation.
  - c. Third Priority- to holders of Common shares who must likewise exercise the option within a period of thirty (30) days from date of receipt of the written offer by the Secretary of the corporation.
  - d. Fourth Priority- to outsiders who must likewise exercise the option within a period of thirty (30) days from the date of receipt of the written offer by the Secretary of the corporation.

The foregoing restrictions shall not apply to the dispositions by the stockholder by will, donation, inheritance, bequest and related transfer of said shares.

Any transfer of a share of the capital stock in violation of the foregoing provisions shall be null and void and shall not be transferrable in the books of the Corporation.

11. These securities have (select all that apply):

√	Cumulative voting rights
√	Pre-emptive rights to purchase any new issue of securities

	Preference as to dividends or interest
	Restrictions on dividends or other distributions
	Preference over liquidation
	Anti-dilution
	Conversion rights
	Other special voting rights
	Other special rights or preference (specify):

(a) Describe any other material rights of common or preferred stockholders.

**Cumulative Voting.** Common shareholders are entitled to vote during the Annual Meeting. Each Shareholder shall have the right to vote in person or by proxy the number of shares registered in his name in the stock transfer book of the Hospital for as many persons as there are directors to be elected. Each shareholder shall have the right to cumulate said shares and give one (1) nominee 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 cumulative voting principle among as many nominees as he shall see fit; provided, that the number of votes cast by a shareholder shall not exceed the number of his shares multiplied by the number of directors to be elected.

**Pre-emptive Right.** The right of a shareholder in a corporation to have the first opportunity to purchase a new issue of stock of that corporation in proportion to the amount of stock already owned by the shareholder.

All holders of common shares shall enjoy pre-emptive right to subscribe to all issues or disposition of shares of any class, in proportion to their respective shareholdings

(b) Describe any provision in the charter or by-laws that would delay, defer or prevent a change in control of the registrant.

None

12. Source of the aforementioned shares offered for sale (select all that apply):

<input checked="" type="checkbox"/>	Primary (from the unissued portion of the Authorized Capital Stock)
<input type="checkbox"/>	Secondary Selling Shareholders

### Secondary Offering

13. If any of the securities to be registered are to be offered for the account of shareholder, name each such security holder, indicating the following:  Not Applicable

Name of Selling Shareholder	Class of Securities Offered	No. of Shares Offered for Sale	Offer Price	Issue Value

14. The selling shareholder/s (select all that apply):

<input type="checkbox"/>	Certifies as to the accuracy of any part of the registration statement contributed to
<input type="checkbox"/>	Certifies that he/she are the legitimate beneficial owner of the securities.

15. Are these securities are to be registered under a delay or continuous offering?

Yes  No

#### Recent sale of Unregistered or Exempt Securities

Furnish the following information as to all securities of the registrant sold by it within the past three (3) years which were not registered under the Code. Include sales of reacquired securities, as well as new issues, securities issued in exchange for property, services, or other securities, and new securities resulting from the modification of outstanding securities. Indicate whether the issuer received written confirmation from the Commission under SRC Rule 10.1 that such exemptive relief from registration was available and, if so, the date such confirmation was issued:

Class of Securities Sold	Purchasers	Consideration	Exemption from Registration Claimed
increase in ACS – common shares	Existing shareholders	cash	no

#### Determination of the Offer Price

Discuss the various factors considered in determining the offering price of the securities for registration.

The following factors may be relevant to the price at which the securities are being offered: after-tax earnings, price/earnings multiple, net tangible bookvalue per share.

The staggered Offer Price per series of shares for sale to the public was arrived at by considering several factors including but not limited to: the timing of purchase relative to the completion of the Hospital and its facilities, the number of applicants the Hospital could serve and accommodate, the total development costs based on cost assessments of the engineers, architects and other professionals hired for the project, comparable price of similarly situated structure with similar facilities, market demand, risk undertaken by the original stockholders, the exclusive and premium nature of the Hospital and its intended patients and the acceptability of the pricing strategy to the current market.

The breakdown of the Offer Price is presented as follows:

Number of Blocks

Maximum Proposed



<u>Series</u>	<u>of Common Shares</u>	<u>Selling Price per block</u>
1 <sup>st</sup>	600 blocks	P200,000 per block
2 <sup>nd</sup>	900 blocks	P250,000 per block
3 <sup>rd</sup>	1,850 blocks	P300,000 per block
4 <sup>th</sup>	250 blocks	P400,000 per block

## Dilution

The net tangible book value of the Company as of December 31, 2017 was ₱109,422,975 or ₱1,823.72 per share, which represents the amount of the Company's total assets (excluding intangible assets) less its total liabilities. The Company's net tangible book value per share represents the net tangible book value divided by the number of Common Shares outstanding.

After giving effect to the increase in the Company's total assets to reflect the receipt of the net proceeds from the Offer, estimated to be ₱951,930,895, and the addition of 36,000 new Common Shares subject of the Offer, the Company's adjusted net tangible book value would be ₱1,061,353,870 or ₱11,055.77 per share. This represents an increase of ₱ 9,232.04 per share to the existing shareholders and an average dilution of ₱ 16,722.01 per share to the investors participating in the Offer.

The dilution in the book value per share represents the estimated difference between the Offer Price and the approximate adjusted tangible book value per share immediately following the completion of the Offer.

The following table illustrates dilution on a per block and per share basis based on the Series of Offer Prices, where one (1) block consists of ten (10) shares:

	Existing Stockholders		First		Second		Third		Fourth	
	6,000 blocks	60,000 shares	600 blocks	6,000 shares	900 blocks	9,000 shares	1,850 blocks	18,500 shares	250 blocks	2,500 shares
Offer Price	<b>₱10,000.00</b> per block	₱1,000.00 per share	<b>₱200,000.00</b> per block	₱20,000.00 per share	<b>₱250,000.00</b> per block	₱25,000.00 per share	<b>₱300,000.00</b> per block	₱30,000.00 per share	<b>₱400,000.00</b> per block	₱40,000.00 per share
Net tangible book value per share, December 31, 2017 (₱109,422,975/60,000 shares)	<b>₱18,237.16</b> per block	₱1,823.72 per share	-	-	-	-	-	-	-	-
Net tangible book value per share, after Offer (₱1,061,353,870/96,000 shares)	<b>₱110,557.69</b> per block	₱11,055.77 per share	<b>₱110,557.69</b> per block	₱11,055.77 per share	<b>₱110,557.69</b> per block	₱11,055.77 per share	<b>₱110,557.69</b> per block	₱11,055.77 per share	<b>₱110,557.69</b> per block	₱11,055.77 per share
Increase (dilution)	<b>₱92,320.53</b> per block	₱9,232.04 per share	<b>(₱89,442.31)</b> per share	(₱8,944.23) per block	<b>(₱139,442.31)</b> per share	(₱13,944.23) per share	<b>(₱189,442.31)</b> per block	(₱18,944.23) per share	<b>(₱289,442.31)</b> per block	(₱28,944.23) per share

During the year-ended December 31, 2018, the net tangible book value of the Company was ₱117,444,790 or ₱889.73 per share, which represents the amount of the Company's total assets (excluding intangible assets) less its total liabilities. The Company's net tangible book value per share represents the net tangible book value divided by the number of Common Shares outstanding.

After giving effect to the increase in the Company's total assets to reflect the receipt of the net proceeds from the Offer, estimated to be ₱951,930,895, and the addition of 36,000 new Common Shares subject of the Offer, the Company's adjusted net tangible book value would be ₱1,069,375,685 or ₱6,365.33 per share. This represents an increase of ₱5,475.60 per share to

the existing shareholders and an average dilution of ₱21,412.45 per share to the investors participating in the Offer.

The dilution in the book value per share represents the estimated difference between the Offer Price and the approximate adjusted tangible book value per share immediately following the completion of the Offer.

The following table illustrates dilution on a per share basis based on the Series of Offer Prices as of December 31, 2018:

	Existing Stockholders		First		Second		Third		Fourth	
	13,200 blocks	132,000 shares	600 blocks	6,000 shares	900 blocks	9,000 shares	1,850 blocks	18,500 shares	250 blocks	2,500 shares
Offer Price	<b>₱10,000.00 per block</b>	₱1,000.00 per share	<b>₱200,000.00 per block</b>	₱20,000.00 per share	<b>₱250,000.00 per block</b>	₱25,000.00 per share	<b>₱300,000.00 per block</b>	₱30,000.00 per share	<b>₱400,000.00 per block</b>	₱40,000.00 per share
Net tangible book value per share, December 31, 2018 (₱117,444,790 / 132,000 shares)	<b>₱8,897.33 per block</b>	₱889.73 per share	-	-	-	-	-	-	-	-
Net tangible book value per share, after Offer (₱1,075,375,685 / 168,000 shares))	<b>₱64,010.46 per block</b>	₱6,401.05 per share	<b>₱64,010.46 per block</b>	₱6,401.05 per share	<b>₱64,010.46 per block</b>	₱6,401.05 per share	<b>₱64,010.46 per block</b>	₱6,401.05 per share	<b>₱64,010.46 per block</b>	₱6,401.05 per share
Increase (dilution)	<b>₱55,113.12 per block</b>	₱5,511.31 per share	<b>(₱135,989.54) per share</b>	(₱13,598.95) per block	<b>(₱185,989.54) per share</b>	(₱18,598.95) per share	<b>(₱235,989.54) per block</b>	(₱23,598.95) per share	<b>(₱335,989.54) per block</b>	(₱33,598.95) per share

Stockholder	Before the Offer			After the Offer		
	Class	Number of Shares	Percentage	Class	Number of Shares	Percentage
Ferjenel G. Biron	Founder	80	13.33%	Founder	80	11.23%
	Common	17,520		Common	17,520	
	Preferred	8,000		Preferred	8,000	
	Total	25,600		Total	25,600	
Geanie Cerna-Lopez	Founder	10	1.67%	Founder	10	1.40%
	Common	2,190		Common	2,190	
	Preferred	1,000		Preferred	1,000	
	Total	3,200		Total	3,200	
Myrna T. Deresas	Founder	10	1.67%	Founder	10	1.40%
	Common	2,190		Common	2,190	
	Preferred	1,000		Preferred	1,000	
	Total	3,200		Total	3,200	
Amado Manuel C. Enriquez, Jr.	Founder	60	10%	Founder	60	8.42%
	Common	13,140		Common	13,140	
	Preferred	6,000		Preferred	6,000	
	Total	19,200		Total	19,200	
Sylvia B. Hangos	Founder	30	5%	Founder	30	4.21%
	Common	6,570		Common	6,570	
	Preferred	3,000		Preferred	3,000	
	Total	9,600		Total	9,600	
Francis Roy G. Lavilla	Founder	10	1.67%	Founder	10	1.40%
	Common	2,190		Common	2,190	
	Preferred	1,000		Preferred	1,000	
	Total	3,200		Total	3,200	
	Founder	10	1.67%	Founder	10	1.40%

Deanna Rae C. Libarios	Common	2,190		Common	2,190	
	Preferred	1,000		Preferred	1,000	
	Total	3,200		Total	3,200	
Geraldine P. Malbas	Founder	10	1.67%	Founder	10	1.40%
	Common	2,190		Common	2,190	
	Preferred	1,000		Preferred	1,000	
	Total	3,200		Total	3,200	
Antonio S. Montalban, Jr.	Founder	10	1.67%	Founder	10	1.40%
	Common	2,190		Common	2,190	
	Preferred	1,000		Preferred	1,000	
	Total	3,200		Total	3,200	
Psyche C. Nebraska	Founder	20	3.33%	Founder	20	2.81%
	Common	4,380		Common	4,380	
	Preferred	2,000		Preferred	2,000	
	Total	6,400		Total	6,400	
Danilo C. Regozo	Founder	10	1.67%	Founder	10	1.40%
	Common	2,190		Common	2,190	
	Preferred	1,000		Preferred	1,000	
	Total	3,200		Total	3,200	
Generoso M. Orillaza	Founder	10	1.67%	Founder	10	1.40%
	Common	2,190		Common	2,190	
	Preferred	1,000		Preferred	1,000	
	Total	3,200		Total	3,200	
Fredilyn G. Samoro	Founder	20	3.33%	Founder	20	2.81%
	Common	4,380		Common	4,380	
	Preferred	2,000		Preferred	2,000	
	Total	6,400		Total	6,400	
Rey Anthony P. Robles	Founder	20	3.33%	Founder	20	2.81%
	Common	4,380		Common	4,380	
	Preferred	2,000		Preferred	2,000	
	Total	6,400		Total	6,400	
Marietta T. Samoy	Founder	10	1.67%	Founder	10	1.40%
	Common	2,190		Common	2,190	
	Preferred	1,000		Preferred	1,000	
	Total	3,200		Total	3,200	
Other Stockholders (26)	Founder	280	46.67%	Founder	280	39.30%
	Common	61,320		Common	61,320	
	Preferred	28,000		Preferred	28,000	
	Total	89,600		Total	89,600	
Public	Founder	-	0.00%	Founder	-	15.79%
	Common	-		Common	36,000	
	Preferred	-		Preferred	-	
	Total	-		Total	36,000	

The following does not purport to be a complete listing of all the rights, obligations, and privileges attaching to or arising from the Offer Shares. Some rights, obligations, or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective investors are enjoined to perform their own independent investigation and analysis of the Company and the Offer Shares. Each prospective investor must rely on its own appraisal of the Company and the Offer Shares and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to invest in the Offer Shares and must not rely solely on any statement or the

significance, adequacy, or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective investor's independent evaluation and analysis.

**Terms and Conditions of the Offer**

Issue Size	P1,000,000,000.00
Offer Shares	36,000 shares for a minimum subscription of 10 shares
Offer Period	From approval until fully subscribed
Terms and Manner of Payment	Cash/installment
Eligible Applicant	Medical specialists, relatives of medical specialists, the public
Restriction on Ownership	none
Documentary Requirements:	
Corporate Applicants	N.A
Institutional Applicants	N.A
Right to Accept, Reject and Scale Down Applications	The act of purchasing the securities being offered does not automatically entitle such purchaser to practice his profession, use the facilities and enjoy the privileges of a stockholder of ACE Medical Center-Butuan Inc., although it is a prerequisite. Physicians who are subscribers to at least one (1) block or ten (10) shares of the capital stock and have paid in full may be allowed to practice. Such purchasers have to undergo the required screening process and must possess the minimum requirements as may be determined by the Hospital. After successfully passing this process, the applicant shall then be entitled to the privilege to practice in ACE Medical Center-Butuan, Hospital, subject to restrictions, limitations, and obligations as may be imposed by the Hospital pursuant to its rules and duly approved resolutions. Medical specialists who have been granted the right to practice shall continuously possess the required qualifications and may be subjected to post-qualification assessment to ensure the quality of service provided by the hospital.
Refunds	In the event the project for which the securities of ACE Medical Center-Butuan, Inc. are sold, is for any reason, not completed within the periods stated in the prospectus, it shall refund the amount of investments of purchasers within ten (10) business days from receipt of written demand.
Issuance and Transfer Taxes	Revenue Regulations No. 9-2018 signed by Finance Secretary Carlos G. Dominguez III and Internal Revenue Commissioner Caesar R. Dulay contained the guidelines implementing the increase in stock transfer tax provided in Section 39 of Republic Act No. 10963 or the TRAIN Law. There shall be levied,

	<p>assessed and collected on every sale, barter, exchange, or other disposition of shares of stock listed and traded through the local stock exchange other than the sale by a dealer in securities, a tax at the rate of six-tenths of 1 percent [0.6 percent] of the gross selling price or gross value in money of the shares of stock sold, bartered, exchanged or otherwise disposed which shall be paid by the seller or transferor. Documentary Stamp Tax (DST). Upon the original issuance of the ACE Medical Center – Butuan, Inc. shares, DST will be imposed at a rate of P2.00 for every P200 or a fractional part of the par value of the shares to be issued. In case of no par value, it shall be based on the actual consideration or in case of stock dividends based on the actual value of each share. DST is payable on or before the 5th day of the month following the corporation's acceptance of the stock subscription. The secondary transfer of ACE's shares is subject to documentary stamp tax at a rate of P1.50 on each P200 or fractional part thereof of the par value of the share transferred. In case of no par value, 50% of the DST paid upon original issuance thereof.</p> <p>Dividend income of an individual citizen and a resident alien received from domestic corporations is subject to 10% final withholding tax. Dividends received by domestic and resident foreign corporations from another domestic corporation are exempt from income tax. Tax on Interest Income. Interest income earned and received by ACE Medical Center – Butuan, Inc. from peso savings accounts/time deposits is subject to 20% final withholding tax. Interest on certain time deposits of individuals with a term of at least five years may be exempt from final tax. On the other hand, interest on foreign currency deposits of resident individuals and domestic corporations is subject to 15% final withholding tax, as recently amended by the TRAIN Law. Interest income on foreign currency deposits of resident foreign corporations remains subject to 7.5% final withholding tax. Interest income from bonds considered deposit substitutes are also subject to 20% final withholding tax.</p>
<p>Restriction on the Issuance and Disposal of Shares</p>	<p>The transfer, or otherwise disposition of shares of stocks of the corporation shall likewise be subject to the following priorities: a. First Priority-to the corporation which must exercise its option within thirty (30) days from date of receipt of the written offer by the Secretary of the Corporation; b. Second Priority- to the holders of Founder's Shares, who must exercise its option within thirty (30) days from date of receipt of the written offer by the Secretary of the Corporation; c. Third Priority- to</p>

	holders of common shares who must exercise its option within thirty (30) days from date of receipt of the written offer by the Secretary of the Corporation; d. To outsiders who must likewise exercise its option within thirty (30) days from date of receipt of the written offer by the Secretary of the Corporation.
Trading of Securities	The shares will be traded over-the-counter
Others	none

**Benefits and/or Privileges**

16. Does the company provide benefits and/or privileges to its medical and non-medical stockholders?

Disclose in details the benefits and/or privileges

The Company only provides the following Management Discounts

**I. STOCKHOLDERS & SPOUSE**

(1) Free board and lodging for 45 days per year in a standard private room and ICU bed (depending on Physician’s advise and availability of room.) This privilege may be availed of on a “first come, first served”- FCFS basis). In case of unavailability, the difference in rate shall be shouldered by the investor.

(2) No operating room, delivery room and emergency room fees

(3) Fifty percent (50%) discount on the following:

- a. X-ray, CT Scan, Ultrasound, MRI, mammography;
- c. Laboratory Procedures: CBC/Urinalysis/Blood typing/Fecalalysis/FBS/Lipid profile/ HB1AC1/Serum Creatinine/SGPT/Blood Urea Nitrogen/Serum Na+, K+, CA+/ Blood Uric Acid
- d. EEG, ECG, Tread Mill, 2D Echocardiography;
- e. Physical Therapy

(4) Ten percent (10%) discount for pharmacy, Central Supply Room, Operating Room materials

(5) Ten percent (10%) discount on Professional Fees during confinement and OPD consultation

(6) For dental services:

- a. Free consultation;
- b. Twenty percent (20%) discount on Restorative, Preventive, Periodontics, Endodontics, Surgery and Bleaching;
- c. Ten percent (10%) discount on Prosthodontics procedures. For Senior and PWD, they have the option to avail of the higher discount.

**II. STOCKHOLDERS’ NATURAL PARENTS and DEPENDENTS–**

(1) Fifty percent (50%) discount on board and lodging for 45 days per annum up to private room (depending on availability and on a FCFS basis), which may be upgraded to Suite Room subject to payment of corresponding fee difference.

- (2) Guaranteed 20% discount on professional fees of medical stockholders during confinement and OPD consultation.
- (3) Fifty percent (50%) discount in operating room, delivery room and emergency room fees
- (4) Twenty- five percent (25%) discount on the following:
  - a. X-ray, CT Scan, MRI, UTZ, mammography;.
  - c. Laboratory Procedures;
  - d. EEG, ECG, Tread Mill, 2D Echocardiography;
  - e. Physical Therapy
- (5) Ten percent (10%) discount for pharmacy, CSR, OR materials
- (6) For dental services:
  - a. Fifty percent (50%) discount on consultation;
  - b. Twenty percent (20%) discount on Restorative, Preventive, Periodontics, Endodontics, Surgery and Bleaching;
  - c. Ten percent (10%) discount on Prosthodontics procedures

### III. PORTABILITY (EXTENDED DISCOUNTS)

These benefits, using the schedule of discounts given to dependents (see number II), may be availed of by the principal investor, his/her spouse, dependents and natural parents in all medical facilities that have entered into a Memorandum of Agreement with ACE Medical Center-Butuan, Inc. However, such availment shall depend on the internal policy of the ACE Medical Center concerned and provided that granting of such discount shall not jeopardize the financial position of such Hospital.

### IV. DURATION, EFFECTIVITY AND LIMITATIONS

- 1) **Duration** – confinement benefits shall be enjoyed in any affiliated hospital for the total duration of forty-five (45) days per annum per stockholder/dependent, non-cumulative (i.e., no carry-over to the next year) and non-transferable.
- 1) **Effectivity** –The above privileges and discounts shall commence upon full payment of the shares of stock subscribed, certified and verified by the Corporate Secretary or his/her duly authorized staff.
- 2) **Limitations**
  - a. Management discounts shall be limited to Stockholder, his spouse and dependents whom he has identified and/or recognized by the following supporting documents:
    - i. Marriage Contract (for married stockholders)
    - ii. Birth Certificates and such other pertinent documents may be required.
  - b. Health insurance benefits, of whatever kind or nature, or other health-related entitlements granted by law or contract, whenever applicable, shall be deducted first before determining the amount subject to discounts under all above mentioned schedule of benefits.
  - c. The discounts mentioned above are not cumulative and cannot be

enjoyed together with other discounts. In case the Stockholder/Dependent is entitled to discounts granted by law, the Stockholder/Dependent shall choose the discount he wants avail himself of. Thus, the discount privilege on Pharmacy, CSR, and OR materials mentioned above cannot be subject to additional discounts available to senior citizens and disabled persons under the law. Should the senior citizen or disabled person choose the discount granted by law, he is no longer entitled to the discount granted to a stockholder and the discount granted by law shall be computed on the basis of the regular prices at which the medicines and supplies are sold to the general public.

- d. Management discounts will apply after Philhealth, HMO and existing government discounts (such as PCSO, CSWD, ISDAP, etc.) have been deducted.

**Investor Restrictions**

The aggregate amount of securities purchased from one or more Issuers offering or selling securities under the registration statement during the 12-month period preceding the date of the sale, together with the securities to be sold by the Issuer to the Investor:

- 17. Is the offering subject to any other Investor restrictions?  Yes  No
- 18. Are the securities subject to any other resale restrictions by the Issuer?  Yes  No

Please see Rights and Restrictions on page 34.

**PLAN OF DISTRIBUTION**

- 19. List the persons or companies who will offer and sell the securities on behalf of the Issuer:

Name	Relationship to Issuer	Address
Gloria Pajo	Employee	4 <sup>th</sup> St., Guingona Subd., Butuan City
Josephine Alban	Employee	Carmen, Agusan del Norte

Outline briefly the plan of distribution of any securities to be registered.

ACE Medical Center - Butuan will market and offer the securities through its salaried employees who will act as salesmen. These organic employees will not be receiving additional compensation for acting as marketers and for selling securities of the Hospital, these employees are well versed with Hospital operations and are the best marketers of its securities. Management believes that the strategic location of the Hospital, the facilities and the services it will provide, are sufficient to entice medical/dental practitioners. ACE Butuan will greatly rely on these salesmen to spread the word about the facilities the Hospital can offer.



The subscription payments made by the public will be utilized to fund the development costs, finish the hospital up to its operational stage and pay existing debts.

Purchasers may avail of different terms in acquiring the Offer Securities. The following payment terms may be extended to the prospective buyers as follows:

### STOCKS PAYMENT SCHEDULE

I. **Non-Medical** ---- For one block of shares -----  
 Php \_\_\_\_\_

Payment Options for One (1) Block of Shares (10 common shares):

- Php 10,000 per month post-dated checks for \_\_\_\_\_ months.
- Php 5,000 per month post-dated checks for \_\_\_\_\_ months.
- Spot Cash

II. **Medical** ----- For one block of shares -----  
 Php \_\_\_\_\_

Payment options:

- Php 10,000 per month post-dated checks for \_\_\_\_\_ months.
- Php 5,000 per month post-dated checks for \_\_\_\_\_ months.
- Spot Cash

### CAPITALIZATION

#### Capital Stock

ACS	Par Value	No. of Shares Subscribed			Amount Paid - Up		
		Founder	Common	Preferred	Founder	Common	Preferred
120,000,000.00	1,000.00	600	59,400	60,000	600,000.00	59,400,000.00	60,000,000.00
<i>increase</i>							
120,000,000.00	1,000.00	-	72,000	-	-	18,000,000.00	-
<b>P240,000,000.00</b>		<b>600</b>	<b>131,400</b>	<b>60,000</b>	<b>P600,000.00</b>	<b>77,400,000.00</b>	<b>60,000,000.00</b>

### OUTSTANDING SECURITIES AND PRINCIPAL SHAREHOLDERS

#### Outstanding Securities

20. For each class of the Issuer's securities, indicate the total number of outstanding securities and the total number of securities of the Issuer is authorized to issue. Also, include a description of each class of securities.

Class of Securities	Securities Outstanding	Securities the Issuer is Authorized to Issue
Founder	600	-
Common	131,400	48,000
Preferred	60,000	
<b>TOTAL</b>	192,000	48,000

#### Description of Securities

Founder's Share – the holders of the Founder's shares shall have the exclusive right to vote and be voted upon in the election of Directors for a limited period not to exceed five (5) years. The five-year period shall commence from the date of incorporation with the Securities and Exchange Commission.

Common Share – the holders of Common shares have cumulative voting right.

Preferred Share – is entitled to reasonable monthly interest to be determined by the Board, subject to availability of funds; convertible to common shares on or before five (5) years, however, the Board at its discretion, may at any time, allow the conversion of the preferred shares to common shares; shall not be entitled to voting rights until converted to common shares.

#### Stockholders

##### Original Stockholders

21. Provide the names of the original stockholders, class of securities, number of shares held and percentage of total shares held over outstanding shares.

No	Name	Class of Securities	Shares Held	%
1	AALA, ARMANDO S.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
2	ABREA, CRIS BERNARD S.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
3	BAYGAN, ALEXANDER M.	Founder	10	1.67%
		Common	990	

No	Name	Class of Securities	Shares Held	%
		Preferred	1,000	
		total	2,000	
4	BIRON, FERJENEL G.	Founder	80	13.33%
		Common	7,920	
		Preferred	8,000	
		total	16,000	
5	BRODITH, ARCHIMEDES P.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
6	CARLOS, FERNANDO P.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
7	CERNA-LOPEZ, GEANIE A.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
8	CU, DOROTHY MILDRED S.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
9	DE CASTRO, FELICISIMO D.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
10	DE LEON, ROBERTO M.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	

No	Name	Class of Securities	Shares Held	%
11	DELLOSA, MARIE ANTOINETTE A.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
12	DERESAS, MYRNA T.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
13	DIAGMEL, IVY D.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
14	ENRIQUEZ, AMADO MANUEL JR. C.	Founder	60	10%
		Common	5,940	
		Preferred	6,000	
		total	12,000	
15	ENRIQUEZ, MARILYN R.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
16	ENRIQUEZ, MICHAEL EDWARD R.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
17	ENRIQUEZ, MIGUEL ANTONIO R.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
18	FLORES, CARLOS M.	Founder	10	1.67%
		Common	990	

No	Name	Class of Securities	Shares Held	%
		Preferred	1,000	
		total	2,000	
19	FLORES, CHARLENE M.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
20	HANGOS, SYLVIA B.	Founder	20	3.33%
		Common	1,980	
		Preferred	2,000	
		total	4,000	
21	INDO, MARLOWE S.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
22	LAGARE, JULIE D.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
23	LAVALLE, AMADO JR. M.	Founder	20	3.33%
		Common	1,980	
		Preferred	2,000	
		total	4,000	
24	LAVILLA, FRANCIS ROY G.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
25	LAVILLA, MERIDE D.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	

No	Name	Class of Securities	Shares Held	%
26	LIBARIOS, DEANNA RAE C.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
27	MALBAS, GERALDINE P.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
28	MATEOS, MAE O.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
29	MONTALBAN, ANTONIO JR. S.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
30	NEBRADA PSYCHE C.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
31	ORILLAZA, GENEROSO M.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
32	ORILLAZA, MARISSA A.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
33	PEPITO, ALICE A.	Founder	10	1.67%
		Common	990	

No	Name	Class of Securities	Shares Held	%
		Preferred	1,000	
		total	2,000	
34	PLAZA, ALADIN B.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
35	REGOZO, DANILO C.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
36	ROBLES, REY ANTHONY P.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
37	SAMORO FREDILYN G.	Founder	20	3.33%
		Common	1,980	
		Preferred	2,000	
		total	4,000	
38	SAMOY, MARIETTA T.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
39	SANCHEZ, AFZELIA THERESA B.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
40	SAQUIAN, JEREMY M.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	

No	Name	Class of Securities	Shares Held	%
41	TAHUD, JONATHAN M.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
42	URAG, EDECIO C.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
43	VILLAFLO, AGNES JEAN M.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
44	YAOYAO, ARNEL M.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	
45	YU, ODILIO U.	Founder	10	1.67%
		Common	990	
		Preferred	1,000	
		total	2,000	

#### Current Stockholders

22. Provide the names of the current stockholders, class of securities, number of shares held and percentage of total shares held over outstanding shares. √ Same as Above

No	Name	Class of Securities	Shares Held	%
1	AALA, ARMANDO S.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
2	ABREA, CRIS BERNARD S.	Founder	10	1.67%



No	Name	Class of Securities	Shares Held	%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
3	BAYGAN, ALEXANDER M.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
4	BIRON, FERJENEL G.	Founder	80	13.33%
		Common	17,520	
		Preferred	8,000	
		total	25,600	
5	BRODITH, ARCHIMEDES P.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
6	CARLOS, FERNANDO P.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
7	CERNA-LOPEZ, GEANIE A.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
8	CU, DOROTHY MILDRED S.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
9	DE CASTRO, FELICISIMO D.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	

No	Name	Class of Securities	Shares Held	%
			total	
10	DE LEON, ROBERTO M.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
11	DELLOSA, MARIE ANTOINETTE A.	Founder	20	3.33%
		Common	4,380	
		Preferred	2,000	
		total	6,400	
12	DERESAS, MYRNA T.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
13	ENRIQUEZ, AMADO MANUEL JR. C.	Founder	60	10%
		Common	13,140	
		Preferred	6,000	
		total	19,200	
14	ENRIQUEZ, MARILYN R.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
15	ENRIQUEZ, MICHAEL EDWARD R.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
16	ENRIQUEZ, MIGUEL ANTONIO R.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
17		Founder	10	1.67%

No	Name	Class of Securities	Shares Held	%
	FLORES, CARLOS M.	Common	2,190	
		Preferred	1,000	
		total	3,200	
18	FLORES, CHARLENE M.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
19	HANGOS, SYLVIA B.	Founder	30	5.01%
		Common	6,570	
		Preferred	3,000	
		total	9,600	
20	DELOS REYES-RENDON, JANELLE	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
21	LAVALLE, AMADO JR. M.	Founder	20	3.33%
		Common	1,980	
		Preferred	2,000	
		total	4,000	
22	LAVILLA, FRANCIS ROY G.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
23	LAVILLA, MERIDE D.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
24	LIBARIOS, DEANNA RAE C.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	

No	Name	Class of Securities	Shares Held	%
			total	
25	MALBAS, GERALDINE P.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
26	MATEOS, MAE O.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
27	MONTALBAN, ANTONIO JR. S.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
28	NEBRADA PSYCHE C.	Founder	20	3.33%
		Common	4,380	
		Preferred	2,000	
		total	6,400	
29	ORILLAZA, GENEROSO M.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
30	ORILLAZA, MARISSA A.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
31	PLAZA, ALADIN B.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
32		Founder	10	

No	Name	Class of Securities	Shares Held	%
	REGOZO, DANILO C.	Common	2,190	1.67%
		Preferred	1,000	
		total	3,200	
		Founder	20	
33	ROBLES, REY ANTHONY P.	Common	4,380	3.33%
		Preferred	2,000	
		total	6,400	
		Founder	20	
34	SAMORO FREDILYN G.	Common	4,380	3.33%
		Preferred	2,000	
		total	6,400	
		Founder	20	
35	SAMOY, MARIETTA T.	Common	2,190	1.67%
		Preferred	1,000	
		total	3,200	
		Founder	10	
36	SANCHEZ, AFZELIA THERESA B.	Common	2,190	1.67%
		Preferred	1,000	
		total	3,200	
		Founder	10	
37	SAQUIAN, JEREMY M.	Common	2,190	1.67%
		Preferred	1,000	
		total	3,200	
		Founder	10	
38	TAHUD, JONATHAN M.	Common	2,190	1.67%
		Preferred	1,000	
		total	3,200	
		Founder	10	
39	URAG, EDECIO C.	Common	2,190	1.67%
		Preferred	1,000	
		Founder	10	

No	Name	Class of Securities	Shares Held	%
			total	
40	VILLAFLO, AGNES JEAN M.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	
41	YAOYAO, ARNEL M.	Founder	10	1.67%
		Common	2,190	
		Preferred	1,000	
		total	3,200	

Top 20 Stockholders

23. Provide the names of the Top Twenty (20) principal shareholders who beneficially owns at least 10% interest of each class of securities in the Issuer.

No	Name	Class of Securities	Number of Share Held	%
1	Enriquez, Amado Manuel C. Jr.	Founders/ Common/Preferred	(D) 19,200 (I) 9,600	15%
2	Biron, Ferjenel G.	Founders/ Common/Preferred	(D)25,600	13.33%
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				

No	Name	Class of Securities	Number of Share Held	%
13				
14				
15				
16				
17				
18				
19				
20				
	<b>TOTAL</b>		54,400	28.33%

### **Dividends and Dividend Policy**

#### **24. Dividends and Dividend Policy**

- a) Discuss any cash dividends declared on each class of its common equity by the registrant for the two most recent fiscal years and any subsequent interim period for which financial statements are required to be presented by SRC Rule 68.
- b) Describe any restriction that limits the ability to pay dividends on common equity or that are likely to do so in the future.
- c) Describe company's dividend policy

ACE Medical Center – Butuan Inc.'s Board is authorized to declare cash or stock dividends or a combination thereof. A cash dividend declaration requires the approval of the Board and no shareholder approval is necessary. A stock dividend declaration requires the approval of the Board and shareholders representing at least two-thirds of the Company's outstanding capital stock. Holders of outstanding shares on a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares.

The Board of Directors has the power to fix and determine the amount to be reserved or provided for declaration and payment of dividends from ACE Medical Center – Butuan Inc.'s unrestricted retained earnings. The amount of such dividends (either in cash, stocks or property) will depend on the Corporation's profits, cash flow, capital expenditure, financial condition and other factors and will follow the SEC guidelines on determination of retained earnings available for dividend declaration. The existence of surplus profit is a condition precedent before a dividend can be declared. The surplus profits or income must be a bona fide income founded upon actual earnings. Actual earnings or profits shall be the net income for the year based on Audited Financial Statements, adjusted for unrealized items, which are considered not available for dividend declaration. Taking into account the Hospital's cash flows, capital expenditure, investment objective and financial condition, at least 10% of the actual earnings or profits may be declared by the Board.

## BOARD OF DIRECTORS

### Directors

25. The table below sets forth each member of the Board of Directors of the Issuer as of the date of the Prospectus:

No	Name	Age	Position	Citizenship	Year Appointed
1	Amado Manuel C. Enriquez, Jr.	66	Chairman	Filipino	2016
2	Rey Anthony P. Robles	62	Vice Chairman	Filipino	2016
3	Fredilyn G. Samoro	53	Director/Pres.	Filipino	2016
4	Sylvia B. Hangos	51	Director/VP	Filipino	2016
5	Geraldine P. Malbas	55	Director/Corp. Secretary	Filipino	2016
6	Deanna Rae C. Libarios	41	Director/Treasurer	Filipino	2016
7	Geanie A. Cerna-Lopez	65	Director	Filipino	2016
8	Marietta T. Samoy	61	Director	Filipino	2016
9	Antonio S. Montalban, Jr.	41	Director	Filipino	2016
10	Psyche C. Nebraska	54	Director	Filipino	2016
11	Ferjenel G. Biron	53	Director	Filipino	2016
12	Danilo C. Regozo	55	Director	Filipino	2016
13	Agnes Jean M. Villaflor	37	Independent Director	Filipino	2018
14	Armando Aala	54	Independent Director	Filipino	2018
15	Mildred Dorothy Cu	49	Independent Director	Filipino	2018

### Business and Work Experience

26. Provide information on the business and working experience of the above named Directors for the past five (5) years:

Name	Business and Professional Work Experience
Amado Manuel C. Enriquez, Jr.	Chairman of the Board – Manila East Medical Center (2007-2008, 2017); Paranaque Doctors Hospital (2012-2017); ACE Medical Center Baypointe, Subic (2007-2011); Unihealth Paranaque Hospital (2014-2017); Alaminos Medical Center Foundation (2001-present)



Name	Business and Professional Work Experience
	<p>Founding Chairman – ACE Medical Center Valenzuela, ACE Medical Center Baliwag, ACE Medical Center Pateros, ACE Medical Center Malolos, ACE Medical Center Mandaluyong, ACE Medical Center Palawan, ACE Medical Center Butuan, ACE Medical Center Tacloban, ACE Medical Center Butuan, ACE Medical Center Dumaguete, ACE Medical Center Bacolod, ACE Medical Center General Santos, ACE Medical Center CDO, ACE Medical Center Zamboanga</p> <p>Active consultant in Cardiovascular-Thoracic Surgery – St. Luke’s Medical Center, Manila East Medical Center, ACE Medical Center Hospitals.</p>
Ferjenel G. Biron	<p>Founding President/Past CEO – Phil Pharmawealth, Inc.; Member, House of Representatives 13<sup>th</sup> – 15<sup>th</sup> Congress, 17<sup>th</sup> Congress (representing 4<sup>th</sup> District of Iloilo); Past CEO – Endure Medical Inc.; President – ACE Medical Center Iloilo; Director – ACE MC Butuan, Director- TAGUM GLOBAL MEDICAL CENTER; ACE MC General Santos; ACE MC CDO; ACEMC-BACOLOD ACEMC-AKLAN; President Aesthetica Manila President- Smartlab Diagnostics</p>
Geraldine P. Malbas	<p>Corporate Secretary – ACEMC Butuan; Clinical Practitioner – OB GYN, Butuan Doctors’ Hospital, Manuel J. Santos Hospital; Single proprietorship, Mother’s Health First Birthing Home, T. Calo St, Butuan City; Past President – Agusan Del Norte Medical Society 2013; Fellow, Philippine Obstetrics and Gynecologic Society</p>
Deanna Rae C. Libarios	<p>Corporate Treasurer – ACEMC Butuan; Clinical Practitioner – Internal Medicine, Nephrology, Butuan Doctors’ Hospital and Manuel J. Santos Hospital; Past Treasurer – Philippine College of Physicians, Caraga Chapter (2016-2018); Treasurer – Agusan Del Norte Medical Society (2018 up to the present); Medical Director, Nephro Synergies Inc. Hemodialysis Unit, Butuan City; Medical Director, Gingoog Sanitarium and Hospital, Gingoog City; Fellow, Philippine College of Physicians; Diplomate, Philippine Society of Nephrology</p>
Fredilyn G. Samoro	<p>President-ACEMC –Butuan; President- ACEMC-Butuan; VP for Marketing –ACEMC-ILOILO; FOUNDING MEMBER-ACEMC ILOILO; ACEMC-BACOLOD;ACEMC-AKLAN;ACEMC-CDO; ACEMC-Butuan;ACEMC-Butuan; Board of Director-ACEMC-BACOLOD;TAGUM GLOBAL MEDICAL CENTER Clinical Practitioner – OB-GYN</p>

Name	Business and Professional Work Experience
	<p>Professorial Lecturer – West Visayas State University, College of Medicine; Active Staff – West Visayas State University Medical Center; Member Executive Committee – Dept. of OB-GYN, West Visayas State University Medical Center;</p> <p>Head – OPD Section of OB&amp;GYN, West Visayas State University Medical Center; Vice President and COO, Iloilo Integrated School; COO- MD Check Iloilo Inc. (20__ - present)Board of Director, Healthlink Iloilo, Inc.; Past President –Phil. Society of OB-GYN Panay Chapter-2014;Ex Officio Board Member– Phil. Society of OB-GYN; Visiting Staff – St. Paul’s Hospital, Iloilo Doctors’ Hospital &amp; Medical Center, Iloilo Mission Hospital, Medicus Medical Center</p>
Sylvia B. Hangos	<p>Executive Vice President, ACEMC-Butuan; Proprietor, Express Meat Shop, Butuan City(2006-2014); Proprietor, Hangos Real Estate Lessor, Brgy. Libertad, Butuan City (2010 up to the present); Proprietor, Ceejay’s Gift Shop (2010-2018); Proprietor, Vincelicious Arroz Caldo, Atbp (2011-2018); President, Royal One Pharmacy and Convenience Store (2013-2014); President, Philippine Heart Association (PHA) Northwestern Mindanao Chapter 2007-2010; Presidential Citation Awardee, Philippine Heart Association, Inc and Philippine College of Cardiology, PHA 41<sup>st</sup> Annual Convention and Scientific Meeting at EDSA Shangri-La Hotel, Mandaluyong City; Vice-President, Agusan del Norte Medical Society (2011-2012); President, Agusan del Norte Medical Society (2012-2013); Vice-President, Philippine College of Physicians Caraga Chapter (2014); President, Foundation of Lay Education on Heart Diseases, Inc (Butuan Chapter, 2007 up to the present); Chairman, Department of Internal Medicine, Elisa R. Ochoa Maternity Memorial and General Hospital (2014 up to the present)</p>
Marietta T. Samoy	<p>President ACEMC- LEGASPI; President ACEMC-BAYAWAN; President ACEMC-MANDALUYONG Medical CenterMuntinlupa Medical Services Head, Las Pinas City Medical Center- Administrator, Uni-Health Paranaque Hospital and Medical Center-Management consultant. Paranaque Doctors Hospital, Head Ob-Gyne Dept., Past president Las Pinas Med Center (2014) , Past president UniHealth Paranaque (2016) , Treasurer- Medical CenterMuntinlupa (2015) , Past Corp Sec Paranaque Doctors Hospital (2013), Medical Director - Paranaque Doctors Hospital (2010-2012).</p>
Antonio S. Montalban Jr.	Construction Committee Chairman, ACEMC Butuan

Name	Business and Professional Work Experience
	Clinical Practitioner – Orthopedic Surgeon, Butuan Doctors’ Hospital and Manuel J. Santos Hospital; Fellow, Philippine Board of Orthopedics; Fellow, Philippine Orthopedic Association; Philippine Orthopedic Trauma Society
Geanie Cerna-Lopez	President- ACEMC- CEBU; President - Las Pinas City Medical Center, Medical Director- Unihealth Paranaque, Management Consultant - Medical CenterMuntinlupa, Past President - Medical CenterMuntinlupa (2016), Past Hospital Admin - UniHealth Paranaque Hospital (2016) and Las Pinas City Medical Center(2016); Past president Paranaque Doctors Hospital (2015)
Psyche C. Nebrada	Board of Director, ACEMC Butuan; Chairman, Department of Pediatrics, Butuan Doctors Hospital (1995 – 2005), Newborn Screening Coordinator, Butuan Doctors’ Hospital; Visiting Staff – Manuel J. Santos Hospital, Holy Child Hospital, Elisa R. Ochoa Memorial Hospital; Secretary, Board of Trustees, School of the Morning Star, Butuan City
Rey Anthony P. Robles	Vice-Chairman – ACEMC Butuan; Clinical Practitioner, General and Laparoscopic Surgeon, Butuan Doctors’ Hospital and Manuel J. Santos Hospital; District Hospital Chief, JM Colmenares District Hospital, Balasan, Iloilo
Danilo C. Regozo	Director/Executive Vice President- ACEMC Bacolod; Director /Chairman of Construction Committee / VP Ancillary Dept. ACEMC Iloilo; - ACEMC Iloilo, ACEMC Bacolod, ACEMC Aklan, ACEMC Butuan, ACEMC Butuan, Tagum Global Medical Center,; Founder- ACEMC CDO; Visiting Consultant- Iloilo Doctor’s Hospital, Iloilo Mission Hospital, The Medical City Iloilo, Medicus Medical Center, St. Therese MTCC Hospital; Phil. Academy of Family Physician Iloilo Chapter- Treasurer (2001-2003), Vice President (2003- 2004); Iloilo Medical Society- Asst. Secretary (2014-2016), Vice President ( 2016- 2018); Philippine College of Occupational Medicine- Associate Member- 1994- Present.
Agnes Jean Villaflor	Corporate Treasurer, ACEMC Iloilo; Professional Lecturer, West Visayas State University College of Medicine and Central Philippine University College of Medicine; Training Officer, Department of Internal Medicine, West Visayas State University Medical Center; Medical Director, M3 Dialysis Center Iloilo, Inc; Medical Director, Renal Specialty Inc Dialysis Center; Head, Dialysis Unit, Iloilo Mission Hospital;

Name	Business and Professional Work Experience
	Vice President, Philippine Society of Nephrology – Panay Chapter
Armando Aala	Assistant Treasurer, ACEMC Butuan; Clinical Practitioner, Head and Neck Surgeon, Butuan Doctors' Hospital and Manuel J. Santos Hospital; Fellow, Philippine Society of Otorhinolaryngology
Mildred Cu	Head, ER Department of OB-Gyne Manila Doctors' Hospital, 2015 up to the present; Chief Finance Officer, ACEMC Villanueva; Corporate Treasurer, ACEMC Villanueva; Board of Director, ACEMC Cagayan De Oro; Board of Director, ACEMC Mandaluyong; Member Execom, ACEMC Villanueva; Head, HMO Department ACEMC Villanueva; Former Board of Director, ACEMC Zamboanga; Former Board of Director, ACEMC Zamboanga Former Board of Director, ACEMC Malolos; Vice-President, Healthway Manila

#### 27. Other Directorship of Independent Directors

Name of Independent Director	Reporting Company	Year Appointed
Agnes Jean Villaflor	none	2018
Armando Aala	none	2018
Mildred Dorothy Cu	none	2018

#### Security Ownership of Directors

The following table shows the security ownership of directors in the common shares of the Company as date of the Prospectus.

Name	Amount and Nature of Beneficial Ownership		Citizenship	No. of Shares	% Ownership
	Direct	Indirect			
Amado Manuel C. Enriquez, Jr.	19,200,000	9,600,000	Filipino	25,600	15%
Antonio S. Montalban Jr.	3,200,000		Filipino	3,200	1.67%
Fredilyn G. Samoro	6,400,000		Filipino	6,400	3.33%
Rey Anthony P. Robles	6,400,000		Filipino	6,400	3.33%

Geraldine P. Malbas	3,200,000		Filipino	3,200	1.67%
Deanna Rae C. Libarios	3,200,000		Filipino	3,200	1.67%
Geanie A. Cerna-Lopez	3,200,000		Filipino	3,200	1.67%
Marietta T. Samoy	3,200,000		Filipino	3,200	1.67%
Psyche C. Nebrada	6,400,000		Filipino	6,400	3.33%
Sylvia B. Hangos	9,600,000		Filipino	9,600	5.01%
Ferjenel G. Biron	25,600,000		Filipino	25,600	13.33%
Danilo Regozo	3,200,000		Filipino	3,200	1.67%
Agnes Jean M. Villaflor	3,200,000		Filipino	3,200	1.67%
Armando Aala	3,200,000		Filipino	3,200	1.67%
Mildred Dorothy Cu	3,200,000		Filipino	3,200	1.67%

## MANAGEMENT

### Officer, Manager and Key Person

28. Provide background information for each Officer, Manager and Key Person. The term “Key Person” means a person who makes significant contribution to the business of the Issuer.

Name	Dr. Fredilyn G. Samoro
Age	53
Title	President/CEO
Time spent on Issuer’s business	Fulltime
Hospital affiliation – 5 years	See Business and Professional Work Experience on p. 61
Education	College: BS Biological Science, West Visayas State University (1985) Medical School: West Visayas State University (1989) Post Graduate Internship: West Visayas State University Medical Center (1990); Residency Training West Visayas State University Medical Center (1993-1995) Masteral: Masters in Hospital Administration, Cebu Doctors University (Thesis writing)

Name	Dr. Sylvia B. Hangos
Age	52

Title	Executive VP
Time spent on Issuer's business	Full Time
Hospital affiliation – 5 years	See Business and Professional Work Experience on p. 61
Education	College: BS Biology, University of the Philippines Los Banos (1988) Medical School: Cebu Institute of Medicine (1992) Post Graduate Internship: Chong Hua Hospital (1993) Residency Training: Internal Medicine, Perpetual Succour Hospital, Cebu City (1994-1996) Subspecialty Fellowship: Cardiology, Perpetual Succour Hospital, Cebu Heart Institute (1996-1999) Clinical Research Fellowship in Cardiac Rehabilitation: Philippine Heart Center (2000)

Name	Dr. Geraldine P. Malbas
Age	55
Title	Corporate Secretary
Time spent on Issuer's business	Full Time
Hospital affiliation – 5 years	See Business and Professional Work Experience on p.61
Education	College: BS Medical Technology, Velez College (1983) Medical School: University of Visayas – Gullas College of Medicine (1987) Post Graduate Internship: Gullas College of Medicine Residency Training: OB-GYN Cebu City Medical Center (1993)

Name	Dr. Deanna Rae C. Libarios
Age	41
Title	Treasurer
Time spent on Issuer's business	Part Time
Hospital affiliation – 5 years	See Business and Professional Work Experience on p. 61
Education	College: BS Biology, University of the Philippines Visayas (1998) Medical School: West Visayas State University (2003) Post Graduate Internship: Riverside Medical Center (2004) Residency Training: Internal Medicine, Chong Hua Hospital (2008-2011) Subspecialty Fellowship: Nephrology, National Kidney and Transplant Institute (2013-2105)

Name	Dr. Psyche C. Nebrada
Age	54
Title	Hospital Administrator
Time spent on Issuer's business	Full Time
Hospital affiliation – 5 years	See Business and Professional Work Experience on p. 62
Education	College: BS Biology, Ateneo De Davao University (1983) Medical School: Cebu Doctors' College of Medicine (1990) Post Graduate Internship: Cebu Doctors Hospital (1991) Residency Training: Pediatrics, Chong Hua Hospital (1991-1993)

Name	Dr. Archimedes P. Brodith
Age	51
Title	Medical Director
Time spent on Issuer's business	Full Time
Hospital affiliation – 5 years	Chairman, Department of Internal Medicine, Butuan Doctors' Hospital (2005 up to the present); Head, Intensive Care Unit, Butuan Doctors' Hospital (2005 up to the present); President, Philippine College of Physicians, Caraga Chapter (2010-2012)
Education	College: BS Medical Technology, Velez College (1988) Medical School: Cebu Institute of Medicine (1992) Post Graduate Internship: Vicente Sotto Memorial Medical Center (1993) Residency Training: Cebu Velez General Hospital (1995-1997) Subspecialty Fellowship: Perpetual Succour Hospital – Cebu Heart Institute (1998-2000)

Name	Elmer Z. Samoro
Age	48
Title	Finance Head
Time spent on Issuer's business	Part Time
Hospital affiliation – 5 years	Chief Accounting Officer, ACEMC General Santos (2018 up to the present); Chief Accounting Officer, Healthlink Iloilo (2011-2016); Manager, Healthlink Iloilo (2016 up to the present)
Education	Bachelor of Science in Commerce (Major in Accounting) Central Philippine University, Iloilo City (1991)

## Security Ownership of Management

The following table shows the security ownership of management in the common shares of the Company as of the date of Prospectus.

Name	Amount and Nature of Beneficial Ownership		Citizenship	No. of Shares	% Ownership
	Direct	Indirect			
Fredilyn G. Samoro	6,400,000		Filipino	6,400	3.33%
Geraldine P. Malbas	3,200,000		Filipino	3,200	1.67%
Deanna Rae C. Libarios	3,200,000		Filipino	3,200	1.67%
Sylvia B. Hangos	3,200,000		Filipino	3,200	1.67%
Psyche C. Nebrada	3,200,000		Filipino	3,200	1.67%
Archimedes P. Brodith	3,200,000		Filipino	3,200	1.67%
Elmer Z. Samoro	-		Filipino	-	-
Total					13.35%

## Compensation

29. List the compensation paid by the Issuer to the Chief Executive Officers and four (4) most highly compensated officers other than the CEO, all of whom shall be individually named during the last fiscal year:

### SUMMARY COMPENSATION TABLE

#### Annual Compensation

	(a)	(b)	(c)	(d)	(e)
	Name and Principal position	Year	Salary (P)	Bonus (P)	Other Annual Compensation
CEO	Fredilyn G. Samoro	2018	-	-	60,000 (per diem)
A	Geraldine P. Malbas	2018	-	-	60,000 (per diem)
B	Deanna Rae C. Libarios	2018	-	-	60,000 (per diem)
C	Sylvia B. Hangos	2018	-	-	60,000 (per diem)
D	Psyche C. Nebrada	2018	-	-	60,000 (per diem)
E	All other officers and directors as a group unnamed	2018	-	-	600,000 (per diem of 10 Directors)



30. The Issuer (select all that apply):

√	Expects compensation to change in the next year
	Owes compensation for prior years

**Arrangements with Officers, Directors, Managers and Key Persons**

31. The Issuer (select all that apply):

	Has entered into employment or non-compete agreements with any Officer, Manager, Director or Key Person.
	Plans to enter into employment or non-compete agreements with any Officer, Manager, Director or Key Person

**Insolvency Legal Proceedings of Management and Key Personnel**

32. An Officer, Manager, Director, Key Person of the Issuer (Put ✓ in column if applicable and x otherwise):

Name	Position: D = Director ID - Independent Director O - Officer	Civil	Criminal	Administrative	Bankruptcy	Case Details
Amado Manuel C. Enriquez, Jr.	D/O	✓	x	✓	x	<p>On February 5, 2018, Dr. Ferdinand Kionisala filed a complaint before RTC Br. XI, Cebu City for Issuance of Stock Certificate, Declaration of Sale in Installment as Subscription Contract, and Declaration of Rights of Pre-emption against the regular Directors and Officers of ACE Cebu. On Mar. 7, 2018, another case was filed Dax Matthew Quijano, together with Rose Marie Quijano, Eric Cheung, Girlie Cheung and Candice Joy Sia before RTC Br. XI, Cebu City for the same cause of action. The complainants are investors of ACE Cebu.</p> <p>The Stock Certificates of those fully paid have been issued, including those that subscribed to their pre-emptive rights. The complainants have been informed and were advised to get their Certificates, but continuously fail to do so.</p>

Antonio S. Montalban Jr.	<b>D/O</b>	✓	x	x	x	Civil Case No. 7387 for Damages and Attorney's Fees was filed on July 14, 2016 by Montalban against Rolando Pajes y Dela Pena due to a motorcycle accident for failure of the latter to pay for plaintiff's hospital fees, despite his promise to pay.
Fredilyn G. Samoro	<b>D/O</b>	x	x	x	x	
Rey Anthony P. Robles	<b>D/O</b>	x	x	x	x	
Geraldine P. Malbas	<b>D/O</b>	x	x	x	x	
Deanna Rae C. Libarios	<b>D/O</b>	x	x	x	x	
Geanie A. Cerna-Lopez	<b>D</b>	✓	x	✓	x	<p>On February 5, 2018, Dr. Ferdinand Kionisala filed a complaint before RTC Br. XI, Cebu City for Issuance of Stock Certificate, Declaration of Sale in Installment as Subscription Contract, and Declaration of Rights of Pre-emption against the regular Directors and Officers of ACE Cebu. On Mar. 7, 2018, another case was filed Dax Matthew Quijano, together with Rose Marie Quijano, Eric Cheung, Girlie Cheung and Candice Joy Sia before RTC Br. XI, Cebu City for the same cause of action. The complainants are investors of ACE Cebu.</p> <p>The Stock Certificates of those fully paid have been issued, including those that subscribed to their pre-emptive rights. The complainants have been informed and were advised to get their Certificates, but continuously fail to do so.</p> <p>Leo T. Sumatra, Sps. Stephen Paul M. Bergado and Conhita B. Bergado, Marie Davielene Beatriz Ong-Dy and Leonard Matthew Dy, et. al. have filed a Special Civil Action case for Mandamus against Allied Care Experts (ACE) Medical Center-Cebu, Inc., Geanie Cerna-Lopez and Velma T. Chan on November 28, 2018, to compel the Respondents to immediately issue their 100% pre-emptive rights. The Petitioners claim they are entitled to 10 shares based on their computation of 0.0000833333% ownership multiplied by 120,000 (increase in Capital).</p>
Marietta T. Samoy	<b>D</b>	x	x	x	x	On February 5, 2018, Dr. Ferdinand Kionisala filed a complaint before RTC Br. XI, Cebu City for Issuance of Stock Certificate, Declaration of Sale in Installment as Subscription Contract, and Declaration of Rights of Pre-

						<p>emption against the regular Directors and Officers of ACE Cebu. On Mar. 7, 2018, another case was filed Dax Matthew Quijano, together with Rose Marie Quijano, Eric Cheung, Girlie Cheung and Candice Joy Sia before RTC Br. XI, Cebu City for the same cause of action. The complainants are investors of ACE Cebu.</p> <p>The Stock Certificates of those fully paid have been issued, including those that subscribed to their pre-emptive rights. The complainants have been informed and were advised to get their Certificates, but continuously fail to do so.</p>
Psyche C. Nebraska	<b>D</b>	x	x	x	x	
Sylvia B. Hangos	<b>D</b>	x	x	x	x	
Ferjenel G. Biron	<b>D</b>	x	x	x	x	
Danilo Regozo	<b>D</b>	x	x	x	x	
Agnes Jean M. Villaflor	<b>ID</b>	x	x	x	x	
Armando Aala	<b>ID</b>	x	x	x	x	
Mildred Dorothy Cu	<b>ID</b>	x	x	x	x	

### Certain Legal Proceedings

This section applies to:

- The issuer, its subsidiaries and affiliates
- All Directors and Officers of the Issuer
- All Beneficial Owners of 10% or more of the Issuer's outstanding voting equity and
- All Promoters of the Issuers

33. Have any of the above-listed persons filed or subject of any bankruptcy petition filed by or against any business of which such person was a general partner or executive either at the time of the bankruptcy or within two (2) years prior to that time.  Yes  No

34. Have any of the above-listed persons been named as the subject of a pending felony or misdemeanor criminal proceeding excluding traffic violations or other minor offenses not related to fraud or a financial crime?  Yes  No

35. Have any of the above-listed persons been the subject of an order, judgment, decree, sanction or administrative findings imposed by any government agency, administrative agency, self-regulatory organization, civil court, or administrative court in the last five (5) years related to his or her involvement in any type of business, securities, insurance, or banking activity?  Yes  No

*Doctors Enriquez, Cerna-Lopez and Samoy have been subject of an Order from the SEC relative to their Directorship in ACE Medical Center-Cebu.*

*The Commission, through the Enforcement and Investor Protection Department (EIPD), relative to the Offer of Settlement tendered by ACE Medical Center-Cebu, Inc. has issued an Order dated March 13, 2018, directing the Hospital to pay the penalties assessed against the company and its Directors for pre-selling of shares. The Hospital paid the penalties and the corresponding Notice of Settlement Agreement was issued on March 19, 2018.*

36. Are any of the above-listed persons the subject of a pending civil, administrative, or self-regulatory action related to his or her involvement in any type of business, securities, insurance, or banking activity? ? [  ] Yes [  ] No

*Dr. Ferdinand Kionisala and Dax Matthew Quijano, together with Rose Marie Quijano, Eric Cheung, Girlie Cheung and Candice Joy Sia filed separate complaints before RTC Br. XI, Cebu City for Issuance of Stock Certificate, Declaration of Sale in Installment as Subscription Contract, and Declaration of Rights of Pre-emption against the regular Directors and Officers of ACE MC-Cebu, including Doctors Enriquez, Cerna-Lopez and Samoy.*

37. Has any civil action, administrative proceeding, or self-regulatory proceeding been threatened against any of the above-listed persons related to his or her involvement in any type of business, securities, insurance or banking activity? [  ] Yes [  ] No

*The Insurance Commission (IC) has summoned the Chairman, Dr. Amado C. Enriquez to appear in a clarificatory conference before the Regulation Enforcement and Prosecution Division of the IC relative to the conduct of operations of the ACE Group of Hospitals, for allegedly engaging in pre-need business activities without the necessary license.*

*On March 8, 2018, Dr. Enriquez being represented by Atty. Arlex L. Ines, appeared before the IC and explained the Company's operations. Atty. Ines was directed to file a Supplemental Explanation until April 7, 2018 to address all queries of the IC relative to the Hospital's business activities.*

*On April 14, 2018, ACEMC Iloilo received a letter dated 16 March 2018 ordering it to submit a written explanation to address the complaint of Kionisala.*

*On May 8, 2018, Atty. Maylene B. Villanueva appeared in behalf of ACEMC Iloilo before the Regulation Enforcement and Prosecution Division of the Insurance Commission, in a hearing before Atty. Brian Gale T. Sibuyan (Officer-in-Charge). He was asked to comment on the complaint filed by Dr. Kionisala. Another hearing was set on 24 July 2018 where the lawyer of Dr. Kionisala, Atty. Kristian Jacob Lora appeared on his behalf. Atty. Lora filed a letter which sums up the position of Dr. Kionisala and read it. The lawyers of ACEMC hospitals including ACEMC Iloilo and Diliman Doctors Hospital which was also included in the complaint of Dr. Kionisala rebutted the arguments therein, so Atty. Sibuyan ordered all parties to submit a position paper thirty (30) days after the said hearing after which the case shall be deemed submitted for resolution. ACEMC Iloilo filed its position paper on 23 August 2018.*

*On December 11, 2018, Commissioner Funa of the Insurance Commission issued a letter on the findings of the Commission after the investigation conducted on the allegations of Dr. Kionisala, to wit:*

*"In summary, the Commission finds that, based from the record, the benefits and privileges enjoyed by you or offered by any of the named respondents on this matter is not a pre-need*

contract, agreement, deed, nor plan contemplated under the law. The ACEMC – Cebu or any other respondent named on this matter are not engaged in pre-need business hence not required to secure a separate license for such before the insurance Commission.”

### Litigation

38. The Issuer (select all that apply):

	Has been involved in litigation or subject to administrative action in the last five (5) years that has had a material effect upon the Issuer’s business, financial condition or operations
	Has pending litigation or administrative action that may have a material effect upon the Issuer’s business, financial condition, or operations
	Is currently threatened by litigation or administrative action that may have a material effect upon the Issuer’s business, financial condition, or operations
√	None of the above

### Family Relationship

39. Describe any family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, or persons nominated or chosen by the registrant to become directors or executive officers.

Dr. Fernando P. Carlos is the first cousin of the Chairman, Dr. Amado Manuel C. Enriquez, Jr.

### Certain Relationship and Related Party Transactions

40. The Issuer (select all that apply):

	Has made loans to an Officer, Manager, Director or Principal Stockholders within the last two (2) years
	Has one or more outstanding loans with an Officer, Manager, Director or Principal Stockholder in the future.
	Has done other business not associated with this offer with current Officer, Manager, Director, or Principal Stockholder within the last two (2) years
	Plans to do other business not associated with this offering with a current Officer, Manager, Director, or Principal Stockholder in the future

## FINANCIAL INFORMATION

### Management Discussion and Analysis (MD&A) or Plan of Operation

Results of Operations (December 31, 2018 vs. December 31, 2017)

	For the years ended December 31,		Horizontal Analysis		Vertical Analysis	
	2018	2017	Inc (Dec)	%	2018	2017
Revenues	₱ -	₱ -	-	-	n/a	n/a

Direct costs	-	-	-	-	n/a	n/a
Gross profit	₱ -	₱ -	-	-	n/a	n/a
Other income	53,206	25,181	28,025	111%	n/a	n/a
Gross income	₱ 53,206	₱ 25,181	28,025	111%	n/a	n/a
General and administrative expenses	6,621,391	(4,712,182)	1,909,209	41%	n/a	n/a
Loss from operations	₱ (6,568,185)	₱ (4,687,001)	(1,881,184)	40%	n/a	n/a
Finance cost	3,410,000	(1,974,524)	1,435,476	73%	n/a	n/a
Loss before income tax	₱ (9,978,185)	₱ (6,661,525)	(3,316,660)	50%	n/a	n/a
Income tax expense	-	-	-	-	n/a	n/a
Net loss for the year	₱ (9,978,185)	₱ (6,661,525)	(3,316,660)	50%	n/a	n/a
Add (deduct) comp income (loss)	-	-	-	-	n/a	n/a
Net comprehensive loss for the year	₱ (9,978,185)	₱ (6,661,525)	(3,316,660)	50%	n/a	n/a

#### Other income

Other income for December 31, 2018 is greater than December 31, 2017 by 111%. This is due to income from the sale of hospital plan to contractors during bidding.

#### General and Administrative Expenses

The increase of ₱1.9-million (41%) in general and administrative costs was due to payment for local taxes, increase in authorized capital paid with SEC and documentary stamp tax for the original issuance of shares subscribed after the increase in authorized paid with BIR, and payment of per diems per board meetings. Altogether, these expenses which comprised of ₱1.3-million (19%) and 2.6-million (39%), respectively of the general and administrative costs as of December 31, 2018.

#### Loss for the year

Loss for December 31, 2018 is much higher than December 31, 2017 at ₱3.3-million (69%). This due to the non-operational status of the Company. There is still no income to sustain the expenses.

#### Financial Condition (December 31, 2018 vs. December 31, 2017)

		As at December 31,		Horizontal Analysis		Vertical Analysis	
		2018	2017	Inc (Dec)	%	2018	2017
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash	₱	10,157,304	₱ 20,469,343	(10,312,039)	-50%	3%	10%
Advances to contractors		3,486,788	3,400,000	86,788	3%	1%	2%
Advances to suppliers		34,086,878	-	34,086,878	n/a	11%	0%
Other Receivables		60,901	2,001,137	(1,940,236)	-97%	0%	1%
Prepayments		16,320	-	16,320	n/a	0%	0%
	₱	47,808,191	₱ 25,870,480	21,921,391	85%	15%	13%
<b>Noncurrent Assets</b>							
Property and equipment (net)	₱	21,758,297	₱ 21,784,962	(26,665)	0%	7%	10%
Construction-in-progress		132,169,752	36,696,147	95,473,605	260%	40%	18%
Advances to related party		124,685,262	122,251,434	2,433,828	2%	38%	59%
Other noncurrent assets		39,000	39,000	-	0%	0%	0%
	₱	278,652,311	₱ 180,771,543	97,880,768	54%	85%	87%
<b>TOTAL ASSETS</b>	₱	<b>326,460,502</b>	₱ 206,642,023	119,802,158	58%	100%	100%
<b>LIABILITIES AND EQUITY</b>							
<b>Current Liabilities</b>							
Accounts Payable and other liabilities	₱	15,459,573	₱ 8,005,481	7,454,092	93%	5%	4%
Loans Payable		37,000,000	37,000,000	-	0%	11%	18%
Loans payable to individuals		6,961,809	6,961,809	-	0%	2%	3%
	₱	59,421,382	₱ 51,967,290	7,454,092	14%	18%	25%
<b>Noncurrent Liabilities</b>							
Notes payable	₱	71,250,000	₱ -	71,250,000	n/a	22%	0%

Advances from shareholders	78,344,330	45,251,758	33,092,572	73%	24%	22%
	₱ 149,594,330	₱ 45,251,758	104,342,572	231%	46%	22%
<b>TOTAL LIABILITIES</b>	₱ 209,015,712	₱ 97,219,048	111,796,664	115%	64%	47%
<b>Equity</b>						
Share capital	₱ 138,000,000	₱ 120,000,000	18,000,000	15%	42%	58%
Deficit	(20,555,210)	(10,577,025)	(9,978,185)	94%	-6%	-5%
	₱ 117,444,790	₱ 109,422,975	8,021,815	7%	36%	53%
<b>TOTAL LIABILITIES AND EQUITY</b>	₱ 326,460,502	₱ 206,642,023	119,818,479	58%	100%	100%

### **Total Assets**

Total assets of the Company increased by ₱119.8-million (58%) from December 31, 2017 balance of ₱206.6-million to ₱326.5-million as of December 31, 2018. The increase was primarily due to the increased of total payment to contractors for the construction of the hospital buildings. Altogether these amounts disbursed came from proceeds from advances from shareholders and bank loans.

#### *Cash*

Cash decreased by P10.3M (-50%) due to additional disbursements incurred for the construction of the hospital building and for the downpayments for medical equipments.

#### *Advances to contractors*

Advances to contractors increased by 3% is due to new contractors awarded per project activity in constructing the hospital building.

#### *Advances to suppliers*

Advances to suppliers was primarily was due to downpayment on medical equipment to be used in the hospital.

#### *Other receivables*

Other Receivables decreased by ₱1.9M (-97%) is liquidation of the receivable from shareholders.

#### *Property and equipment*

The Company's property and equipment amounted to ₱21.76-million as of December 31, 2018. Property and equipment consist mainly of land, leasehold improvements, office equipment and furniture and fixtures.

#### *Construction-in-progress*

As of December 31, 2018, the composite percentage of completion as certified by the Construction Manager is estimated to be at thirty percent (30%). The construction-in-progress increased by ₱95.5M (260%) was due to additional construction cost incurred and other related cost i.e. planning and project management expenses that are directly attributable to the construction and capitalized borrowing costs from its loans payable to ACEMC Iloilo and loans from bank.

#### *Advances to related party*

Advances to related party represents an unsecured advance to Allied Care Experts (ACE) Medical Center Butuan Development Corporation at an interest rate of 8.5% per annum plus fees and other charges payable on January 2019.

### **Total Liabilities**

Total liabilities increased by ₱111.8-million (115%) to ₱209.0-million as of December 31, 2018, from ₱97.2-million as of December 31, 2017, which was primarily due to the increase of accounts payable and other liabilities, additional advances from shareholders and bank loan.

#### *Accounts Payable and Other Liabilities*

Accounts payable and other liabilities comprises – accrued interest payable, retention payable, government liabilities, accrued expenses and other payables. The increase of 14% was primarily due to the additional accrued interest payable to ACEMC Iloilo and additional retention payable to contractors to ensure that the contractor properly completes the activities required of them under the contract.

#### *Loans payable*

The Company borrowed from its affiliate, ACE Medical Center - Iloilo Inc., in the amount of ₱37,000,000 with interest rate of 5% per annum payable monthly commencing on the last day of the month after the date of the advance of the loan plus pro-rated interest rates of 5% per month on the maturity value of the loan after its due date of May 16, 2017. As of date, the account has remained due and demandable but with high expectancy of settlement inspite of the delay.

Interest expense incurred from the loan payable amounted ₱1,940,139 for 2018 is capitalized as borrowing costs to construction-in-progress (see Note 9 of the Notes to Financial Statements).

#### *Loans payable to individuals*

This account constitutes non-interest bearing and demandable obligations from a close member of a stockholder's family which was primarily used by the Company to support the preliminary financing aspect of the construction of the hospital structure.

#### *Notes payable*

On April 19, 2018, the Landbank of the Philippines grants a credit line facility of ₱475,000,000 to partially finance the construction of eight-(8) storey hospital building with basement and roof deck.

The loan is available for drawdowns in staggered basis within a period of three (3) years from the date of loan agreement, payable in twelve (12) years from the first drawdown inclusive of three (3) years grace period on principal payment. Interest rate is at Landbank prevailing rate subject to repricing based on the tenor of the benchmark rate used. The Company may opt to shift from floating rates to fixed rate only once and shall use the applicable or interpolated PSDT-R2 rate at the time of conversion based on the fixing and remaining term of the loan plus a minimum spread of one-half percent (0.50%) per annum, with the following corresponding floor rate:

<b>Fixing and Remaining Tenor</b>	<b>Floor rate</b>
Up to 3 years	4.50%
Over 3 years up to 5 years	5.00%
Over 5 years up to 7 years	5.50%
Over 7 years up to 10 years	6.00%
Over 10 years	6.50%

The loan is secured by a real estate mortgage on the Company's land (see Note 8) including all other existing and future improvements thereon.

Total finance costs incurred on the loans pertaining to the construction of the hospital building amounted to ₱778,870 for 2018 2016 which was capitalized in construction-in-progress account in the statements of financial position (see Note 9 of the Notes to Financial Statements).

#### *Advances from shareholders*

Advances from shareholders grew by ₱33.1-million (73%) as of December 31, 2018. These advances are divided into interest-bearing and non-interest bearing:



- a. Interest-bearing Advances from shareholders  
The account represents an unsecured interest-bearing advance from the shareholders in payment to some founders who withdrew their capital investments. The loan bears an interest of twelve percent (12%) per annum and is payable subject to the availability of funds. The Company, however, reserves the right to defer settlement in favor of prioritizing payments relative to hospital construction.
- b. Non-interest-bearing Advances from shareholders  
When cash levels run low, the Founders would regularly call for infusion of additional capital to finance specific liabilities that are falling due. These advances are non-interest bearing, unsecured and payable at a distant future.

### **Equity**

Although the Company is in non-operational status and there is still no income to sustain the expenses, there is still a 7% increase in total equity resulting from the increase in share capital.

### **Share capital (net)**

The increase in the share capital is the result of the Company's increase in its authorized share capital from ONE HUNDRED TWENTY MILLION (₱120,000,000) PESOS composed of 60,000 preferred shares, 59,400 common shares and 600 founder's shares to TWO HUNDRED FORTY MILLION (₱240,000,000) PESOS divided into SIXTY THOUSAND (60,000) PREFERRED SHARES, ONE HUNDRED SEVENTY-NINE THOUSAND FOUR HUNDRED (179,400) COMMON SHARES and SIX HUNDRED (600) FOUNDERS' SHARES at ONE THOUSAND (₱1,000) PESOS PAR VALUE PER SHARE. Subsequently, the increase in authorized capital was subsequently approved by the SEC on June 05, 2018. Paid up capital in this additional capital amounted to ₱18.0-million by the existing shareholders representing the amount of capital required on the subscribed amount of SEVENTY-TWO MILLION (₱72,000,000) PESOS.

### **Results of Operations (December 31, 2017 vs. December 31, 2016)**

	For the years ended December 31,		Horizontal Analysis		Vertical Analysis	
	2017	2016	Inc (Dec)	%	2017	2016
Revenues	₱ -	₱ -	-	-	n/a	n/a
Direct costs	-	-	-	-	n/a	n/a
Gross profit	₱ -	₱ -	-	-	n/a	n/a
Other income	25,181	151,434	(126,253)	- 83%	n/a	n/a
Gross income	₱ 25,181	₱ 151,434	(126,253)	-83%	n/a	n/a
General and administrative expenses	(4,712,182)	(3,201,670)	1,510,512	47%	n/a	n/a
Loss from operations	₱ (4,687,001)	₱ (3,050,236)	1,636,765	54%	n/a	n/a
Finance cost	(1,974,524)	(865,264)	1,109,260	128%	n/a	n/a
Loss before income tax	₱ (6,661,525)	₱ (3,915,500)	2,746,025	70%	n/a	n/a
Income tax expense	-	-	-	-	n/a	n/a
Net loss for the year	₱ (6,661,525)	₱ (3,915,500)	2,746,025	70%	n/a	n/a
Add (deduct) comp income (loss)	-	-	-	-	n/a	n/a
Net comprehensive loss for the year	₱ (6,661,525)	₱ (3,915,500)	2,746,025	70%	n/a	n/a

### **Other income**

The decrease of 83% in other income was due to the withdrawal of the time deposit, that earns higher interest, and redeposited to checking account in another bank.

### **General and Administrative Expenses**

The increase of 47% in general and administrative expenses resulted from the board meetings and meals and transportation and travel expense recognized for the period, which comprised of 45% and 28%, respectively of the general and administrative costs for the year ended December 31, 2017. These allowances were embodied in Board Resolution dated May 23, 2016 and amended on February 18, 2017.

*Loss for the year*

The increase in losses was due to the increase in general and administrative expenses. There is no income from operation as yet to absorb losses.

Financial Condition (December 31, 2017 vs. December 31, 2016)

	As at December 31,		Horizontal Analysis		Vertical Analysis	
	2017	2016	Inc (Dec)	%	2017	2016
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash	20,469,343	15,310,843	5,158,500	34%	10%	9%
Other Receivables	5,401,137	1,504,180	3,896,957	259%	3%	1%
Prepayments	-	5,111,803	(5,111,803)	-100%	0%	3%
	25,870,480	21,926,826	3,943,654	18%	13%	13%
<b>Noncurrent Assets</b>						
Property and equipment (net)	21,784,962	21,804,688	(19,726)	0%	10%	13%
Construction-in-progress	36,696,147	-	36,696,147	100%	18%	0%
Advances to related party	122,251,434	121,223,800	1,027,634	1%	59%	74%
Other noncurrent assets	39,000	39,000	-	0%	0%	0%
	180,771,543	143,067,488	37,704,055	26%	87%	87%
<b>TOTAL ASSETS</b>	<b>206,642,023</b>	<b>164,994,314</b>	<b>41,647,709</b>	<b>25%</b>	<b>100%</b>	<b>100%</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities</b>						
Accounts payable and other liabilities	8,005,481	4,299,072	3,706,409	86%	4%	3%
Loans Payable	37,000,000	37,000,000	-	0%	18%	22%
Loans payable to individuals	6,961,809	12,934,766	(5,972,957)	-46%	3%	8%
	51,967,290	54,233,838	(2,266,548)	4%	25%	33%
<b>Noncurrent Liabilities</b>						
Advances from shareholders	45,251,758	84,075,976	(38,824,218)	-46%	22%	51%
	45,251,758	84,075,976	(38,824,218)	-46%	22%	51%
<b>TOTAL LIABILITIES</b>	<b>97,219,048</b>	<b>138,309,814</b>	<b>(41,090,766)</b>	<b>-30%</b>	<b>47%</b>	<b>84%</b>
<b>Equity</b>						
Share capital	120,000,000	30,600,000	89,400,000	292%	58%	19%
Deficit	(10,577,025)	(3,915,500)	(6,661,525)	170%	-5%	-3%
	109,422,975	26,684,500	82,738,475	310%	53%	16%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>206,642,023</b>	<b>164,994,314</b>	<b>41,647,709</b>	<b>25%</b>	<b>100%</b>	<b>100%</b>

**Total Assets**

Total assets of the Company increased by ₱41.64-million (25%) to ₱206.64-million as of December 31, 2017, from ₱164.99-million as of December 31, 2016, which was primarily due to the additional construction costs incurred for the hospital building and increase in other receivables for the downpayment to major contractors.

*Cash*

Cash increased by ₱5.15M (34%) due to the full payment of the shareholders on their subscribed share capital.

*Other Receivables*

Other Receivables increased by ₱3.89M (259%) is due to down payment to contractors awarded per project activity in constructing the hospital building.

*Prepayments*

The prepayments pertain to the prepaid expenses of prior year constitute the accumulated cost

intended for the forthcoming construction of the hospital structure in January 2017. Accordingly, these prepayments were reclassified to construction in progress account

*Advances to related party*

Advances to related party increased by ₱1.02M (1%) which represents an additional unsecured advance to Allied Care Experts (ACE) Medical Center Butuan Development Corporation at an interest rate of 8.5% per annum plus fees and other charges payable on January 2019.

*Property and equipment*

The Company's property and equipment amounted to ₱21.77-million as of December 30, 2017. Property and equipment consist mainly of land, leasehold improvements, office equipment and furniture and fixtures.

*Construction-in-progress*

As of December 31, 2017, the composite percentage of completion as certified by the Construction Manager is estimated to be at eight percent (8%). The construction-in-progress increased by ₱36.69M (100%) was due to additional construction and other related cost i.e. planning and project management expenses that are directly attributable to the construction and capitalized borrowing costs from its loans payable to ACEMC Iloilo.

*Other Current Assets*

Other current assets pertain to the security deposit on their office rental.

**Total Liabilities**

Total liabilities decreased from ₱138.3M to ₱97.21M from December 31, 2016 to December 31, 2017. The decreased was primarily due to the payment of loans payable to individuals and advances from shareholders.

*Accounts Payable and Other Liabilities*

Accounts payable and other liabilities comprises –accrued interest payable, retention payable, accrued expenses, government liabilities and other payables. The increase of 86% was primarily due to additional accrued interest payable which represents the interest due to the loan payable to ACEMC Iloilo and additional retention payable to contractors to ensure that the contractor properly completes the activities required of them under the contract.

*Loans payable*

The account represents the interest-bearing loan from Allied Care Experts (ACE) Medical Center – Iloilo, Inc. in support of the construction of the Company's hospital building. The loan bears an interest of five (5) percent per annum and is to be repaid subject to availability of funds.

The company intends to settle the outstanding account(s) within the soonest possible time in spite of the impending delay in funding requirements.

Total finance costs on these loans amounted to ₱1,910,173 as at December 31, 2017 and was capitalized to construction-in-progress.

*Loans payable to individuals*

The loans payable to individuals account is decreased by ₱5.97M (-46%). This account constitutes non-interest bearing and demandable obligations from a close member of a stockholder's family which was primarily used by the Company to support the preliminary financing aspect of the construction of the hospital structure.

*Advances from shareholders*

Advances from shareholders reduced by ₱38.8-million (-46%) as of December 31, 2017. These advances are divided into interest-bearing and non-interest bearing:

a. Interest-bearing Advances from shareholders

The account represents an unsecured interest-bearing advance from the shareholders in payment to some founders who withdrew their capital investments. The loan bears an interest of twelve percent (12%) per annum and is payable subject to the availability of funds. The Company, however, reserves the right to defer settlement in favor of prioritizing payments relative to hospital construction.

b. Non-interest-bearing Advances from shareholders

When cash levels run low, the Founders would regularly call for infusion of additional capital to finance specific liabilities that are falling due. These advances are non-interest bearing, unsecured and payable at a distant future.

**Equity**

The 310% increase in the total equity resulted from additional contribution made by the shareholders due the increase in capitalization of the Company.

**Summary Financial Information**

Prospective purchasers of the Offer should read the summary financial data below together with the financial statements, including the notes thereto, included in this Prospectus and “Management’s Discussion and Analysis of Results of Operations and Financial Condition”. The summary financial data for the three-years ended December 31, 2018, 2017 and 2016 are derived from the audited financial statements of ACE Medical Center – Butuan Inc., including the notes thereto.

The summary of financial and operating information of ACE Medical Center – Butuan Inc. presented below as of and for the years ended December 31, 2018, 2017 and 2016 were derived from the financial statements of ACE Medical Center – Butuan Inc., as audited by Dimaculangan, Dimaculangan and Company CPAs and have been prepared in compliance with the Philippine Financial Reporting Standards (“PFRS”).

The information below should be read in conjunction with the financial statements of ACE Medical Center – Butuan Inc. and the related notes thereto, which are included in Exhibit “G” and “G-1” of this Prospectus. The historical financial condition, results of operations and cash flows of ACE Medical Center – Butuan Inc. are not a guarantee of its future operating and financial performance.

**Statements of Income Data**

	For the years ended December 31,		For the eight-month period ended December 31,
	2018	2017	2016
Revenues	₱ -	₱ -	₱ -
Direct costs	-	-	-
Gross profit	₱ -	₱ -	₱ -
Other income	53,206	25,181	151,434
Gross income	₱ 53,206	₱ 25,181	₱ 151,434
General and administrative expenses	6,621,391	(4,712,182)	(3,201,670)
Loss from operations	₱ (6,568,185)	₱ (4,687,001)	₱ (3,050,235)
Finance cost	3,410,000	(1,974,524)	865,264
Loss before income tax	₱ (9,978,185)	₱ (6,661,525)	₱ (3,915,499)
Income tax expense	-	-	-
Net loss for the year	₱ (9,978,185)	₱ (6,661,525)	₱ (3,915,499)
Add (deduct) comp income (loss)	-	-	-

Net comprehensive loss for the year	₱ (9,978,185)	₱ (6,661,525)	₱ (3,915,499)
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**Statements of Financial Position Data**

	As at December 31,		
	2018	2017	2016
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	₱ 10,157,304	₱ 20,469,343	₱ 15,310,843
Advances to contractors	3,486,788	3,400,000	-
Advances to suppliers	34,086,878	-	-
Others-Receivable	60,901	2,001,137	1,504,180
Prepayments	16,320	-	5,111,803
	₱ 47,808,191	₱ 25,870,480	₱ 21,926,826
<b>Noncurrent Assets</b>			
Property and equipment (net)	₱ 21,758,297	₱ 21,784,962	₱ 21,804,688
Construction-in-progress	132,169,752	36,696,147	-
Advances to related party	124,685,262	122,251,434	121,223,800
Other noncurrent assets	39,000	39,000	39,000
	278,652,311	180,771,543	143,067,488
<b>TOTAL ASSETS</b>	₱ 326,460,502	₱ 206,642,023	₱ 164,994,314
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and other liabilities	₱ 15,459,573	₱ 8,005,481	₱ 4,299,072
Loans Payable	37,000,000	37,000,000	37,000,000
Loans payable to individuals	6,961,809	6,961,809	12,934,766
	₱ 59,421,382	₱ 51,967,290	₱ 54,233,837
<b>Noncurrent Liabilities</b>			
Notes payable	₱ 71,250,000	₱ -	₱ -
Advances from shareholders	78,344,330	45,251,758	84,075,976
	₱ 149,594,330	₱ 45,251,758	₱ 84,075,976
<b>TOTAL LIABILITIES</b>	₱ 209,015,712	₱ 97,219,048	₱ 138,309,814
<b>Equity</b>			
Share capital	₱ 138,000,000	₱ 120,000,000	₱ 30,600,000
Deficit	(20,555,210)	(10,577,025)	(3,915,500)
	₱ 117,444,790	₱ 109,422,975	₱ 26,684,500
<b>TOTAL LIABILITIES AND EQUITY</b>	₱ 326,460,502	₱ 206,642,023	₱ 164,994,314

**Statements of Cash Flows Data**

	For the years ended December 31,		For the eight-month period ended December 31,
	2018	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax	₱ (9,978,185)	₱ (6,661,525)	₱ (3,915,500)

Adjustments to reconcile net receipts to net cash used in operating activities:			
Depreciation	50,565	46,545	21,890
Interest income	(13,206)	(21,389)	(151,434)
Interest income	3,410,000	1,974,524	865,264
Operating cash flows before changes in working capital	₱ (6,530,826)	₱ (4,661,845)	₱ (3,179,780)
Decrease (increase) in current assets:			
Advances to contractors	(86,788)	(3,400,000)	-
Advances to suppliers	(34,086,878)	-	-
Other receivables	1,940,236	(496,957)	(1,504,180)
Prepayments	(16,320)	-	(3,955,553)
Increase (decrease) in current liabilities:			
Payables	7,454,092	1,456,864	2,587,558
Net cash used in operations	₱ (31,326,484)	₱ (7,101,938)	₱ (6,051,955)
Interest received	13,206	21,389	151,434
<b>Net cash provided by (used in) operating activities</b>	<b>₱ (31,313,278)</b>	<b>₱ (7,080,549)</b>	<b>₱ (5,900,521)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property and equipment	₱ (23,900)	₱ (26,819)	₱ (21,826,578)
Additions to construction in progress	(95,473,605)	(29,674,171)	-
Increase in advances to related party	(2,433,828)	(1,027,634)	(121,223,800)
Increase in other non-current asset	-	-	(39,000)
<b>Net cash used in investing activities</b>	<b>₱ (97,931,333)</b>	<b>₱ (30,728,624)</b>	<b>₱ (143,089,378)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in share capital	₱ 18,000,000	₱ 89,400,000	30,600,000
Proceeds from loans	-	-	37,000,000
Proceeds from bank loans	71,250,000	-	-
Proceeds from (payments to) loans payable to individuals	-	(5,972,957)	12,934,766
Proceeds from advances from shareholders	33,092,572	50,575,782	84,075,976
Interest paid	(3,410,000)	(1,635,152)	(310,000)
Conversion of advances from shareholders to equity	-	(89,400,000)	-
<b>Net cash provided by financing activities</b>	<b>₱ 118,932,572</b>	<b>₱ 42,967,673</b>	<b>₱ 164,300,742</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>₱ (10,312,039)</b>	<b>₱ 5,158,500</b>	<b>₱ 15,310,843</b>
<b>CASH, beginning of year</b>	<b>20,469,343</b>	<b>15,310,843</b>	<b>-</b>
<b>CASH, end of year</b>	<b>₱ 10,157,304</b>	<b>₱ 20,469,343</b>	<b>₱ 15,310,843</b>

## Information on Independent Accountant and other Related Matters

### External Audit Fees and Services

41. The External Auditor has rendered (select all that apply):

✓	audit of the registrant's annual financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for those fiscal years
	Other assurance and related services that are reasonable related to the performance of the audit or review of the registrant's financial statements.
	The audit committee has approved the above-mentioned services

42. The aggregate fees billed are shown below

Fees approved in connection with the assurance rendered by Dimaculangan, Dimaculangan and Company CPAs pursuant to the regulatory and statutory requirements for the years ended December 31, 2018, 2017 and 2016 amounts to ₱734,400.00, exclusive of 10% out-of-pocket expenses (OPEs) and 12% value-added tax (VAT).

Year	2018 - 2016
Audit Fees	₱734,000.00
Tax Fees	-
All Other Fees	-

### Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

43. The Issuer has no disagreement with its external auditor on any matter regarding (select all that apply):

✓	Accounting principles or practices
✓	Financial statement disclosures
✓	Auditing scope or procedure

There were no disagreements for the years 2018, 2017 and 2016 on any matter relating to accounting principles or practices, disclosure of financial statements, auditing scope and procedures.

Note 3, *Transition to the PFRS*, to the financial statements provide discussion on the change in the financial reporting framework, pursuant to the Securities Regulation Code Rule 68, as Amended (2011), including adjustments made on prior period correction of errors in classification of accounts.

44. Describe any material tax consequences to Investors in this Offering:

## **Taxation**

This is just a summary of the material discussion on the taxation under the National Internal Revenue Code (NIRC), as amended by the TRAIN Law, as a consequence of an investment in the Offer Securities. The discussion does not deal with all possible tax, consequences relating to an investment in common stocks and does not purport to deal with the tax consequences applicable to all categories, some of which may be subject to special rules.

As a general rule, all incomes derived from the Philippines are subject to income tax laws, except for some instances as specifically provided for by the National Internal Revenue Code and the TRAIN Law. Such income may be subject to a fixed rate or staggered rate as the case may be.

Net capital gains realized from selling of securities other than those traded in the stock exchange is subject to tax of 15% on the net capital gain. An exception of this would be those provisions of tax treaties. Also, value added tax is imposed on every sale or other disposition, in the course of trade or business, of tangible or intangible property based on the gross selling price or gross value in money of the goods or properties sold. If the seller of shares is a dealer of securities, this sale is subject to such value added tax.

Documentary Stamp Tax (DST). Upon the original issuance of ACE Medical Center-Butuan Inc. shares, DST will be imposed at a rate of P2.00 for every P200 or a fractional part of the par value of the shares to be issued. DST is payable on or before the 5<sup>th</sup> day of the month following the corporation's acceptance of the stock subscription. The secondary transfer of ACE Medical Center-Butuan, Inc.'s shares is subject to documentary stamp tax at a rate of P1.50 on each P200 or fractional part thereof of the par value of the share transferred.

Tax on Capital Gains on the subsequent sale of the ACE Butuan shares is subject to Capital Gains Tax. The law provides that a 15% final tax is imposed upon the net capital gains realized during the taxable year from the sale, barter, exchange or other disposition of shares of stock in a domestic corporation, except shares sold or disposed of through the stock exchange [Sec. 28 (6) (5) (c) NIRC as amended]

Tax on Interest Income. Interest income earned and received by ACE Butuan from time deposits on excess cash is subject to a final withholding tax rate of 20% [Sec. 27 (D) (1), NIRC as amended).

Tax on Dividend. The NIRC imposes a final tax of 10% upon the cash and/or property dividends actually or constructively receives by the individual from domestic corporation (Sec. 24 (B) (2)). However, if the recipient of the dividend is a domestic corporation, the dividend received shall not be subject to tax [Sec. 27 (D) (4)].

Value Added Taxes. Sec. 105 of RA 8424 enumerates those liable to the Value Added Tax, they are: (1) those who in the course of trade or business, sells, barters, exchanges, leases goods or properties, renders services; and (2) any person who imports goods.

## **INDEPENDENT AUDITORS AND COUNSELS**

### **Independent Auditors**

Dimaculangan, Dimaculangan and Company CPAs was engaged by the Hospital to audit the Company's financial statements for the year ended December 31, 2016, 2017 and 2018. Their



responsibility is to express an opinion on these financial statements based on their audits conducted in accordance with Philippine Standards on Auditing.

Dimaculangan, Dimaculangan and Company CPAs has neither shareholding in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Hospital. These independent public accountants will not receive any direct or indirect interest in the Hospital and in any securities thereof (including options, warrants, or rights thereto). The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

The Board and Management, reviews and monitors, among others, the integrity of all financial reports and ensures compliance with both internal financial management manual and pertinent accounting standards, including regulatory requirements

There is no arrangement that experts and independent counsels will receive a direct or indirect interest in the Issuer or was a promoter, underwriter, voting trustee, director, officer, or employee of the Issuer.

### **Legal Matters**

All legal opinions/matters in connection with the issuance of each Offer will be passed upon by Atty. Ronald Renitz V. Ilas for the Company. Atty. Ilas has no direct interest in the Company.

Atty. Ilas may from time to time be engaged to advise in the transactions of the Company and perform legal services on the basis that it does not conflict with other services he provides to his other clients.

### **OTHER MATERIAL FACTORS**

Describe any other material factors that will or could affect the Issuer or its business or which are necessary to make any other information in this Statement not misleading or incomplete.