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**L E T**  
LEISURE ENTERTAINMENT TASTE

## **LET GROUP HOLDINGS LIMITED**

(於開曼群島註冊成立之有限公司)

(股份代號：1383)

### **海外監管公告： 由一間海外上市附屬公司**

本公告乃根據香港聯合交易所有限公司證券上市規則第13.10B條而作出。

LET Group Holdings Limited於菲律賓證券交易所(「菲律賓證券交易所」)上市的一間海外上市附屬公司Suntrust Resort Holdings, Inc.已於2023年5月19日在菲律賓證券交易所網站刊載其截至2023年3月31日止三個月的季度報告(「第一季度報告」)。有關詳情請參閱隨附的第一季度報告。

承董事會命

**LET Group Holdings Limited**

公司秘書

趙敬仁

香港，2023年5月19日

於本公告日期，執行董事為盧衍溢先生(主席)；以及獨立非執行董事為杜健存先生、胡錦勳博士及盧衛東先生。

# COVER SHEET

1 0 6 8 3

S.E.C. Registration Number

S U N T R U S T   R E S O R T   H O L D I N G S ,   I N C .  
 ( F O R M E R L Y   S U N T R U S T   H O M E   D E V E -  
 L O P E R S ,   I N C . )

(Company's Full Name)

2 6 / F   A L L I A N C E   G L O B A L   T O W E R ,  
 3 6 T H   S T .   C O R .   1 1 T H   A V E . ,   U P -  
 T O W N   B O N I F A C I O ,   T A G U I G   C I T Y

(Business Address of the Company)

**NELILEEN S. BAXA**

Contact Person

0 2 - 8 8 9 4 - 6 3 0 0

Company Telephone Number

1 2      3 1  
 Month      Day

Fiscal Year

**SEC FORM 17-Q**

Form Type

Last Tuesday of October

Regular Meeting

**NONE**

Secondary License type, if applicable

**MSRD/CMD/ICTD**  
 Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total amount of Borrowings

Domestic      Foreign

To be Accomplished by SEC Personnel concerned

File Number

\_\_\_\_\_  
 LCU

Document I.D.

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 Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **31 March 2023**

2. Commission Identification No. **10683**

3. BIR Tax Identification No. **000-141-166-000**

**SUNTRUST RESORT HOLDINGS, INC.**

4. Exact name of issuer as specified in its charter

**Metro Manila, Philippines**

5. Province, country, or other jurisdiction of incorporation or organization

6. Industry Classification Code:  (SEC Use Only)

**26<sup>th</sup> Floor Alliance Global Tower, 36<sup>th</sup> Street corner 11<sup>th</sup> Avenue, Uptown Bonifacio, Taguig  
City 1634**

7. Address of Issuer's principal office and postal code

**02 8894 6300**

8. Issuer's telephone number, including area code

**Suntrust Home Developers, Inc.**

9. Former name, former address, and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b>Common</b>	<b>7,250,000,000</b>

11. Are any or all of the securities listed on a stock exchange?

Yes [  ] No [  ]

If yes, state the name of such stock exchange and the class/es of securities listed therein:

**The common shares of the Issuer are listed on the Philippine Stock Exchange.**

12. Indicate by checkmark whether the registrant:

- a. Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the

Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports):

Yes [  ] No [  ]

b. Has been subject to such filing requirements for the past ninety (90) days:

Yes [  ] No [  ]

## PART I – FINANCIAL INFORMATION

### Item 1. Financial Statements

Attached hereto are the following:

- Interim Consolidated Statements of Financial Position (**Exhibit 1**)
- Interim Consolidated Statements of Income (**Exhibit 2**)
- Interim Consolidated Statements of Comprehensive Income (**Exhibit 3**)
- Interim Consolidated Statements of Changes in Equity (**Exhibit 4**)
- Interim Consolidated Statements of Cash Flows (**Exhibit 5**)
- Notes to Interim Consolidated Financial Statements (**Exhibit 6**)

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Please see **Exhibit 7**

### Item 3. Aging of Accounts Receivable

Please see **Exhibit 8**

### Item 4. Schedule of Financial Soundness Indicators

Please see **Exhibit 9**

## PART II – OTHER INFORMATION

The Issuer is not in possession of any information which may, at its option, be reported under this item and which would otherwise be required to be filed in a report on SEC Form 17-C.

[Signature page follows]

**SIGNATURE**

Pursuant to the requirements of the SRC, the Issuer has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

**SUNTRUST RESORT HOLDINGS, INC.**

By: 

**NEOLI MAEL KHO**  
Treasurer

Date: **18 May 2023**

**EXHIBIT 1**

**SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES**  
*(Formerly Suntrust Home Developers, Inc.)*  
*(A Subsidiary of Fortune Noble Limited)*  
**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2023 AND DECEMBER 31, 2022**  
*(Amounts in Philippine Pesos)*

<b>A S S E T S</b>	<b>Unaudited March 31, 2023</b>	<b>Audited December 31, 2022</b>
<b>CURRENT ASSETS</b>		
Cash	P 537,931,904	P 1,291,609,422
Prepayments and other current assets	<u>1,414,616,481</u>	<u>1,136,039,632</u>
Total Current Assets	<u>1,952,548,385</u>	<u>2,427,649,054</u>
<b>NON-CURRENT ASSETS</b>		
Prepayments and deposits for property and equipment	1,694,553,189	1,694,043,407
Property and equipment - net	18,490,193,116	15,294,448,533
Right-of-use asset - net	<u>11,923,592,043</u>	<u>12,105,169,586</u>
Total Non-current Assets	<u>32,108,338,348</u>	<u>29,093,661,526</u>
<b>TOTAL ASSETS</b>	<b><u>P 34,060,886,733</u></b>	<b><u>P 31,521,310,580</u></b>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	P 2,759,875,155	P 608,940,215
Due to related parties	<u>823,039,648</u>	<u>710,239,648</u>
Total Current Liabilities	<u>3,582,914,803</u>	<u>1,319,179,863</u>
<b>NON-CURRENT LIABILITIES</b>		
Convertible bonds payable	15,421,141,334	15,115,499,086
Lease liabilities	6,025,183,574	6,150,461,454
Retention payable	<u>425,395,880</u>	<u>421,175,899</u>
Total Non-current Liabilities	<u>21,871,720,788</u>	<u>21,687,136,439</u>
Total Liabilities	<u>25,454,635,591</u>	<u>23,006,316,302</u>
<b>EQUITY</b>	<u>8,606,251,142</u>	<u>8,514,994,278</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>P 34,060,886,733</u></b>	<b><u>P 31,521,310,580</u></b>

**EXHIBIT 2**

**SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES**  
*(Formerly Suntrust Home Developers, Inc.)*  
*(A Subsidiary of Fortune Noble Limited)*  
**INTERIM CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022**  
*(Amounts in Philippine Pesos)*

	Unaudited March 31, 2023	Unaudited March 31, 2022
<b>INCOME (EXPENSES)</b>		
Foreign exchange gain (loss)	P 162,080,480	( P 183,874,662 )
Operating expenses	( 69,466,639 )	( 9,790,207 )
Tax expense	( <u>30,106</u> )	( <u>677,862</u> )
	92,583,735	( 194,342,731 )
<b>OTHER INCOME</b>		
Finance and other income	<u>-</u>	<u>4,886</u>
<b>NET INCOME (LOSS)</b>	<b><u>P 92,583,735</u></b>	<b>( <u>P 194,337,845</u> )</b>
<b>Income (Loss) Per Share –</b>		
<b>Basic and Diluted</b>	<b><u>P 0.0128</u></b>	<b>( <u>P 0.0268</u> )</b>

**EXHIBIT 3**

**SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES**  
*(Formerly Suntrust Home Developers, Inc.)*  
*(A Subsidiary of Fortune Noble Limited)*  
**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022**  
*(Amounts in Philippine Pesos)*

	Unaudited March 31, 2023	Unaudited March 31, 2022
<b>NET INCOME (LOSS)</b>	<b>P 92,583,735</b>	<b>( P 194,337,845 )</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Item that will be reclassified subsequently to profit or loss		
Exchange difference on translating foreign operations	( <u>1,326,871</u> )	<u>3,079,692</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b><u>P 91,256,864</u></b>	<b>( <u>P 191,258,153</u> )</b>

**SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES**  
*(Formerly Suntrust Home Developers, Inc.)*  
*(A Subsidiary of Fortune Noble Limited)*  
**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022**  
*(Amounts in Philippine Pesos)*

	<u>Capital Stock</u>	<u>Convertible Bonds Equity Reserve</u>	<u>Exchange Reserve</u>	<u>Deficit</u>	<u>Total Equity</u>
Balance at January 1, 2023	P 5,862,500,010	P 5,752,006,144	P 95,056,256	( P 3,194,568,132 )	P 8,514,994,278
Total comprehensive income (loss) for the period	-	-	( 1,326,871 )	92,583,735	91,256,864
Balance at March 31, 2023 (Unaudited)	<b><u>P 5,862,500,010</u></b>	<b><u>P 5,752,006,144</u></b>	<b><u>P 93,729,385</u></b>	<b><u>( P 3,101,984,397 )</u></b>	<b><u>P 8,606,251,142</u></b>
Balance at January 1, 2022	P 5,862,500,010	P 4,592,867,070	P 70,984,578	( P 2,637,516,095 )	P 7,888,835,563
Total comprehensive income (loss) for the period	-	-	3,079,692	( 194,337,845 )	( 191,258,153 )
Balance at March 31, 2022 (Unaudited)	<b><u>P 5,862,500,010</u></b>	<b><u>P 4,592,867,070</u></b>	<b><u>P 74,064,270</u></b>	<b><u>( P 2,831,853,940 )</u></b>	<b><u>P 7,697,577,410</u></b>

## EXHIBIT 5

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES  
*(Formerly Suntrust Home Developers, Inc.)*  
*(A Subsidiary of Fortune Noble Limited)*  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022**  
*(Amounts in Philippine Pesos)*

	Unaudited March 31, 2023	Unaudited March 31, 2022
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Income (loss) before tax	P 92,613,841	( P 193,659,983 )
Adjustments for:		
Unrealized foreign exchange loss (gain)	( 160,627,435 )	204,901,938
Depreciation and amortization	672,701	577,183
Finance income	( 83,664 )	( 4,886 )
Operating gain (loss) before working capital changes	( 67,424,557 )	11,680,099
Increase (decrease) in prepayments and other current assets	71,350	( 64,143,032 )
Decrease in due from a related party	-	14,819,373
Increase in trade and other payables	( 516,942,514 )	( 490,658,771 )
Cash used in operations	( 584,295,721 )	( 528,302,331 )
Interest received	254,636	733,744
Cash paid for taxes	( 30,106 )	( 677,862 )
Cash flow used in operating activities	( 584,071,191 )	( 528,246,449 )
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	( 134,882,825 )	( 485,263,551 )
Additions to prepayments and deposits for property and equipment	( 7,925,136 )	( 125,566,833 )
Cash flow used in investing activities	( 142,807,961 )	( 610,830,384 )
<b>CASH FLOWS USED IN A FINANCING ACTIVITIES</b>		
Interest paid	-	( 347,448,148 )
<b>NET DECREASE IN CASH</b>	( 726,879,152 )	( 1,486,524,981 )
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES IN CASH</b>	( 26,798,366 )	113,946,279
<b>CASH AT BEGINNING OF THE PERIOD</b>	<u>1,291,609,422</u>	<u>6,154,842,856</u>
<b>CASH AT END OF THE PERIOD</b>	<u>P 537,931,904</u>	<u>P 4,782,264,154</u>

**SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES**  
*(Formerly Suntrust Home Developers, Inc.)*  
*(A Subsidiary of Fortune Noble Limited)*  
**NOTES TO INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022**  
**(UNAUDITED)**  
*(Amounts in Philippine Pesos)*

**1. CORPORATE INFORMATION**

***1.1 Company Background***

Suntrust Resort Holdings, Inc., formerly known as Suntrust Home Developers, Inc., (the Parent Company or Suntrust) was incorporated in the Philippines on January 18, 1956 (extended for another 50 years starting January 18, 2006) to primarily engage in real estate development. The Parent Company is a publicly listed entity in the Philippines. On October 25, 2019 and December 17, 2019, respectively, the Board of Directors (BOD) and stockholders approved the amendment of the Parent Company's primary and secondary purposes, as presented in the Articles of Incorporation, to allow the Company to focus on tourism-related businesses. This change was subsequently approved by the Philippine Securities and Exchange Commission (SEC) on June 17, 2020. Further amendments were made in 2021 to increase the authorized capital stock and change the corporate name to align with the business objectives.

In line with the change in business plans to enter into tourism-related businesses, a co-development agreement (CDA) was entered into by the Parent Company and Westside City, Inc. (Westside), a related party under common ownership, to continue the latter's development, construction, operation and management of casino and related businesses. Subject to the completion of commitments from both sides, which were satisfied in December 2020, the Parent Company paid US\$200 million for the initial cost of construction of a 5-star hotel and casino complex (Main Hotel Casino). The payment has been initially treated as refundable deposit until the completion of commitments from both entities at which time the amount was allocated between construction in progress (CIP) and right-of-use asset (ROUA).

Megaworld Corporation (Megaworld), also a publicly listed company in the Philippines, used to be the Parent Company's major stockholder with 42% direct ownership interest in the Parent Company until the acquisition by Fortune Noble Limited (Fortune Noble) in 2019 of an aggregate of 1,147,500,000 shares of the Parent Company representing 51% interest over the latter. Accordingly, Fortune Noble became the parent company of Suntrust and its subsidiaries (the Group). Fortune Noble is incorporated in the British Virgin Islands (the "BVI") and is a subsidiary of LET Group Holdings Limited, formerly known as Suncity Group Holdings Limited, (the intermediate parent company or LET Group), a publicly listed company in Hong Kong. Major Success Group Limited (Major Success), a company incorporated in the BVI is the ultimate holding company of LET Group. Currently, Megaworld owns 34% of direct ownership interest.

The principal activity of Major Success is investment holding. LET Group and its subsidiaries are principally engaged in (i) through Suntrust and its subsidiaries, the development and operation of the Main Hotel Casino; (ii) through Summit Ascent Holdings Limited and its subsidiaries, the operation of the hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region in the Russian Federation; (iii) property development in Japan; and (iv) management and operation of malls in the People's Republic of China.

The Parent Company's registered office address and principal place of business is 26<sup>th</sup> Floor, Alliance Global Tower, 36<sup>th</sup> Street corner 11<sup>th</sup> Avenue, Uptown Bonifacio, Taguig City.

The registered office and principal place of business of Fortune Noble is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands. LET Group's registered office is located at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 – 1205, Cayman Islands and its principal place of business is at Unit 1705, 17/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. Major Success' registered office and principal place of business is located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands.

## 1.2 Subsidiaries

	<u>Explanatory Notes</u>	<u>Percentage of Ownership</u>
<b>Subsidiaries:</b>		
SWC Project Management Limited (SWCPML)	(a)	100.00%
WC Project Management Limited (WCPML)	(b)	100.00%
Suncity WC Hotel Inc. (Suncity WC)	(c)	100.00%

### Explanatory Notes:

- (a) Incorporated in Hong Kong on January 20, 2020 to engage in provision of project management services.
- (b) Incorporated in Macau on February 17, 2020 to engage in provision of project management services.
- (c) Incorporated in the Philippines on January 4, 2021 to engage in the business of establishing, constructing, operating, managing, and/or maintaining hotels, health and wellness shops, cinema, car parks, entertainment centers, amusement centers and other tourism-related facilities and all its incidental and allied facilities and services, and to own (other than land), hold, lease or sublease any real and personal property, which may be necessary or convenient for the conduct of its businesses.

## 1.3 Amendments to the Parent Company's Articles of Incorporation and By-Laws

On September 6, 2021, the Parent Company's Board of Directors also approved the amendment to the Articles of Incorporation and By-Laws to change the Parent Company's corporate name to "Suntrust Resort Holdings, Inc.". On October 26, 2021, the Parent Company's shareholders approved the aforementioned amendments to the Parent's Articles of Incorporation and By-Laws. On June 8, 2022, the SEC has approved the aforementioned amendments to the Parent Company's Articles of Incorporation and By-Laws.

On April 17, 2023, the Board of Directors approved the change in the Company's principal office from 26th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City 1634 to 8/F Newport Entertainment & Commercial Centre, Newport Blvd., Newport Cybertourism Zone, Pasay City 1309. As of report date, the change in the Company's principal place of business is pending approval by the Shareholders and SEC.

#### ***1.4 Status of Construction of Main Hotel Casino***

As at March 31, 2023, the construction of structural works up to Level 10 have been completed whereas the podium façade works are in progress. The major mechanical, electrical, and plumbing equipment has been delivered to the construction site. Architectural builders works and finishes are in progress. Management aims to commence the operation of the Main Hotel Casino in 2024.

## **2. BASIS OF PREPARATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The significant accounting policies that have been used in the preparation of these interim condensed consolidated financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all periods presented, unless otherwise stated.

### ***2.1 Basis of Preparation of Interim Condensed Consolidated Financial Statements***

These interim condensed consolidated financial statements for the three months ended March 31, 2023 and 2022 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2022.

The preparation of interim condensed consolidated financial statements in accordance with Philippine Financial Reporting Standards (PFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

These interim condensed consolidated financial statements are presented in Philippine peso, the functional and presentation currency of the Group and all values represent absolute amounts except when otherwise indicated.

### ***2.2 Adoption of New and Amended PFRS***

A number of new or amended standards became applicable for the current reporting period. However, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In preparing the interim condensed consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the interim condensed consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual consolidated financial statements as of and for the year ended December 31, 2022.

### 4. SEGMENT REPORTING

#### 4.1 Business Segments

The Group's only business segment is tourism-related-business which is the development and operation of the Main Hotel Casino. This is also the basis of the Group in reporting to its board of directors for its strategic decision-making activities.

#### 4.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, prepayments and other current assets, ROUA, property and equipment, prepayments and deposits for property and equipment. Segment liabilities include all operating liabilities and consist principally of lease liabilities, convertible bonds payable, trade and other payables, retention payable and due to related parties.

The business segment information of the Group as of and for the periods ended March 31, 2023 and 2022 are as follows:

	<u>Tourism- related Business</u>
<b><u>Period ended March 31, 2023 (Unaudited)</u></b>	
Finance income	P -
Expenses	( 69,466,639)
Foreign exchange gain	<u>162,080,480</u>
Income before tax	92,613,841
Tax expense	( <u>30,106</u> )
<b>Net income</b>	<b><u>P 92,583,735</u></b>
<b><u>As at March 31, 2023 (Unaudited)</u></b>	
Segment assets	<b><u>P34,060,886,733</u></b>
Segment liabilities	<b><u>P25,454,635,591</u></b>

	<u>Tourism- related Business</u>
<u>Period ended March 31, 2022 (Unaudited)</u>	
Finance and other income	P 4,886
Expenses	( 9,790,207)
Foreign exchange loss	( <u>183,874,662</u> )
Loss before tax	( 193,659,983)
Tax expense	( <u>677,862</u> )
Net loss	(P <u>194,337,845</u> )

As at December 31, 2022 (Audited)

Segment assets	<u>P31,521,310,580</u>
Segment liabilities	<u>P23,006,316,302</u>

**5. PREPAYMENTS AND OTHER ASSETS**

The composition of this account is as follows:

	<u>March 31, 2023 (Unaudited)</u>	<u>December 31, 2022 (Audited)</u>
Current:		
Input value-added tax (VAT)	<b>P 1,300,486,007</b>	P 1,005,299,640
Prepaid insurance	<b>113,501,778</b>	130,649,770
Refundable deposits	<u>628,696</u>	<u>90,222</u>
	<u><b>1,414,616,481</b></u>	<u>1,136,039,632</u>
Non-current:		
Deposits for property and equipment	<b>1,662,692,583</b>	1,667,606,256
Prepaid insurance and other costs	<u>31,860,606</u>	<u>26,437,151</u>
	<u><b>1,694,553,189</b></u>	<u>1,694,043,407</u>
	<u><b>P 3,109,169,670</b></u>	<u>P 2,830,083,039</u>

## 6. PROPERTY AND EQUIPMENT

Details of property and equipment as at March 31, 2023 (Unaudited) and December 31, 2022 (Audited) are as follows:

	Office and Communication Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
Cost:					
Balance at January 1, 2023	P 4,242,760	P -	P -	P15,292,440,822	P15,296,683,582
Additions during the period	<u>2,886,179</u>	<u>60,371</u>	<u>7,551,076</u>	<u>3,185,919,658</u>	<u>3,196,417,284</u>
Balance at March 31, 2023	<b><u>P 7,128,939</u></b>	<b><u>P 60,371</u></b>	<b><u>P 7,551,076</u></b>	<b><u>P 18,478,360,480</u></b>	<b><u>P18,493,100,866</u></b>
Accumulated Depreciation:					
Balance at January 1, 2023	P 2,235,049	P -	P -	P -	P 2,235,049
Depreciation	<u>240,427</u>	<u>784</u>	<u>431,490</u>	<u>-</u>	<u>672,701</u>
Balance at March 31, 2023	<b><u>P 2,475,476</u></b>	<b><u>P 784</u></b>	<b><u>P 431,490</u></b>	<b><u>P -</u></b>	<b><u>P 2,907,750</u></b>
Net book values					
March 31, 2023 (Unaudited)	<b><u>P 4,653,462</u></b>	<b><u>P 59,587</u></b>	<b><u>P 7,119,586</u></b>	<b><u>P18,478,360,480</u></b>	<b><u>P 18,490,193,116</u></b>
December 31, 2022 (Audited)	<u>P 2,007,711</u>	<u>P -</u>	<u>P -</u>	<u>P15,292,440,822</u>	<u>P15,294,448,533</u>

Total borrowing costs capitalized as CIP for the three months ended March 31, 2023 and the year ended December 31, 2022 amounted to P546.1 million (net of P0.2 million interest income) and P2,174.7 million (net of P4.5 million interest income), respectively. Capitalization rates used in determining the amount of interest charges for capitalization of specific borrowings ranges from 6% to 14% in 2023 and 2022.

## 7. CONVERTIBLE BONDS PAYABLE

On May 29, 2020, the Parent Company entered into a subscription agreement with Fortune Noble for the issuance of zero-coupon convertible bonds at a total subscription price of P7,300.0 million (Fortune Noble - P7.3B CB). The convertible bonds were issued on December 30, 2020 and is convertible into 6,636,363,636 shares at the conversion price of P1.10 per share, subject to anti-dilutive adjustments.

On June 1, 2020, the Parent Company also entered into a subscription agreement with Summit Ascent Investments Limited (SA Investments) for the issuance of 6.0% convertible bonds at a total subscription price of P5,600.0 million (SA Investments – P5.6B CB). The convertible bonds were issued on December 30, 2020 and is convertible into 3,111,111,111 shares at the conversion price of P1.80 per share, subject to anti-dilutive adjustments.

Both convertible bonds are payable up to 2025, which may subject to agreement by Fortune Noble and SA Investments, upon request of the Parent Company, be extended up to 2030.

On September 20, 2021, the Parent Company also entered into a subscription agreement with SA Investments for the issuance of 6.0% convertible bond at a total subscription price of P6,400.0 million (SA Investments - P6.4B CB). The convertible bond was issued on June 10, 2022 and is convertible into 3,878,787,878 shares at the conversion price of P1.65 per share (see Note 7). The convertible bond is payable up to 2025, which may subject to agreement by SA Investments, upon request of the Parent Company, be extended up to 2028.

The fair values at initial recognition and the carrying amounts of the financial liability components, calculated based on the fair value of the principal less any directly attributable transaction costs, at March 31, 2022 and December 31, 2022 are below:

	<b>Fortune Noble - P7.3B CB</b>	<b>SA Investments - P5.6B CB</b>	<b>SA Investments - P6.4B CB</b>	<b>Total</b>
Face value of the bonds issued	P 7,300,000,000	P 5,600,000,000	P -	P 12,900,000,000
Bond issue costs	( 62,123,000)	( 47,656,000)	-	( 109,779,000)
Net proceeds	7,237,877,000	5,552,344,000	-	12,790,221,000
Amount classified as equity	( 2,931,095,999)	( 1,661,771,071)	-	( 4,592,867,070)
Carrying amount of liability				
at December 31, 2020 (Audited)	4,306,781,001	3,890,572,929	-	8,197,353,930
Amortized interest in 2021	<u>479,374,480</u>	<u>252,855,593</u>	-	<u>732,230,073</u>
Carrying amount of liability at				
December 31, 2021 (Audited)	<u>P 4,786,155,481</u>	<u>P 4,143,428,522</u>	<u>P -</u>	<u>P 8,929,584,003</u>
Balance as at January 1, 2022	<u>P 4,786,155,481</u>	<u>P 4,143,428,522</u>	<u>P -</u>	<u>P 8,929,584,003</u>
Face value of the bonds				
issued in 2022	-	-	6,400,000,000	6,400,000,000
Bond issue costs	-	-	( 54,464,000)	( 54,464,000)
Net proceeds	-	-	<u>6,345,536,000</u>	<u>6,345,536,000</u>
Amount classified as equity	-	-	( 1,159,139,074)	( 1,159,139,074)
Amortized interest in 2022	<u>532,732,172</u>	<u>291,126,417</u>	<u>175,659,568</u>	<u>999,518,157</u>
Carrying amount of liability at				
December 31, 2022 (Audited)	5,318,887,653	4,434,554,939	5,362,056,494	15,115,499,086
Amortized interest for the period	<u>142,202,182</u>	<u>75,035,828</u>	<u>88,404,238</u>	<u>305,642,248</u>
Carrying amount of liability at				
March 31, 2023 (Unaudited)	<u>P 5,461,089,835</u>	<u>P 4,509,590,767</u>	<u>P 5,450,460,732</u>	<u>P 15,421,141,334</u>

For the period ended March 31, 2023, the Parent Company accrued P180.0 million interest related to SA Investments - P5.6B CB and SA Investments - P6.4B CB and included as part of Due to related parties in the interim condensed consolidated statement of financial position.

## 8. FINANCE COST

The details of finance costs are shown below.

	<b>March 31, 2023 (Unaudited)</b>	<b>March 31, 2022 (Unaudited)</b>
Interest on:		
Convertible bonds payable	<b>P 305,642,248</b>	P 192,554,617
Coupon CBs	<b>180,000,000</b>	84,000,000
Lease liabilities	<b>60,414,193</b>	63,020,596
Interest on loan from related parties	-	91,457,182
Other borrowing costs	-	<u>11,448,148</u>
	<u><b>546,056,441</b></u>	442,480,543
Less: Capitalized interest	<u>( 546,056,411)</u>	<u>( 442,480,543)</u>
	<u><b>P -</b></u>	<u>P -</u>

## 9. RELATED PARTY TRANSACTIONS

The Group's transactions with related parties, which include stockholders, related parties under common ownership, ultimate parent company, and the Group's key management, are described below.

	<u>Amount of Transactions</u>		<u>Receivable (Payable)</u>	
	<u>March 31, 2023</u> <u>(Unaudited)</u>	<u>March 31, 2022</u> <u>(Unaudited)</u>	<u>March 31, 2023</u> <u>(Unaudited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>
<b>Stockholders:</b>				
Issuance of convertible bonds	P -	P -	(P 5,461,089,835)	(P 5,318,887,653)
Shareholder's interest	-	-	( 93,706,314)	( 93,706,314)
Interest on convertible bonds	142,202,182	127,959,415	-	-
Subscription of shares	-	-	1,387,499,990	1,387,499,990
-	-	-	-	-
<b>Related Parties Under Common Ownership:</b>				
Issuance of convertible bonds	-	-	( 9,960,051,499)	( 9,796,611,433)
Interest on convertible bonds	343,440,066	148,595,202	( 729,333,333)	( 616,533,333)
Payment of interest on convertible bonds	-	336,000,000	-	-
Advances	-	15,717,964	-	-
Transfer of assets	-	19,739,247	-	-
<b>Key Management Personnel:</b>				
Compensation	15,455,397	10,015,005	-	-

Unless other stated, the outstanding balance of the Group's transactions with its related parties are unsecured, non-interest-bearing and payable or collectible on demand.

## 10. INCOME (LOSS) PER SHARE

Income (loss) per share amounts were computed as follows:

	<u>Period ended</u> <u>March 31, 2023</u> <u>(Unaudited)</u>	<u>Period ended</u> <u>March 31, 2022</u> <u>(Unaudited)</u>
Net income (loss)	P 92,583,735	(P 194,337,845)
Divided by the weighted average number of outstanding shares	<u>7,250,000,000</u>	<u>7,250,000,000</u>
Basic and diluted income (loss) per share	<u>P 0.0128</u>	<u>(P 0.0268)</u>

On December 30, 2020, the Parent Company issued convertible bonds to Fortune Noble and SA Investments, which are convertible to 6,636,363,636 and 3,111,111,111 shares, respectively. On June 10, 2022, SA Investments issued additional convertible bonds, which are convertible to 3,878,787,878 shares.

The computation of diluted income (loss) per share did not assume the conversion of the outstanding convertible bonds of the Parent Company since the conversion of the outstanding convertible bonds would result in decrease in diluted income (loss) per share.

## 11. EQUITY

### 11.1 Capital Stock

The details of the Parent Company's capital stock as of March 31, 2023 and December 31, 2022 are as follows:

	<b>March 31, 2023</b> <b>(Unaudited)</b>	December 31, 2022 <b>(Audited)</b>
Capital stock	<b>P 5,862,500,010</b>	P 5,862,500,010
Convertible bonds equity reserve	<b>5,752,006,144</b>	5,752,006,144
Exchange reserve	<b>93,729,385</b>	95,056,256
Deficit	<b>( 3,101,984,397)</b>	<b>( 3,194,568,132)</b>
	<b>P 8,606,251,142</b>	<b>P 8,514,994,278</b>

On April 26, 2023, the Parent Company received full payment of its subscription receivables from its shareholders amounting to P1,387.5 million.

### 11.2 Status of Operation

The Group incurred net losses from its operations in prior years which resulted in a deficit of P3,116.9 million and P3,194.6 million as of March 31, 2023 and December 31, 2022, respectively. Management believes that this does not raise material uncertainty related to going concern as the Group expects to generate revenues in the foreseeable future upon completion of its Main Hotel Casino. Further, management is in discussion with financial institutions that shall enable the Parent Company to obtain financing for the completion of the construction of the Main Hotel Casino.

## 12. COMMITMENTS AND CONTINGENCIES

### 12.1 Co-Development and Lease Agreements with a Related Party Under Common Ownership

In 2019, the Parent Company entered into a CDA with a related party under common ownership, with respect to the development of a hotel and casino. Under this agreement, the Parent Company is to raise funds of not less than USD300.0 million within 5 months (as further extended to December 31, 2020 by five supplemental agreements to the CDA), USD200.0 million (P9,853.7 million) of which is payment for the initial cost of the project. As of December 31, 2020, the Parent Company was able to raise the funds as required. The USD200.0 million initial cost of the construction of Main Hotel Casino has been fully paid and was allocated to ROUA and CIP in the amounts of P8,811.0 million and P1,042.7 million, respectively.

As of December 31, 2020, the Group was able to raise the funds as required. The US\$200.0 million initial cost of the project had been fully paid and was allocated to ROUA and CIP in the amounts of P8,811.0 million and P1,042.7 million, respectively.

On February 21, 2020, and in relation to the CDA, the Parent Company entered into a lease agreement with a related party under common ownership, over three parcels of land. The lease agreement provides for an original term of until August 19, 2039 (19 years) and is renewable automatically for another 25 years subject to applicable laws and upon agreement by both parties.

The related annual rental is set at USD10.6 million which is payable starting from the latter of the first day of commencement of the operation of the Main Hotel Casino and the fulfilment of the conditions precedent or such other dates as may mutually agreed upon by both parties Management estimated that the operation shall commence in 2024.

The carrying amount of Group's ROUA as at March 31, 2023 and December 31, 2022 and movements during the periods are shown below.

	<b>Period ended March 31, 2023 (Unaudited)</b>	Year ended December 31, 2022 (Audited)
Balance at beginning of period/year	<b>P 12,105,169,586</b>	P 13,681,077,372
Depreciation capitalized as construction in progress	<b>( 181,577,543)</b>	( 726,310,175)
Remeasurement during the period/year	-	( 825,199,087)
Lease terminated during the period/year	-	( 24,398,524)
	<b><u>P 11,923,592,043</u></b>	<b><u>P 12,105,169,586</u></b>

The carrying amount of Group's Lease liabilities as at March 31, 2023 and December 31, 2022 and movements during the periods are shown below.

	<b>Period ended March 31, 2023 (Unaudited)</b>	Year ended December 31, 2022 (Audited)
Balance at beginning of period/year	<b>P 6,150,461,454</b>	P 6,195,503,842
Exchange difference	<b>( 185,692,073)</b>	569,015,087
Interest during the period/year	<b>60,414,193</b>	235,410,607
Remeasurement during the period/year	-	( 825,199,087)
Lease terminated during the period/year	-	( 24,268,995)
	<b><u>P 6,025,183,574</u></b>	<b><u>P 6,150,461,454</u></b>

### ***12.2 Operation and Management Agreement with a Related Party Under Common Ownership***

On May 4, 2020, the Parent Company entered into an Operation and Management Agreement with a related party under common ownership whereby the Parent Company shall operate and manage the Main Hotel Casino which is expected to commence operation in 2024. The agreement is effective upon the execution date of May 4, 2020 until July 11, 2033 and may be extended or renewed as mutually agreed upon by both parties.

### ***12.3 Capital Commitments***

As of March 31, 2023, the Group has commitments of about P27,898.6 million (December 31, 2022 - P28,955.0 million) for the construction of the Main Hotel Casino.

### ***12.4 Others***

The Group has other commitments and contingencies that may arise in the normal course of the Group's operations which have not been reflected in the interim condensed consolidated financial statements. Management is of the opinion that losses, if any, from these other commitments will not have material effects on the Group's interim condensed consolidated financial statements.

### 13. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. The Group's risk management is coordinated with the BOD and focuses on actively securing the Group's short-to medium-term cash flows by minimizing the exposure to financial markets.

Exposure to foreign currency interest rate, credit and liquidity risk arise in the ordinary course of the Group's business activities. The main objective of the Group's risk management is to identify, monitor, and minimize those risks and to provide cost with a degree of certainty.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The financial risks to which the Group is exposed to are described in the below and in the succeeding pages.

#### 13.1 Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Group's foreign currency-denominated cash, due to related parties, trade and other payables and lease liabilities which are primarily denominated in U.S. Dollar (USD), and Hong Kong Dollar (HKD).

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency denominated financial assets and financial liabilities, translated into Philippine pesos at the closing rate as of March 31, 2023, are as follows:

	<u>US\$</u>	<u>Php Equivalent</u>	<u>HKD</u>	<u>Php Equivalent</u>
Financial assets	\$ 8,833,275	P 480,786,312	\$ 586,293	P 4,065,298
Financial liabilities	( 110,698,039)	( 6,025,183,574)	-	-
	<u>(\$ 101,864,764)</u>	<u>(P 5,544,397,262)</u>	<u>\$ 586,293</u>	<u>P 4,065,298</u>

The sensitivity of the loss before tax for the period with regard to the Group's financial assets and the USD - Philippine peso exchange rate assumes a +/- 9.51% change in exchange rate while the HKD - Philippine peso exchange rate assumes a +/- 9.59% change for the period ended March 31, 2023. These percentages have been determined based on the average market volatility in exchange rates in the previous year, respectively, estimated at 99% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting periods.

If the Philippine peso had strengthened against the USD, with all other variables held constant, consolidated income before tax would have decreased by P395.5 million. If the Philippine peso had strengthened against the HKD, with all other variables held constant, consolidated income before tax would have increased by P0.3 million.

However, if the Philippine peso had weakened against the USD and HKD by the same percentages, consolidated net loss would have changed at the opposite direction by the same amounts.

Exposures to foreign exchange rates vary during the period depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

### **13.2 Interest Rate Risk**

As at March 31, 2023 and December 31, 2022, the Group is exposed to changes in market interest rates through its cash and cash equivalents which are subject to variable interest rates. All other financial assets and financial liabilities have fixed rates or are non-interest bearing. Management believes that the impact of the fluctuations in interest rates would not materially impact the Group's consolidated financial statements since the interest rates have shown insignificant changes during the years.

### **13.3 Credit Risk**

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The credit risk for cash and cash equivalents and refundable deposits are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

### **13.4 Liquidity Risk**

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six months and one-year period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in time deposits. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The table below summarizes the maturity profile of the Group's financial liabilities as at March 31, 2023 and December 31, 2022 reflecting the gross cash flows, which may differ from the carrying values of the liabilities at the end of reporting periods.

	<u>Current</u>		<u>Non-current</u>
	<u>Within 6 Months</u>	<u>6 to 12 Months</u>	<u>1 to 19 Years</u>
<b>March 31, 2023 (Unaudited)</b>			
Trade and other payables	P 2,720,947,351	P -	P 425,395,880
Due to related parties	823,039,648	-	-
Convertible bonds payable	-	-	<u>21,066,666,667</u>
	<b><u>P 3,543,986,999</u></b>	<b><u>P -</u></b>	<b><u>P21,492,062,547</u></b>
<b>December 31, 2022 (Audited)</b>			
Trade and other payables	P 533,461,782	P -	P 421,175,899
Due to related parties	710,239,648	-	-
Convertible bonds payable	-	-	<u>21,246,666,666</u>
	<b><u>P 1,243,701,430</u></b>	<b><u>P -</u></b>	<b><u>P21,667,842,565</u></b>

The Group's convertible bonds payable presented above assumed that the holders did not execute the conversion option. If the bonds were converted, there would be no cash outflow upon maturity of the bonds.

## 14. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

### 14.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
<b>Financial Assets</b>				
Financial assets at amortized cost:				
Cash and cash equivalents	P 537,931,904	P 537,931,904	P 1,291,609,422	P ,291,609,422
Refundable deposits	628,696	628,696	90,222	90,222
	<u>P 538,560,600</u>	<u>P 538,560,600</u>	<u>P 1,291,699,644</u>	<u>P 1,291,699,644</u>
<b>Financial Liabilities</b>				
Financial liabilities at amortized cost:				
Trade and other payables	P 3,146,343,231	P 3,146,343,231	P 954,637,681	P 954,637,681
Due to related parties	823,039,648	823,039,648	710,239,648	710,239,648
Lease liabilities	6,025,183,574	6,025,183,574	6,150,461,454	6,150,461,454
Convertible bonds payable	15,421,141,334	19,409,147,706	15,115,499,086	19,409,147,706
	<u>P 25,415,707,787</u>	<u>P 29,403,714,159</u>	<u>P 22,930,837,869</u>	<u>P 27,224,486,489</u>

### 14.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set off financial instruments as of March 31, 2023 and December 31, 2022. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and shareholders. As such, the Group's outstanding receivables from and payables to the same related parties as presented in Note 9 can be potentially offset to the extent of their corresponding outstanding balances.

## 15. FAIR VALUE MEASUREMENT AND DISCLOSURE

### 15.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

### ***15.2 Financial Instruments Measurement at Amortized Cost for which Fair Value is Disclosed***

Except for cash which are under Level 1, all of the Group's financial assets and financial liabilities are classified under Level 3. For financial assets with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments approximate their fair values.

The fair values of the financial assets and financial liabilities included in Level 3 above, which are not traded in an active market, is determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data. There were no transfers into or out of Level 3 fair value hierarchy as of March 31, 2023 and December 31, 2022.

### ***15.3 Financial Instruments at Initial Recognition - Convertible Bonds***

In relation to its convertible bonds, the fair value is determined closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The fair value of convertible bonds at initial recognition is determined based on option pricing method whereby the enterprise value, conversion price, expected option life, risk-free rate, and volatility were considered as principal inputs.

## **16. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES**

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders in the future.

The Group also monitors capital on the basis of the carrying amount of equity as presented on the consolidated statements of financial position. It sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

**MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

**RESULTS OF OPERATIONS**

*Review of March 31, 2023 versus March 31, 2022*

On January 4, 2021, the SEC approved the incorporation of Suncity WC Hotel Inc. (WC Hotel), a new wholly owned subsidiary in the Philippines. The subsidiary will be engaged in the business of establishing, constructing, operating, managing, and/or maintaining hotels, health and wellness shops, cinema, car parks, entertainment centers, amusement centers and other tourism-related facilities and all its incidental and allied facilities and services, and to own (other than land), hold, lease or sublease any real and personal property, which may be necessary or convenient for the conduct of its businesses. As of March 31, 2023, WC Hotel is still in pre-operating stage and has not commenced commercial operations.

Below are the major changes on the Group's results of operation:

Operating expenses exhibited an increase of Php59.68 million or 609.55% from Php9.79 million in 2022 to Php69.47 million in 2023.

Interest expense during the current period and 2022 is nil.

Foreign exchange gain during the period amounted to Php162.08 million while foreign exchange loss is Php183.87 million in 2022 of the same period.

The Group's incurred a net income in 2023 amounting to Php92.58 million from the previous year's net loss of Php194.34 million or Php286.92 million increase.

## FINANCIAL CONDITION

*As of March 31, 2023 and December 31, 2022*

The Group's total resources amounted to Php34,060.89 million in 2023 from Php31,521.31 million in 2022. The Group manages its liquidity needs by carefully monitoring scheduled payments for financial liabilities as well as its cash outflows due in a day-to-day business.

Current assets decreased by Php475.10 million or 19.57% from Php2,427.65 million in 2022 to Php1,952.55 million in 2023. Cash decreased by Php753.68 million or 58.35% from Php1,291.61 million in 2022 to Php537.93 million in 2023. Other current assets increased by Php278.58 million or 24.52% from Php1,136.04 million in 2022 to Php1,414.62 million in 2023.

Non-current assets increased by Php3,014.68 million or 10.36% from Php29,093.66 million in 2022 to Php32,108.34 million in 2023. Property and equipment increased by Php3,195.74 million or 20.89% in 2022 from Php15,294.45 million in 2022 to Php18,490.19 million in 2023. Deposits for property and equipment increased by Php0.51 million or 0.03% from Php1,694.04 million in 2022 to Php1,694.55 million in 2023.

The Group's total liabilities amounted to Php25,454.64 million in 2023 from Php23,006.32 million in 2022 or an increase of Php2,448.32 million or 10.64%.

Current liabilities increased by Php2,263.74 million or 171.60% from Php1,319.18 million in 2022 to Php3,582.92 million in 2023. Trade and other payables exhibited an increase of Php2,150.94 million or 353.23% from Php608.94 million in 2022 to Php2,759.88 million in 2023. Due to related parties increased by Php112.80 million or 15.88% from Php710.24 million in 2022 to Php823.04 million in 2023.

Convertible bonds payable increased by Php305.64 million or 2.02% from Php15,115.50 million in 2022 to Php15,421.14 million in 2023. Lease liabilities exhibited a decrease of Php125.28 million or 2.04% from Php6,150.46 million in 2022 to Php6,025.18 million in 2023.

Equity increased by Php91.26 million or 1.07% from Php8,514.99 million in 2022 to Php8,606.25 million in 2023.

### **Material Changes in the Financial Statements Items:**

***Increase/Decrease of 5% or more versus December 31, 2022***

#### **Statements of Financial Position**

*58.35% decrease in cash*

Due to payment of operating expenses and construction costs in relation to the construction of the Main Hotel Casino.

24.52% increase in other current assets

Due to prepaid expenses and input value-added taxes recognized in relation to construction costs of the Main Hotel Casino.

20.89% increase in property and equipment

Due to the capitalized construction costs as construction in progress in relation to the construction of the Main Hotel Casino.

353.23% increase in trade and other payables

Due to increase in unpaid construction related invoices as of March 31, 2023.

15.88% increase in due to related parties

Increase represents accrual of interest on the convertible bonds issued to Summit Ascent.

***Increase/Decrease of 5% or more versus March 31, 2022***

**Statements of Income**

341.36% increase in foreign exchange - net

Mainly due to translation adjustment to foreign denominated lease liabilities.

609.55% increase in operating expenses

Mainly due to increase of manpower during the period.

**KEY PERFORMANCE INDICATORS**

Presented below are the top five (5) key performance indicators of the Group:

	March 31, 2023	December 31, 2022
Current Ratio *1	0.54 : 1.00	1.84 : 1.00
Quick Ratio *2	0.15 : 1.00	0.98 : 1.00
Debt to Equity Ratio *3	2.96 : 1.00	2.70 : 1.00
	March 31, 2023	March 31, 2022
Return on Assets *4	0.28%	-0.63%
Return on Equity *5	1.08%	-2.49%

\*1 – *Current Assets / Current Liabilities*

\*2 – *Cash and Cash Equivalents and Short-term Investments / Current Liabilities*

\*3 – *Total Liabilities / Equity*

\*4 – *Net Profit (Loss) / Average Total Assets*

\*5 – *Net Profit (Loss) / Average Equity*

There are no other significant changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition on the Group.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Group's liquidity in any material way.

There are no other known events that will trigger direct or contingent financial obligation that is currently considered material to the Group, including any default or acceleration of an obligation.

The Group does not anticipate having any cash flow or liquidity problems. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments. The Group has material commitments for capital expenditures amounting to approximately Php27,898.6 million as of March 31, 2023 in relation to the construction of the Main Hotel Casino.

There are no material off-balance sheet transactions, arrangements, obligations, and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

The Group has no unusual nature of transactions or events that affects assets, liabilities, equity, net income or cash flows.

There are no other material issuances, repurchases or repayments of debt and equity securities.

There are no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

There are no other material events subsequent to the end of the period that have not been reflected in the financial statements for the period.

There are no other changes in estimates of amount reported in periods of the current financial year or changes in estimates of amounts reported in prior financial years.

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES  
*(Formerly Suntrust Home Developers, Inc.)*  
*(A Subsidiary of Fortune Noble Limited)*  
Aging of Accounts Receivable  
March 31, 2023

EXHIBIT 8

Type of Receivables	Total	Current/ Not Yet Due	1-3 Months	4-6 Months	7 Months to 1 Year	1-2 Years	Past Due Accounts and Items in Litigation
Trade and Other Receivables	—	—	—	—	—	—	

**EXHIBIT 9**

**SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES**  
*(Formerly Suntrust Home Developers, Inc.)*  
*(A Subsidiary of Fortune Noble Limited)*  
**ANNEX 68-E - SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**  
 March 31, 2023 and December 31, 2022

<b>Ratio</b>	<b>Formula</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Current ratio	Current assets / Current liabilities	<b>0.54</b>	<b>1.84</b>
Acid test ratio	Quick assets / Current liabilities (Quick assets include current assets less other current assets)	<b>0.15</b>	<b>0.98</b>
Solvency ratio	Total liabilities / Total assets	<b>1.34</b>	<b>1.37</b>
Debt-to-equity ratio	Total liabilities / Total stockholders' equity	<b>2.96</b>	<b>2.70</b>
Asset-to-equity ratio	Total assets / Total stockholders' equity	<b>3.96</b>	<b>3.70</b>
Interest rate coverage ratio	EBIT / Total interest	<b>n/a</b>	<b>n/a</b>
Return on equity	Net income (loss) / Average total equity	<b>1.08%</b>	<b>-6.79%</b>
Return on assets	Net Income (loss) / Average total assets	<b>0.28%</b>	<b>-1.79%</b>
Net profit margin	Net loss / Total revenues	<b>-</b>	<b>-</b>