LET

LEISURE ENTERTAINMENT TASTE

LET GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

Overseas Regulatory Announcement: by an overseas listed subsidiary

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Suntrust Resort Holdings, Inc., an overseas listed subsidiary of LET Group Holdings Limited listed on The Philippine Stock Exchange, Inc. ("**PSE**"), has published its annual report for the year ended 31 December 2023 (the "**2023 Annual Report**") on the website of PSE on 1 April 2024. For details, please refer to the attached 2023 Annual Report.

By order of the Board
LET Group Holdings Limited
Lo Kai Bong
Chairman

Hong Kong, 2 April 2024

As at the date of this announcement, the executive Director is Mr. Lo Kai Bong (Chairman).

COVER SHEET

10683
S.E.C. Registration Number

SUNTRUST RESORT HOLDINGS, INC.
(FORMERLY SUNTRUST HOME DEVE-
LOPERS, INC.)

(Company's Full Name)

26/F ALLIANCE GLOBAL TOWER,
36TH ST. COR. 11TH AVE., UP-
TOWN BONIFACIO, TAGUIG CITY

(Business Address of the Company)

NELILEEN S. BAXA	02-8894-6300
Contact Person	Company Telephone Number

12 (Month) 31 (Day)	SEC FORM 17-A	Last Tuesday of October
Fiscal Year	Form Type	Regular Meeting

NONE
Secondary License type, if applicable

MSRD/CMD/ICTD	
Dept. Requiring this Doc.	Amended Articles Number/Section

Total amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = Pls. use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended: **31 December 2023**

2. SEC Identification Number: **10683** 3. BIR Tax Identification No.: **000-141-166-000**

4. Exact name of issuer as specified in its Charter:
SUNTRUST RESORT HOLDINGS, INC.

5. **METRO MANILA, PHILIPPINES**
Province, country, or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code

7. **26th Floor Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City, Philippines 1634**
Address of principal office and postal code

8. **02 8894 6300**
Issuer's telephone number, including area code

9. **N.A.**
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
Common	**7,250,000,000**[1]

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

Yes [**x**] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:
The common shares of the Company are listed on The Philippine Stock Exchange, Inc. ("PSE").

[1] As of the date of this Annual Report, only 4,550,000,000 shares are listed on the PSE. The Company applied for listing of the remaining 2,700,000,000 shares on 3 January 2024. The application is currently pending with the PSE.

12. Check whether the Issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder, or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, or Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the Registrant was required to file such reports); and

Yes [**x**] No [ ]

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

Yes [**x**] No [ ]

13. The aggregate market value of the voting stock held by non-affiliates of the Company as of 29 February 2024[2] is PhP831,044,796.00 (number of shares held by the public as of 29 February 2024 multiplied by the PSE closing price on 29 February 2024).

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[2] Sixty (60) days prior to the date of filing, as required in the General Instructions for SEC Form 17-A, as amended.

TABLE OF CONTENTS

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

(1) Business Development

On 18 January 1956, Suntrust Resort Holdings, Inc., formerly Suntrust Home Developers, Inc. (the "**Company**"), then known as Ramie Textiles, Inc., was incorporated to engage in the business of manufacture and sale of all types of ramie products. On 11 February 1959, the Company was listed on the PSE.

On 10 June 1994, the Securities and Exchange Commission ("**SEC**") approved the amendment to the Articles of Incorporation (the "**AOI**") of the Company changing the name, from Ramie Textiles Inc. to Gaming Interest and Franchise Technologies, Inc., its secondary purpose, and including a provision denying pre-emptive rights to existing stockholders for any future issue of shares. Upon its conversion to a holding company, the Company sought to identify investment opportunities which will yield attractive returns.

On 10 April 1995, the Company's name was changed from Gaming Interest and Franchise Technologies, Inc. to Greater Asia Resources Corporation. Subsequently, the Company acquired two parcels of land situated in Tagaytay City with an approximate total area of 510,479 square meters in exchange for 250,000 shares out of its unissued capital stock.

On 11 August 1998, the SEC approved the Amended AOI of the Company changing the corporate name from Greater Asia Resources Corporation to BW Resource Corporation ("**BWRC**"). The primary purpose of BWRC was to acquire interests in tourism or leisure-related enterprises, projects, or ventures.

On 17 August 1999, the SEC approved an increase in the Authorized Capital Stock (the "**ACS**") of the Company from 450,000,000 shares to 2,000,000,000 shares with a par value of PhP1.00 per share. Out of the increase in ACS, PhP1,200,000,000.00 worth of shares were issued to Megaworld Corporation ("**Megaworld**"). With the entry of Megaworld on 3 October 2000, the SEC approved the change in the Company's name from BW Resource Corporation to Fairmont Holdings, Inc.

In July 2002, the Company acquired from an affiliate, Empire East Land Holdings, Inc. ("**EELHI**"), all of the latter's shareholdings in Empire East Properties, Inc. ("**EEPI**"). Prior to such acquisition, EEPI was a wholly owned subsidiary of EELHI engaged in the development of socialized or low-cost housing projects. In March 2004, the Company's percentage of ownership in EEPI was reduced from 100% to 60% upon the subscription by EELHI to additional shares of stock of EEPI. On 8 July 2008, EEPI changed its name to Suntrust Properties, Inc. ("**SPI**") and increased its ACS, with EELHI subscribing to such increase. As a result, the Company's ownership interest in SPI decreased from 60% to 20% and the Company's control over SPI ceased and, as such, SPI became an associate of the Company. In June 2013, the Company has sold all its remaining shares in SPI.

On 30 August 2005, the Board of Directors of the Company approved the decrease in the number of members of the Board of Directors from eleven (11) to seven (7) directors and the extension of its corporate term for another fifty (50) years from 18 January 2006. These changes to the AOI were ratified by the stockholders of the Company on 11 November 2005 and were approved by the SEC on 10 May 2006.

On 6 May 2006, the SEC approved the change in the Company's name from Fairmont Holdings, Inc. to Suntrust Home Developers, Inc. The change in name was prompted by a change in the Company's primary purpose or nature of business: from a holding company to a real estate company authorized to engage in real estate development, mass community housing, townhouses and rowhouses development, residential subdivision, and other massive horizontal land development. To enable the Company to finance any acquisitions or projects that it may undertake in line with its new corporate purpose, the Board of Directors approved a PhP1,000,000,000.00 increase in the Company's ACS or from PhP2,000,000,000.00 to PhP3,000,000,000.00. Out of the PhP1,000,000,000.00 increase, PhP250,000,000.00 was subscribed while PhP62,500,000.00 was actually paid-up in cash by Megaworld.

On 25 October 2019, to allow the Company to venture in tourism-related businesses and facilitate investments therefor, the Board of Directors approved the amendments to the Company's primary and secondary purposes in its AOI, the conduct of fundraising activities for tourism-related businesses that the Company would venture into such as the issuance of shares to third parties at par value or issuance of convertible bonds, and entering into a Co-development Agreement with Westside City Resorts World, Inc. (now Westside City Inc.) ("**Westside**"). Further, the Board of Directors and the stockholders of the Company ratified the previous resolution of the Board of Directors and stockholders confirming the Board of Directors' resolution dated 23 September 2014 and the stockholders' resolution on 18 November 2014 to increase the Company's ACS.

On 28 October 2019, Fortune Noble Limited ("**Fortune Noble**"), a wholly owned subsidiary of LET Group Holdings Limited ("**LET Group**"), a listed company on The Stock Exchange of Hong Kong Limited ("**HKEX**"), acquired 51% of the outstanding capital stock of the Company. The LET Group and its subsidiaries are principally engaged in (i) through the Company and its subsidiaries (the "**Group**"), the development and operation of an integrated resort in the Philippines, (ii) through Summit Ascent Holdings Limited and its subsidiaries, the operation of a hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region of the Russian Federation, and (iii) property development in Japan.

On 10 December 2019, the SEC approved the increase in the ACS of First Oceanic Property Management, Inc. ("**FOPM**"), the Company's subsidiary since September 2011. Considering the shift in the Company's business focus, a new investor (a related party to a substantial stockholder of the Company) infused capital in the form of cash to FOPM. Consequently, the Company's interest in FOPM was reduced to 24.27% of FOPM's capital stock. Incorporated and registered with SEC on 31 January 1990, FOPM is engaged primarily in the management of real estate properties consisting of residential and office condominiums and private estates. FOPM also holds 100% of the outstanding shares of stock of CityLink Coach Services, Inc. ("**CityLink**"), which was incorporated and registered with the SEC on 7 November 2006. CityLink is a domestic corporation primarily engaged in providing transportation services. (Hereafter, FOPM and CityLink will be collectively referred as the "**FOPM Group**.")

On 20 December 2019, the SEC approved the increase in the Company's ACS from PhP3,000,000,000.00 to PhP23,000,000,000.00. The SEC also approved the Company's application for registration under the Foreign Investments Act of 1991.

On 20 January 2020, the Company established SWC Project Management Limited, a wholly owned subsidiary, in Hong Kong. In addition, on 17 February 2020, the Company also established WC Project

Management Limited, also a wholly owned subsidiary, in Macau. Both subsidiaries are engaged in the provision of project management services.

On 17 June 2020, the SEC approved the amendments to the Company's primary and secondary purposes: from that of a real estate company to a tourism-oriented company authorized to engage in tourism-related businesses, including, but not limited to, acquiring, developing, improving, and operating tourism-oriented facilities such as hotels, resorts, private clubs, leisure parks, entertainment centers, restaurants, food and beverage outlets, and other recreational facilities, and to operate, manage, and/or maintain such other allied businesses, services, and facilities, incidental or necessary or connected therewith.

On 19 January 2021, the SEC approved the incorporation of Suncity WC Hotel Inc., a new wholly owned subsidiary of the Company in the Philippines. The subsidiary is 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 properties which may be necessary or convenient for the conduct of its businesses. The subsidiary has not yet started commercial operations as of 31 December 2023.

On 25 March 2021, an Agreement for Sale and Purchase (the "**FOPM SP Agreement**") was entered into between the Company and Asian E-Commerce, Inc. ("**Asian E-Commerce**"), a corporation that is 50%-owned by a non-controlling stockholder of the Company. Pursuant to the FOPM SP Agreement, the Company agreed to sell and Asian E-Commerce agreed to purchase the Company's remaining 24.27% equity interest in the FOPM Group for a consideration of PhP153.73 million. On 16 April 2021, the Company and Asian E-Commerce executed the relevant Deed of Absolute Sale of Shares. The sale of the Company's remaining equity interest in the FOPM Group resulted in the derecognition of the Company's investment in an associate: the FOPM Group. Total gain on sale of investment in an associate amounted to PhP3.24 million.

On 6 September 2021, the Board of Directors approved the change in the Company's corporate name to Suntrust Resort Holdings, Inc. On 26 October 2021, the Company's stockholders also approved the change in the Company's corporate name. On 8 June 2022, the SEC approved the change in the corporate name of the Company.

On 17 April 2023 and 15 June 2023, the Board of Directors and stockholders, respectively, approved the change in the Company's principal office address: from the 26th Floor Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City 1634 to the 8th Floor Newport Entertainment and Commercial Centre, Newport Boulevard, Newport Cybertourism Zone, Pasay City 1309. This change in principal office address requires SEC approval.

On 8 June 2023, the Company entered into an eight (8)-year non-syndicated Omnibus Loan and Security Agreement ("**OLSA**"), consisting of a Loan Facility Agreement, a Mortgage Agreement, a Security Agreement, a Suretyship Agreement, and a Project Accounts Agreement, with China Banking Corporation ("**China Bank**"), Fortune Noble, and Summit Ascent Investments Limited ("**SA Investments**"), among others. The OLSA was subsequently amended on 26 July 2023. Under the OLSA, an interest-bearing secured senior loan facility of up to PhP25,000,000,000.00 was made available to the Company (the "**Loan Facility**"), subject to the satisfaction of certain conditions, the proceeds of which shall be used to partially finance the costs for the design, development, and construction of the Main Hotel Casino. The Loan Facility is subject to interest based on a five (5)-year

BVAL reference rate plus an agreed interest premium factor subject to repricing after five (5) years. The Company is required to maintain certain financial ratios, including maintenance debt-to-equity ratio and maintenance debt service coverage ratio starting 2026 and project debt-to-equity ratio after the initial loan drawdown. All assets of the Company as of 31 December 2023 and material contracts entered into by the Company in relation to the construction of the Main Hotel Casino are being held as security. As of 31 December 2023, the Company had drawn PhP8,700,000,000.00 from the Loan Facility after completion of certain project milestones required under the OLSA.

On 25 September 2023 and 31 October 2023, the Board of Directors and stockholders, respectively, approved the (i) increase in the Company's ACS from PhP23,000,000,000.00 divided into 23,000,000,000 common shares at PhP1.00 per share to PhP28,000,000,000.00 divided into 28,000,000,000 common shares at PhP1.00 per share, and (ii) amendment of the Company's secondary purposes to include retail activities. The foregoing must be approved by the SEC.

(2) Business of Issuer

From a holding company with investments in stocks, the Company has shifted its business focus to tourism development to take advantage of investment opportunities that will yield attractive returns.

On 28 October 2019, it entered into a Co-Development Agreement with Westside. Under the Co-Development Agreement, the Company shall finance the development and construction and would be appointed as the exclusive service provider to manage the operations of a five-star hotel and casino establishment, i.e., the Main Hotel Casino, over certain parcels of land located at the Manila Bayshore Integrated City (also known as the Entertainment City) in Parañaque City (the "**Project Site**"). Under the Co-Development Agreement, the Company will enter into a Lease Agreement over the Project Site (the "**Lease Agreement**") with Westside and Travellers International Hotel Group, Inc. ("**Travellers**") and an Operation and Management Agreement (the "**O&M Agreement**") with Westside for the operation and management of the Main Hotel Casino. The Lease Agreement was entered into on 21 February 2020 and has an original term of until 19 August 2039, renewable automatically for another 25 years, subject to applicable laws and the renewal of the lease between Westside and Nayong Pilipino Foundation ("**Nayong Pilipino**"). The O&M Agreement was signed on 4 May 2020 and has a term of until 11 July 2033, and shall be automatically extended or renewed unless earlier terminated in accordance with its provisions.

The Main Hotel Casino will have 475 luxury hotel rooms and suites, a pool deck, spa, state-of-the-art wellness center with views of the Manila Bay sunset, a ballroom capable of accommodating 550 people with support facilities such as meeting rooms and a bridal room, a 1,000-seat and two (2) 800-seat theaters, a grand opera house, a 3,000-seat performing arts theater, a mall composed of food and beverages and retail units and four (4) cinemas, and a parking facility with over 1,000 slots. At opening, the casino establishment will have 281 gaming tables, 1,126 slot machines, and 134 electronic table games for both the mass and VIP markets.

As of 31 December 2023, structural works and the construction of the tower facade up to roof-level had been completed (except the facade at the middle portion of sky bridge). The major mechanical, electrical, and plumbing equipment have been delivered to the construction site and are undergoing installation. Architectural and fit-out works and external civil works are in progress. Management aims to commence the operations of the Main Hotel Casino in the first quarter of 2025.

(3) Competition

The Main Hotel Casino is currently in the construction phase and is expected to commence operations in the first quarter of 2025. It may be expected that the Main Hotel Casino is going to face significant competition in the Philippines and elsewhere in Asia.

There are three (3) hotel and casino facilities currently operating within the Entertainment City where the Project Site is located. These facilities are already open to the public and are operated by existing gaming licensees of the Philippine Amusement and Gaming Corporation ("**PAGCOR**"). PAGCOR also operates other gaming facilities (and satellite gaming facilities which are smaller casinos and slots clubs) across the Philippines.

(4) Dependence on a Single or Few Customers

The Company's business is not dependent upon a single or a few customers or tenants the loss of whom will have a material adverse effect on the Company.

(5) Transactions with and/or Dependence on Related Parties

The Company's policy with respect to related party transactions is to ensure that these transactions are entered into under terms comparable to those extended to third parties, on an arm's length basis, and will not be prejudicial to the Company's stockholders and other stakeholders.

Westside, with whom the Company executed the Co-Development Agreement, the Lease Agreement, and the O&M Agreement, is a subsidiary of Travellers, a related party to Megaworld. Megaworld is a principal stockholder of the Company.

Additionally, the Company entered into transactions with related parties in the normal course of business, including advances from related parties for working capital purposes and for the settlement of certain liabilities. Major related party transactions in the ordinary course of business have been disclosed and discussed in the Notes to the Audited Financial Statements and other portions thereof as well as elsewhere in this Annual Report.

(6) Intellectual Property

As of the date of this Annual Report, the Company does not hold any patent, trademark, copyright, license, franchise, concession, or royalty agreement upon which its operations are dependent.

(7) Effect of Government Regulations on the Business

There will be a casino in the Main Hotel Casino.

The operation of casinos in the Philippines is a regulated activity under the auspices of the PAGCOR. The PAGCOR is a government-owned and controlled corporation responsible for the licensing and monitoring of casinos in the Philippines and the enforcement of relevant laws affecting gaming operations. Every casino has to obtain a valid license from the PAGCOR for the operation of its gaming activities.

The PAGCOR has granted a Provisional License to Travellers and Westside, authorizing them to operate casinos and to enter into any agreement for the operation and/or management of the same without need for prior written approval of the PAGCOR, provided that (i) such agreement will not result in the assignment, transfer, sale, lease, or subleasing of the Provisional License, and (ii) the appointed casino manager or operator, if a juridical entity, is registered with the SEC and not included in PAGCOR's list of banned personalities.

Under the Anti-Money Laundering Act, as amended, and the Casino Implementing Rules and Regulations, among other anti-money laundering rules and regulations, casino operators are deemed as "covered persons." Covered persons under the Anti-Money Laundering Act are subject to certain obligations, including reportorial requirements. For instance, casino operators are required to conduct strict customer due diligence. They must also report suspicious transactions (as defined under the law) and single transactions involving an amount in excess of PhP5,000,000.00 or its equivalent in foreign currency to the Anti-Money Laundering Council.

(8) Research and Development

The Company has not devoted a significant percentage of its funds for research and development in the past three (3) years. Except for the construction of the Main Hotel Casino, there are no new products or design being developed that will require a material amount of the Company's resources.

(9) Compliance with Environmental Laws

The Company carried out an Environmental Impact Assessment in relation to its application for an Environmental Compliance Certificate for the Westside City Phase 1 Project. The Environmental Management Bureau for the National Capital Region of the Department of Environment and Natural Resources issued the Environmental Compliance Certificate on 2 September 2021.

In relation to the construction of the Main Hotel Casino, the Company is complying and will continue to comply with statutory requirements of the National Government, concerned Local Government Units, and other government agencies intended to mitigate the adverse environmental impact, if any, of the project to the Project Site and to ensure that pollution generated by construction activities are kept within governmental standards.

The Company has incurred costs to comply with environmental laws, particularly costs in relation to securing government permits and clearances in relation to the construction of the Main Hotel Casino.

(10) Number of Employees

The Group has 122 employees as at 31 December 2023. None of the Company's employees are represented by a labor union or are subject to a collective bargaining agreement. As of the date of this Annual Report, the Group is not involved in any labor dispute.

Considering the Company's focus in tourism development, it is expected to hire additional employees to support the development, construction, and operations of its tourism-related businesses.

(11) Major Business Risks

The Company is exposed to a variety of financial risks in relation to financial instruments that it holds under its investment portfolio. The Company's risk management is coordinated with its Board of Directors and it focuses on actively securing short to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. Except for short-term placements, the Company has no material financial investments as of 31 December 2023.

Potential risks in relation to construction and development of the Main Hotel Casino include:

No direct operating history

The Main Hotel Casino is currently in the construction phase and is expected to commence operations in the first quarter of 2025. The Company may face adverse changes in the business environment, economy, and/or applicable laws and regulations. If these risks are not managed successfully, it could have a material and adverse effect on the results of operations, financial performance, and business of the Main Hotel Casino.

Supply of raw materials/delay in construction

As the Main Hotel Casino is currently in the construction phase, it is susceptible to risks associated with shortages in the supply and increases in the prices of construction materials such as lumber, steel, and cement. Construction, equipment, staffing, and difficulties in obtaining requisite licenses, permits, and authorization from the Government could increase the total cost, delay project completion, and/or affect the design and features of the Main Hotel Casino.

The Main Hotel Casino may face intense competition in the Philippines and elsewhere in Asia

The Company expects competition in the Philippines to be intense as multiple integrated resort-casino projects have been approved and/or currently operating in the Philippines. The Entertainment City, where the Project Site is located, is continuously being developed into a casino hub in Manila. Further, hotel, casino, and entertainment complex projects may also be approved elsewhere in the Philippines and in Asia. Competitive pressures in the Philippine gaming industry could affect the Main Hotel Casino's business, financial condition, and results of operations.

Sensitivity to economic downturn, economic uncertainty, and other factors affecting discretionary consumer spending

Demand for luxury services, gaming-related services, and leisure activities are sensitive to global economic downturn. Changes in discretionary consumer spending or consumer preferences could be driven by economic conditions. Any reduction in consumer demand for gaming-related services could affect the Main Hotel Casino's business.

The ability to attract and retain a sufficient number of qualified employees to run the operation

The Main Hotel Casino will depend on its ability to attract and retain a sufficient number of qualified employees to run the operations and the facilities of the Main Hotel Casino. The ability to maintain its competitiveness is dependent on the efforts, skills, and continued service of key management and operating personnel to a large extent. The loss of key management and operating personnel could have an adverse impact on the Main Hotel Casino's business.

Risks associated with gaming activities

The gaming industry is characterized by the element of chance. In addition to the element of chance, theoretical expected win rates are also affected by other factors, including players' skills and experience, the financial resources of players, the volume of bets placed by the players, and the amount of time spent on gaming by players. These factors, alone or in combination, have the potential to negatively impact win rates. As a result, actual win rates may differ greatly over short time periods, including from quarter to quarter, and could cause the results of operations of the Main Hotel Casino to be volatile. Players could also commit fraud or attempt to cheat to increase winnings by using counterfeit currency, chips, or other tactics. Failure to discover such acts in a timely manner could result in operational losses.

The gaming industry is also susceptible to money laundering and other illegal activities. If strict controls are not implemented, incidents of money laundering and other illegal activities could occur.

Item 2. Properties

The Company's principal office based on its AOI, as amended, is at the 26th Floor Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City 1634. Megaworld is the owner of the office space and it is allowing the Company to use the same without the payment of rent.

The Main Hotel Casino is being constructed on the Project Site. The Company (as lessee) entered into a Lease Agreement with Westside and Travellers (as lessors) over the Project Site. The Lease Agreement provides for an original term of until 19 August 2039, renewable automatically for another 25 years, subject to applicable laws and the renewal of the lease between Westside and Nayong Pilipino. Further renewal or extension may be agreed upon by the parties. After the commencement of the operations of the Main Hotel Casino, the annual rent will be in the amount of USD10,600,000.00, exclusive of the applicable value-added tax ("**VAT**"), payable in two (2) installments or on a semi-annual basis (or every six months). In the event of non-payment of the annual rent on the due date, the Company will be liable to pay an interest penalty equivalent to one percent (1%) per month plus surcharge equivalent to one percent (1%) per month of the unpaid amount. The Company may assign or transfer its rights under the Lease Agreement and sublease all or any part of the Project Site with the prior approval of Westside and Travellers (except that notice shall be sufficient if the assignee, transferee, or sublessee is a subsidiary of the Company) and has the right of first refusal, subject to relevant laws, in the event that the Project Site is sold.

Item 3. Legal Proceedings

To the best of the Company's knowledge, neither the Company nor its subsidiaries are involved in any material litigation, arbitration, or similar proceedings, and is not aware of any such proceedings pending or threatened against them or any their properties, which are or might be material.

Item 4. Submission of Matters to a Vote of Security Holders

The following matters were voted upon by the stockholders during the Annual Meeting of the Company's Stockholders held on 31 October 2023 (the "**2023 Annual Meeting**"):

- Approval of the Minutes of the Annual Stockholders' Meeting held on 25 October 2022 (the "**2022 Annual Meeting**") and Minutes of the Special Stockholders' Meeting held on 15 June 2023;
- Ratification of acts, resolutions, and decisions of the Board of Directors and Management, as well as all contracts and transactions entered into by the Company, since the 2022 Annual Meeting;
- Election of directors for the ensuing year;
- Confirmation of the changes to the Company's BL previously approved by the stockholders during the 2022 Annual Meeting;
- Subject to the approval of the SEC, the addition of retail activities to the purposes of the Company and amendment of the Second Article of the Company's AOI to implement such addition;
- Subject to the approval of the SEC, increase in the Company's ACS from PhP23,000,000,000.00 divided into 23,000,000,000 common shares at PhP1.00 per share to PhP28,000,000,000.00 divided into 28,000,000,000 common shares at PhP1.00 per share, and amendment of the Seventh Article of the Company's AOI for the purpose; and
- Appointment of Punongbayan and Araullo (Grant Thornton) ("**Punongbayan**") as the Company's external auditor for the ensuing year.

No proxies were solicited by the Company for the 2023 Annual Meeting. The matters approved during the 2023 Annual Meeting were reported to the SEC via SEC Form 17-C [Current Report] on 31 October 2023.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

(1) Securities

Common Shares

The Company has an ACS of PhP23,000,000,000.00 divided into 23,000,000,000 common shares with a par value PhP1.00 per share.

The total issued and subscribed capital stock of the Company as of 29 February 2024 was PhP7,250,000,000.00 divided into 7,250,000,000 common shares with a par value of PhP1.00 per share. As of the date of this Annual Report, only 4,550,000,000 shares are listed on the PSE. The Company applied for listing of the remaining 2,700,000,000 shares on 3 January 2024. The application is currently pending with the PSE.

Convertible Bonds

(a) Convertible Bond Amounting to PhP7,300,000,000.00 (the "**PhP7.3 Billion CB**") Issued in Favor of Fortune Noble

Upon completion of the conditions precedent stipulated in the Subscription Agreement dated 29 May 2020 between the Company and Fortune Noble, the Company issued in favor of Fortune Noble the PhP7.3 Billion CB on 30 December 2020. Fortune Noble can exercise its conversion right under the PhP7.3 Billion CB any time immediately after the date of issuance up to maturity date. The PhP7.3 Billion CB will mature on the fifth (5^{th}) anniversary of the issue date thereof, which may be extended by the parties such that it falls on the tenth (10^{th}) anniversary instead.

Subject to adjustments, the conversion price is PhP1.10 per one (1) common share of the Company.

On 26 July 2023, the PhP7.3 Billion CB was supplemented to align its terms with the OLSA, to wit:

(i) The conversion right in favor of Fortune Noble shall not be exercised for as long as the loans under the OLSA remain outstanding, except when the written consent of China Bank is secured or at least 75% of the outstanding loans under the OLSA have been repaid;
(ii) Subordination of the loan under the PhP7.3 Billion CB to the loans under the OLSA;
(iii) Undertaking not to dispose nor create any lien or encumbrance on the bonds until the loans under the OLSA are fully paid, except when expressly allowed under the OLSA; and
(iv) Undertaking on the part of Fortune Noble to extend the maturity of the PhP7.3 Billion CB to 2030.

If Fortune Noble opts not to convert, the loan under the PhP7.3 Billion CB will become a debt payable by the Company to Fortune Noble, the payment of which shall be subject to the above newly agreed terms.

On 11 December 2020, the SEC confirmed that the PhP7.3 Billion CB is exempt from the registration requirement under the Securities Regulation Code.

(b) Convertible Bond Amounting to PhP5,600,000,000.00 (the "**PhP5.6 Billion CB**") Issued in Favor of SA Investments

Upon completion of the conditions precedent stipulated in the Subscription Agreement dated 1 June 2020 between the Company and SA Investments, the Company issued in favor of SA Investments the PhP5.6 Billion CB on 30 December 2020. SA Investments can exercise its conversion right under the PhP5.6 Billion CB any time immediately after the date of issuance up to maturity date. The PhP5.6 Billion CB will mature on the fifth (5th) anniversary of the issue date thereof, which may be extended by the parties such that it falls on the tenth (10th) anniversary instead. Subject to adjustments, the conversion price is PhP1.80 per one (1) common share of the Company.

On 26 July 2023, the Company and SA Investments entered into an agreement supplementing the PhP5.6 Billion CB for the purpose of aligning its terms with the OLSA. The effectivity of the agreement was conditioned upon the obtention by SA Investments of the approval of its independent stockholders, which was secured on 13 September 2023. The supplement introduced the following changes to the PhP5.6 Billion CB:

(i) The conversion right in favor of SA Investments shall not be exercised for as long as the loans under the OLSA remain outstanding, except when the written consent of China Bank is secured or at least 75% of the outstanding loans under the OLSA have been repaid; and
(ii) Subordination of the loan under the PhP5.6 Billion CB to the loans under the OLSA.

If SA Investments opts not to convert, the loan under the PhP5.6 Billion CB will become a debt payable by the Company to SA Investments, the payment of which shall be subject to the above newly agreed terms.

On 11 December 2020, the SEC confirmed that the PhP5.6 Billion CB is exempt from the registration requirement under the Securities Regulation Code.

(c) Convertible Bond Amounting to PhP6,400,000,000.00 (the "**PhP6.4 Billion CB**") Issued in Favor of SA Investments

Upon completion of the conditions precedent stipulated in the Subscription Agreement dated 20 September 2021 between the Company and SA Investments, the Company issued in favor of SA Investments the PhP6.4 Billion CB on 10 June 2022. SA Investments can exercise its conversion right under the PhP6.4 Billion CB any time immediately after the date of issuance up to maturity date. The PhP5.6 Billion CB will mature on the third (3rd) anniversary of the issue date thereof, which may be extended by the parties such that it falls on the sixth (6th) anniversary instead. Subject to adjustments, the conversion price is PhP1.65 per one (1) common share of the Company.

On 26 July 2023, the Company and SA Investments entered into an agreement supplementing the PhP6.4 Billion CB for the purpose of aligning its terms with the OLSA. The effectivity of the agreement was conditioned upon the obtention by SA Investments of the approval of its independent stockholders, which was secured on 13 September 2023. The supplement introduced the following changes to the PhP6.4 Billion CB:

(i) The conversion right in favor of SA Investments shall not be exercised for as long as the loans under the OLSA remain outstanding, except when the written consent of China Bank is secured or at least 75% of the outstanding loans under the OLSA have been repaid; and
(ii) Subordination of the loan under the PhP6.4 Billion CB to the loans under the OLSA.

If SA Investments opts not to convert, the loan under the PhP6.4 Billion CB will become a debt payable by the Company to SA Investments, the payment of which shall be subject to the above newly agreed terms.

On 7 June 2022, the SEC confirmed that the PhP5.6 Billion CB is exempt from the registration requirement under the Securities Regulation Code.

(d) Subscription ("**2023 Subscription Agreement**") for Convertible Bond Amounting to PhP13,511,100,000.00 ("**PhP13.5 Billion CB**") between the Company and SA Investments

On 26 July 2023, the Company and SA Investments entered into the 2023 Subscription Agreement pursuant to which the Company agreed to issue and SA Investments conditionally agreed to subscribe for the PhP13.5 Billion CB in the aggregate subscription price equivalent to PhP13,511,100,000.00 (the "**PhP13.5 Billion CB Subscription Price**"). The PhP13.5 Billion CB Subscription Price of the PhP13.5 Billion CB pertains to the aggregate of the outstanding amounts, inclusive of principal and accrued interest, under the PhP5.6 Billion CB and PhP6.4 Billion CB.

The PhP13.5 Billion CB shall be issued upon the satisfaction or waiver of certain conditions precedent on or before 30 April 2024 (the "**Long Stop Date**") such as obtaining regulatory approvals for the issuance of the PhP13.5 Billion CB, securing stockholder approval of the 2023 Subscription Agreement, the set-off, and other transactions contemplated therein, and obtaining approval for the interest waiver, among others. If any of the conditions precedent are not satisfied or (as the case may be) not waived by SA Investments on or before the Long Stop Date, the 2023

Subscription Agreement shall be terminated and the parties to the same shall be released and discharged from their respective obligations therein. Otherwise, the 2023 Subscription Agreement and the PhP13.5 Billion CB shall supersede the subscription agreements entered into by the Company with SA Investments in 2021 and 2020, the PhP5.6 Billion CB, and the PhP6.4 Billion CB.

Below are the material terms of the PhP13.5 Billion CB:

#	Term	Details
1	Principal Amount	Up to a maximum of approximately PhP13,511,100,000.00
2	Interest	None
3	Maturity Date	Date falling on the eighth (8th) anniversary of the issue date, which may be extended to the date falling on the tenth (10th) anniversary of the issue date, or the first business day if such date is not business day
4	Conversion	Each holder has the right to convert into fully paid shares of the Company any time during the Conversion Period subject to the Conversion Condition
5	Conversion Price	PhP1.10
6	Conversion Period	Period commencing from the day immediately following the issue date up to 4:00 PM on the Maturity Date
7	Conversion Condition	• Conversion right can only be exercised if at least 75% of the outstanding loans under the OLSA have been repaid • The shares will in all respects rank *pari passu* with the shares of the Company then in issue, including any rights to distributions or other payments which may thereafter be declared, made, or paid from time to time by the Company
8	Conversion Restriction	Conversion rights will only attach if it is confirmed that the allotment and issue of the conversion shares will not cause the Company to be in breach of the relevant minimum public float requirement under the relevant rules of the PSE, which is currently 10%
9	Underlying Shares	Aggregate of 12,282,859,277 shares

Upon issuance of the PhP13.5 Billion CB, the PhP13.5 Billion CB Subscription Price will be applied by the Company to redeem the PhP5.6 Billion CB and the PhP6.4 Billion CB by way of setting off the amount due to SA Investments from the Company in full or in part. Any shortfall shall be paid by the Company in cash to SA Investments. The Company and SA Investments will execute a set-off deed for this purpose.

As of the date of this Annual Report, the conditions for the issuance of the PhP13.5 Billion CB have not been met. The Company is in the process of applying for SEC confirmation that the PhP13.5 Billion CB is an exempt transaction under Section 10.1(k) of the Securities Regulation Code.

Recent Sale of Unregistered or Exempt Securities

Except for those exempt from the registration requirement under the Securities Regulation Code, no sales of unregistered securities were made in the past three (3) years. No debt securities were registered nor contemplated to be registered.

(2) Market Information

The Company's shares are traded on the PSE.
The trading prices of the Company's common shares listed on the PSE for each quarter within the last two (2) years are set forth below:

Year		First	Second	Third	Fourth
2023	High	1.09	1.01	0.92	0.90
	Low	0.85	0.84	0.73	0.73
2022	High	1.15	1.07	1.12	1.05
	Low	0.89	0.87	0.95	0.90

The closing price of the Company's common shares as of 29 February 2024 was PhP0.80 per share.

(3) Holders

Based on the report of the stock transfer agent for the period ended 29 February 2024, the Company had a total of 1,585 stockholders of record, broken down as follows:

Stockholder's Name	No. of Shares	Percentage of Ownership
PCD Nominee Corporation (Non-Filipino)	3,717,203,687[3]	51.272%
Megaworld Corporation	2,177,165,008	30.030%
PCD Nominee Corporation (Filipino)	732,488,688[4]	10.103%
Aurora Securities, Inc. ("**Aurora Securities**")	272,834,992	3.763%
Megaworld Corporation	260,000,000	3.586%
The Andresons Group, Inc.	45,957,000	0.634%
EBC PCI TA No. 203-53106-5	17,000,000	0.234%
Lucio L. Co	4,082,563	0.056%
Joaquin Eugenio Matthew S. Chipeco III	1,600,000	0.022%
Genevieve Go	1,300,000	0.018%
Stanley Ho Hung Sun	1,100,000	0.015%
Romulo P. Ney	555,000	0.008%

[3] Out of the 3,717,203,687 shares registered under PCD Nominee Corporation (Non-Filipino), 3,697,499,998 shares are held by China Bank Securities Corporation ("**CB Securities**") for their ultimate beneficial owner, Fortune Noble.
[4] Out of the 732,488,688 shares registered under PCD Nominee Corporation (Filipino), 27,834,992 shares are held by Aurora Securities for their ultimate beneficial owner, Megaworld.

Stockholder's Name	No. of Shares	Percentage of Ownership
Larcy Marichi Y. So and/or Hanson G. So	513,700	0.007%
Yap Sik Kieong	500,000	0.007%
Luciano H. Tan	450,000	0.006%
Pablo M. Silva	437,499	0.006%
Hanson G. So	400,000	0.006%
Jaime Dy and/or Juliet Dy	399,000	0.006%
Francis L. Dy and/or Ingred S.	385,500	0.005%
Peter Ty	357,000	0.005%
Others[5]	15,270,363	0.211%
Total	**7,250,000,000**	**100%**

The public float of the Company as of 31 December 2023 was 14.33%.

(4) Background of Shareholders Owning At Least 10% of the Total Outstanding Stock

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Ownership Percentage
Common	**PCD Nominee Corporation (Non-Filipino)** 29th Floor BDO Equitable Tower, 8751 Paseo de Roxas, Makati City, Philippines Stockholder of record for shares lodged with the Philippine Depository and Trust Corporation, Inc. ("**PDTC**")	PCD Nominee Corporation, a wholly owned subsidiary of the PDTC, is the registered owner of the shares in the books of the Company's stock transfer agent. Out of the 3,717,203,687 shares registered under PCD Nominee Corporation (Non-Filipino), 3,697,499,998 shares, representing 51% of the Company's capital stock, are beneficially owned by Fortune Noble. The remaining 19,703,689 shares are held by various trading participants of the PDTC.	Non-Filipino	3,717,203,687	51.272%
Common	**Megaworld Corporation** 30th Floor Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City, Philippines	The parent company of Megaworld is Alliance Global Group, Inc. ("**Alliance Global**"). Mr. Andrew L. Tan ("**Mr. Tan**") has the power to direct	Filipino	2,437,165,008[6]	33.616%

[5] Remaining 1,565 stockholders.
[6] The shares of Megaworld comprise of (i) 2,437,165,008 directly held common shares and (ii) 27,834,992 common shares indirectly held through Aurora Securities and recorded under PCD Nominee Corporation (Filipino).

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Ownership Percentage
	Substantial stockholder	the voting and disposition of the shares held by Megaworld in the Company.			
Common	**PCD Nominee Corporation (Filipino)** 29th Floor BDO Equitable Tower, 8751 Paseo de Roxas, Makati City, Philippines Stockholder of record for shares lodged with the PDTC	PCD Nominee Corporation, a wholly owned subsidiary of the PDTC, is the registered owner of the shares in the books of the Company's stock transfer agent. The beneficial owner of such shares entitled to vote the same are PDTC's participants who hold the shares either in their own behalf or on behalf of their clients.	Filipino	732,488,688	10.103%

(5) Dividends

Due to lack of unrestricted retained earnings, the Company did not declare any dividends in the last two (2) calendar years.

The Company is authorized to distribute dividends out of its surplus profit, in cash, properties of the Company, shares of stock, and/or securities of other companies belonging to the Company. Dividends paid in the form of cash or property are subject to approval of the Board of Directors. Dividends paid in the form of additional shares are subject to the approval of the Board of Directors and stockholders that own at least two-thirds (2/3) of the outstanding capital stock of the Company. In case the stock dividends will be coming from an increase in authorized capital stock, such declaration shall be subject to SEC approval. Holders of outstanding common shares as of a dividend record date will be entitled to full dividends declared without regard to any subsequent transfer of such shares.

The Revised Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividends without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

Item 6. Management's Discussion and Analysis and Plan of Operation

(1) As of the Calendar Year Ended 31 December 2023

Results of Operations for the 12 Months Ended 31 December 2023,
Compared to the 12 Months Ended 31 December 2022

The total revenues of the Company exhibited an increase of PhP53.43 million or 404,899.83% from PhP0.01 million in 2022 to 53.44 million in 2023.

Costs and expenses decreased by PhP155.57 million or 27.93% from PhP557.07 million in 2022 to PhP401.50 million in 2023.

The Group incurred a net loss in 2023 amounting to PhP348.10 million from the previous year's net loss of PhP557.10 million or a PhP209.00 million decrease.

Financial Condition as of 31 December 2023 and 31 December 2022

Total current assets increased by PhP5,215.24 million or 214.83% from PhP2,427.65 million in 2022 to 7,642.89 million in 2023.

Total non-current assets increased by PhP8,400.40 million or 28.87% from PhP29,093.66 million in 2022 to 37,494.06 million in 2023.

Total current liabilities decreased by PhP586.93 million or 44.49% from PhP1,319.18 million in 2022 to PhP732.25 million in 2023.

Total non-current liabilities increased by PhP13,176.25 million or 60.76% from PhP21,687.14 million in 2022 to PhP34,863.39 million in 2023.

Equity increased by PhP1,026.32 million or 12.05% from PhP8,514.99 million in 2022 to PhP9,541.31 million in 2023.

Material Changes in the Items of the Financial Statements,
Increase/Decrease of 5% or More versus 31 December 2022

This results in major decreases in accounts in the financial statements of the Company except for below.

Cash increased by PhP4,729.75 million or 366.19% due to proceeds from bank borrowings and loans from related parties to finance the development and construction of the Main Hotel Casino. Total proceeds from bank borrowings and loans from related parties for the year amounted to PhP8,740.00 million and PhP1,731.95 million, respectively, for the year ended December 31, 2023.

Prepayments and other current assets increased by PhP485.49 million or 42.74% mainly due to input VAT recognized in relation to construction costs of the Main Hotel Casino.

Property and equipment and prepayments and deposits for property and equipment increased by PhP8,418.17 million or 55.04% and PhP818.71 million or 48.33%, respectively, which substantially represent construction-in-progress in relation to the construction of the Main Hotel Casino.

Right-of-use asset ("**ROUA**") decreased by PhP836.49 million or 6.91% mainly due to amortization of ROUA during the year, while lease liabilities increased by PhP78.46 million or 1.28% due to the recognition of amortized interest for the year. The decrease is partly due to the remeasurement of lease liability and ROUA in 2023.

Trade and other payables decreased by PhP120.75 million or 19.83% mainly due to the accrual of interest payable of bank borrowings as at 31 December 2023.

Convertible bonds payable increased by PhP1,292.42 million or 8.55% which represents recognition of amortized interest for the year.

Due to related parties increased by PhP753.89 million or 106.15% which represents interest on loans from related parties for the year ended December 31, 2023.

Other payables increased by PhP373.51 million or 88.68% which represents amounts retained from construction-related payments to vendors which are payable upon the end of the retention period.

Revenues increased by PhP53.43 million or 404,899.83% and cost and expenses reduced by PhP155.57 million or 27.93% which substantially represents the impact of foreign exchange rate changes on foreign-denominated lease liabilities.

Key Performance Indicators

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

	31 December 2023	31 December 2022
Current Ratio *1	10.44:1.00	1.84:1.00
Quick Ratio *2	8.22:1.00	0.98:1.00
Debt-to-Equity Ratio *3	3.73:1.00	2.70:1.00
Return on Assets *4	-0.91%	-1.79%
Return on Equity *5	-3.86%	-6.79%

**1 – Current Assets/Current Liabilities*
**2 – Quick Assets (Current Assets less Other Current Assets)/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 financial position (5% or more) and condition of the Group that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to Management that will impact or change the Group's reported financial information and condition.

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 in breach of any note, loan, lease, or other indebtedness or financing arrangement requiring it to make payments. The Group has no material commitments for capital expenditures.

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

The Group has no unusual nature of transactions or events that affect 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 material events subsequent to the end of the period that have not been reflected in the Consolidated Financial Statements for the year 2023.

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

(2) As of the Calendar Year Ended 31 December 2022

Results of Operations for the 12 Months Ended 31 December 2022,
Compared to the 12 Months Ended 31 December 2021

The total revenues of the Company exhibited a decrease of PhP3.59 million or 99.72% from PhP3.60 million in 2021 to PhP0.01 million in 2022.

Costs and expenses exhibited an increase of PhP48.59 million or 9.56% from PhP508.47 million in 2021 to PhP557.07 million in 2022.

The Group incurred a net loss in 2022 amounting to PhP557.05 million from the previous year's net loss of PhP504.88 million or a PhP52.17 million increase.

Financial Condition as of 31 December 2022 and 31 December 2021

Total current assets decreased by PhP4,401.19 million or 64.45% from PhP6,828.84 million in 2021 to PhP2,427.65 million in 2022.

Total non-current assets increased by PhP5,237.08 million or 21.95% from PhP23,856.58 million in 2021 to PhP29,093.66 million in 2022.

Total current liabilities decreased by PhP6,140.70 million or 82.32% from PhP7,459.88 million in 2021 to PhP1,319.18 million in 2022.

Total non-current liabilities increased by PhP6,350.44 million or 41.41% from PhP15,336.70 million in 2021 to PhP21,687.14 million in 2022.

Equity increased by PhP626.15 million or 7.94% from PhP7,888.84 million in 2021 to PhP8,514.99 million in 2022.

Material Changes in the Items of the Financial Statements,
Increase/Decrease of 5% or More versus 31 December 2021

This results in major decreases in accounts in the financial statements of the Company except for below.

Cash decreased by PhP4,863.23 million or 79.01% due to payments of operating expenses and construction costs in relation to the development and construction of the Main Hotel Casino.

Prepayments and other current assets increased by PhP462.05 million or 68.55% mainly due to input VAT recognized in relation to construction costs of the Main Hotel Casino.

Property and equipment and prepayments and deposits for property and equipment increased by PhP6,439.92 million or 72.73% and PhP373.06 million or 28.24%, respectively, which substantially represent construction-in-progress in relation to the construction of the Main Hotel Casino.

ROUA decreased by PhP1,575.91 million or 11.52% mainly due to amortization of ROUA during the year, while lease liabilities decreased by PhP45.04 million or 0.73% due to the recognition of amortized interest for the year. The decrease is partly due to the remeasurement of lease liability and ROUA in 2022.

Trade and other payables decreased by PhP183.06 million or 23.11% mainly due to the timing of payments of construction-related invoices as at 31 December 2022.

Convertible bonds payable increased by PhP6,185.92 million or 69.27% which represents the issuance of PhP6.40 billion 6% convertible bond to SA Investments.

Other payables increased by PhP187.31 million or 80.09% which represents amounts retained from construction-related payments to vendors which are payable upon the end of the retention period.

Key Performance Indicators

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

	31 December 2022	31 December 2021
Current Ratio *1	1.84:1.00	0.92:1.00
Quick Ratio *2	0.98:1.00	0.83:1.00
Debt-to-Equity Ratio *3	2.70:1.00	2.89:1.00
Return on Assets *4	-1.79%	-1.90%
Return on Equity *5	-6.79%	-6.23%

**1 – Current Assets/Current Liabilities*
**2 – Quick Assets (Current Assets less Other Current Assets)/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 will impact or change the reported financial information and condition of 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 in breach of any note, loan, lease or other indebtedness, or financing arrangement requiring it to make payments. The Group has no material commitments for capital expenditures.

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 affect 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 material events subsequent to the end of the period that have not been reflected in the Consolidated Financial Statements for the year 2022.

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

(3) As of the Calendar Year Ended 31 December 2021

<u>Results of Operations for the 12 Months Ended 31 December 2021,
Compared to the 12 Months Ended 31 December 2020</u>

The total revenues of the Company exhibited a decrease of PhP11.60 million or 76.34% from PhP15.20 million in 2020 to PhP3.60 million in 2021.

Costs and expenses exhibited an increase of PhP281.73 million or 124.25% from PhP226.74 million in 2020 to PhP508.47 million in 2021.

The Group incurred a net loss in 2021 amounting to PhP504.88 million from the previous year's net loss of PhP211.55 million or a PhP293.33 million increase.

Financial Condition as of 31 December 2021 and 31 December 2020

Total current assets increased by PhP894.40 million or 15.07% from PhP5,934.44 million in 2020 to PhP6,828.84 million in 2021.

Total non-current assets increased by PhP7,297.05 million or 44.07% from PhP16,559.53 million in 2020 to PhP23,856.58 million in 2021.

Total current liabilities increased by PhP7,109.01 million or 2,026.06% from PhP350.88 million in 2020 to PhP7,459.88 million in 2021.

Total non-current liabilities increased by PhP1,520.68 million or 11.01% from PhP13,816.02 million in 2020 to PhP15,336.70 million in 2021.

Equity decreased by PhP438.23 million or 5.26% from PhP8,327.07 million in 2020 to PhP7,888.84 million in 2021.

Material Changes in the Items of the Financial Statements,
Increase/Decrease of 5% or More versus 31 December 2020

This results in major decreases in accounts in the financial statements of the Company except for below.

Cash and cash equivalents increased by PhP277.23 million or 4.72% due to the proceeds from a loan obtained from SA Investments net of payment of operating expenses and construction costs in relation to the development and construction of the Main Hotel Casino.

Due from a related party decreased by 100% due to account settlement of a related party.

Other current assets increased by PhP644.56 million or 2,189.59% mainly due to input VAT recognized in relation to construction costs of the Main Hotel Casino.

Investment in an associate decreased by 100% to nil after the sale of the 24.27% interest in the FOPM Group.

Property and equipment and prepayments and deposits for property and equipment increased by PhP6,878.43 million or 348.08% and PhP1,320.98 million, respectively, which substantially represent construction-in-progress in relation to the construction of the Main Hotel Casino.

ROUA decreased by PhP748.62 million or 5.19% mainly due to amortization of ROUA during the year, while lease liabilities increased by PhP576.84 million or 10.27% due to the recognition of amortized interest for the year and translation adjustment as at 31 December 2021.

Due to related parties increased by PhP400.66 million or 263.44% which represents interest accrued on SA Investment's convertible bonds and short-term loan amounting to PhP6,092.88 million.

Trade and other payables increased by PhP593.21 million or 298.40% mainly due to the unpaid construction-related invoices as at 31 December 2021.

Convertible bonds payable increased by PhP732.23 million or 8.93% which represents the recognition of amortized interest during the year.

Retention payable increased by PhP233.87 million from amounts retained from construction-related payments to vendors which are payable upon the end of the retention period.

Key Performance Indicators

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

	31 December 2022	31 December 2021
Current Ratio *1	0.92:1.00	16.91:1.00
Quick Ratio *2	0.83:1.00	16.83:1.00
Debt-to-Equity Ratio *3	2.89:1.00	1.70:1.00
Return on Assets *4	-1.90%	-1.77%
Return on Equity *5	-6.23%	-4.35%

**1 – Current Assets/Current Liabilities*
**2 – Quick Assets (Current Assets less Other Current Assets)/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 will impact or change the reported financial information and condition of 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 in breach of any note, loan, lease or other indebtedness, or financing arrangement requiring it to make payments. The Group has no material commitments for capital expenditures.

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 affect 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 material events subsequent to the end of the period that have not been reflected in the Consolidated Financial Statements for the year 2021.

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

Item 7. Financial Statements

Attached as **Annex "A"** is the Parent Company Audited Financial Statements of the Company as of and for the year ended 31 December 2023, which include notes on the financial statements.

Attached as **Annex "B"** is the Consolidated Audited Financial Statements of the Group as of and for the year ended 31 December 2023, which include notes on the financial statements.

Item 8. Information on Independent Accountant and Other Related Matters

The present external auditor of the Company, Punongbayan & Araullo (Grant Thornton), was also the external auditor of the Company for the years 2017 to 2022. There have been no disagreements with said external auditor on any matter of accounting principles or practices, financial statement disclosures, and auditing scope or procedure, which disagreements, if not resolved to their satisfaction, would have caused the auditor to make reference thereto in its respective reports on the Company's financial statements for aforementioned years.

The external auditor of the Company billed the amounts of PhP437,920.00 in 2023, PhP1,157,360.00 in 2022, and PhP1,173,000.00 in 2021 in fees for professional services rendered for the audit of the Company's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2022 and 2021. Non-audit services rendered by the external auditor for 2023, 2022, and 2021 amounted to PhP510,640.00, PhP1,428,834.00, and PhP836,600.00, respectively. Except as disclosed above, no other services were rendered or fees billed by the external auditor of the Company for 2023, 2022, and 2021. The plan for the audit of the Group's financial statements for the year ended 31 December 2023 was approved by the Audit Committee.

The Board of Directors, after consultation with the Audit Committee, recommends to the stockholders the engagement of the external auditor of the Company. The selection of external auditor is made on the basis of credibility, professional reputation, accreditation with the SEC, and affiliation with a reputable foreign partner. The professional fees of the external auditor of the Company are approved by the Company's Audit Committee after approval by the stockholders of the engagement and prior to the commencement of each audit season.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Corporate Officers of the Issuer

The overall management and supervision of the Company is undertaken by the Board of Directors. Currently, the Board of Directors consists of seven (7) members, of which two (2) are independent directors. All the Directors were elected during the Company's Annual Stockholders' Meeting held on 31 October 2023. They shall hold office for one (1) year and until their successors are duly elected and qualified. Any Director elected to fill a vacancy shall serve only for the unexpired term of his/her predecessor in office.

Below are the incumbent Directors and corporate officers of the Company:[7]

Name	Age	Citizenship	Position
Lo Kai Bong	44	Hong Kong	Chairman of the Board of Directors
Chua Ming Huat	61	Malaysian	Director and President
Ferdinand B. Masi	62	Filipino	Director
Neoli Mae L. Kho	39	Filipino	Director and Treasurer
Atty. Alvin C. Go	62	Filipino	Director
Jesus B. Varela	67	Filipino	Lead Independent Director
Eugenio B. Reducindo	54	Filipino	Independent Director
Sutharshan Kandiah	54	Australian	Chief Financial Officer
Nelileen S. Baxa	45	Filipino	Corporate Secretary and Corporate Information Officer
Maria Cristina D. Gonzales	60	Filipino	Compliance Officer
Atty. Maria Carla T. Uykim	47	Filipino	Assistant Corporate Secretary and Assistant Corporate Information Officer

(1) Background

Below are the detailed professional backgrounds and histories of the Company's Directors and corporate officers for at least the last five years:[8]

Lo Kai Bong, Chairman of the Board of Directors, 44 years old, Chinese (Hong Kong)

He was first elected to the Board of Directors on 4 May 2021. He joined the LET Group, a company listed on the HKEX, as Executive Director on 9 March 2017. He was later appointed as Chairman of the LET Group, with effect from 31 August 2022. He is involved in the development of the LET Group's overseas businesses. He is likewise responsible for the corporate management, mergers, and acquisitions of the LET Group. On 12 December 2018, he was appointed as a Non-Executive Director of Summit Ascent Holdings Limited ("**SA Holdings**"), a company also listed on the HKEX. Starting 26 April 2019, he served as Executive Director and Deputy Chairman of SA Holdings. On 31 August 2022, he became the Chairman of SA Holdings. He has intensive business experience in the gaming industry. He obtained a Bachelor of Arts degree from the University of Winnipeg in Canada.

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[7] Ages of Directors and corporate officers as of 26 March 2024.
[8] See footnote 7.

Jesus B. Varela, Lead Independent Director, 67 years old, Filipino

He was first elected to the Board of Directors on 26 October 2021. He concurrently serves as Independent Director of Megaworld, Global-Estate Resorts, Inc. ("**GERI**"), Travellers, and MREIT, Inc. ("**MREIT**"). He is also Director-General of the International Chamber of Commerce of the Philippines, a Board Regent of Unibersidad de Manila, a columnist at the Philippine Daily Tribune, and President of the Erehwon Art Foundation. Mr. Varela has more than 20 years of experience in the fields of marketing, human resources, international labor affairs, agriculture, and commerce, among others. He has done executive work for the Department of Agriculture, National Food Authority Council, Philippine Genetics, Inc., National Irrigation Administration, Philippine Planters Products, National Agri- Business Corporation, Agriculture Anti-Smuggling Task Force, and Nautical Highway Board. He served as Labor Attaché to Kobe, Japan, to the Commonwealth of Northern Marianas Island, and to Athens. He attended training courses in Labor Administration and Policy Formulation under the International Labor Organization/ARPLA Program, the Corporate Planning Course at the Center for Research Communication, Foreign Exchange Training by Metro Bank and Forex Club of the Philippines, Systems Analysis by the Presidential Management Staff, Asian Productivity Seminar, and other in-house seminars conducted by the Department of Labor and Employment, and the Development Academy of the Philippines. He was formerly the Chairman and Acting Chief Executive Officer of GS1 Philippines, a Director of the Philippine Chamber of Commerce and Industry, and Vice President of the Employers Confederation of the Philippines. Mr. Varela obtained his Bachelor's Degree in Economics from the Ateneo de Manila University in 1979.

Eugenio B. Reducindo, Independent Director, 54 years old, Filipino

He was first elected to the Board of Directors on 27 October 2015. He is concurrently serving as the Managing Director of Choice Gourmet Banquet, Inc. ("**Choice Gourmet**"), which owns and operates McDonald's stores and used to operate other restaurants like Shanghai Bistro and SoHo Tea House. He has held this position since 2007. As Managing Director, he is responsible for the overall operations and management of 18 McDonald's outlets located within Metro Manila and other provinces such as Cebu and Iloilo. Prior to being Managing Director, Mr. Reducindo was a Branch Manager at Choice Gourmet handling the first McDonald's branch of the company located at Forbestown Center. He worked for Golden Arches Development Corporation as Branch Manager, for McDonald's Egypt as Operations Consultant, and for Makati Shangri-La as Assistant Manager for the coffee shop. He has considerable experience in the management and operation of quick service and fine dining restaurants, having been involved in the daily operations of a specific branch, as well as the overall management and operations of several branches/outlets. He graduated in 1989 from the Far Eastern University with a Bachelor's Degree in Communications.

Chua Ming Huat, Director and President, 61 years old, Malaysian

He was first elected to the Board of Directors on 4 May 2021. He is likewise currently serving as a Director of Travellers, the developer and operator of the Newport World Resorts. He served as Executive Director and Chief Executive Officer of SA Holdings in 2021. He also served as director/officer in the following corporations: from June 2016 to July 2020, as Director of Global Ferronickel Holdings, Inc.; from February 2015 to January 2017, as Independent Director of CIMB Investment Bank Berhad, Malaysia; from September 2006 to February 2007, as Chief Operating Officer of Genting Berhad ("**Genting**"); from May 2007 to January 2015, as President of Genting Hong Kong Limited; and from July 2011 to March 2015, as Director of Norwegian Cruise Line Holdings Ltd. Prior to joining Genting, he held various positions in the investment banking business in Hong Kong, Singapore, and Malaysia for over 20 years. He also served as Director and member of the Listing Committee of the MESDAQ market of Bursa Malaysia. He obtained a Bachelor of Arts degree in Political Science and Economics from the Carleton University, Ottawa, Canada.

Ferdinand B. Masi, Director, 62 years old, Filipino

He has been connected with the Consolidated Distillers of the Far East, Inc. since 1983 and is currently its General Manager. He is concurrently the Chairman and President of Good Earth Technologies International, Inc., the Corporate Secretary of First Centro, Inc., serving as Senior Vice President and General Manager of Progreen Agricorp, Inc., and as President of Southpoint Science Park Inc. He is a Certified Public Accountant and member of the Philippine Institute of Certified Public Accountants. He finished his Master's Degree in Business Administration from the Ateneo Graduate School of Business.

Neoli Mae L. Kho, Director and Treasurer, 39 years old, Filipino

She was first elected to the Board of Directors on 10 November 2017. She is concurrently the Vice President for the Finance Division of FOPM, which handles the property management of various residential and office developments of the Megaworld Group, a position she has held since April 2018. She also serves as a Director of One World Center Building Administration, Inc., the Treasurer of Eastwood City Estates Association, Inc., and a trustee and officer of over 40 condominium associations and building administrations of Megaworld projects. She was a Manager at the Management Analyst Group of Megaworld, where she was responsible for auditing and analyzing various transactions of Megaworld and its group of companies and projects ranging from construction, marketing, land acquisitions, and administration. In 2023, she was awarded the SPARK Asia 200 Digital Leaders Award (Architect Category) and the Inaugural Digital Pilipinas Award (Architect Category). She has a Bachelor of Science degree in Industrial Economics with a Minor in Humanities and a Master of Science in Industrial Economics from the University of Asia and the Pacific. She is currently pursuing a second degree in real estate management from the Information and Communications Technology Academy.

Atty. Alvin C. Go, Director, 62 years old, Filipino

He was first elected to the Board of Directors on 15 June 2023. He concurrently serves as Senior Vice President and Head of Corporate Compliance, Legal Services, and the Internal Audit Group (Legal Services) of BDO Unibank, Inc. ("**BDO**"). Prior to joining BDO, he was the Chief Legal Counsel of the Philippine National Bank from 2003 to 2012. He was an Associate Attorney at Salonga Ordoñez Yap Corpuz Padlan & Associates Law Offices from 1985 to 1989. He served as Prosecution Attorney from 1989 to 1990 and State Prosecutor at the Department of Justice from 1990 to 1993. He was a Senior Partner at Go Cojuangco Mendoza Ligon & Castro Law Offices from 1994 to 1999, and Senior Partner at Go & Castro Law Offices from 1999 to 2003. He obtained his Bachelor of Arts degree in Political Science from the Immaculate Concepcion College in Ozamiz City and his Bachelor of Laws degree from Misamis University.

Sutharshan Kandiah, Chief Financial Officer, 54 years old, Australian

He is a seasoned finance executive with experience heading large institutional operations at UBS as head of its Asian and Japanese capital markets businesses and head of Southeast Asian investment banking. He also has extensive experience in building and operating start-up financial services businesses. He brings over 25 years of experience in markets across the Asia Pacific, including Japan, and has held leadership roles in the key finance hubs of Singapore, Hong Kong, and Japan. After over a decade in senior roles at UBS, he left to set up, build, operate, and lead the capital markets and investment banking business of Religare Capital Markets ("**Religare**"). Following Religare's exit to Soochow Securities ("**Soochow**"), a state-owned Chinese securities firm, he served as Soochow's Chief Executive Officer of Asset Management and Vice Chairman of Capital Markets and was instrumental in growing the firm's brand recognition in the region. Additionally, he has structured and executed over 250 transactions for mid and large-sized corporations in industries including real estate, travel, hospitality, gaming, healthcare, and media and technology. He presently serves as Senior Advisor to a private equity firm and a venture capital firm that are focused on Southeast Asia and serves as Advisor to the Board of Directors at Digipay, a digital payments and financial services application based in the Philippines. He holds a Master's Degree in Applied Finance from Macquarie University and Bachelor's Degree in Economics from the Australian National University.

<u>Nelileen S. Baxa, Corporate Secretary and Corporate Information Officer, 45 years old, Filipino</u>

She is concurrently the Assistant Corporate Secretary of Megaworld, Alliance Global Group, Inc., GERI, and Suntrust Properties, Inc. ("**Suntrust Properties**"). She is also presently a Senior Accounting Manager at Megaworld. Ms. Baxa concurrently serves as a Director at Asia Finest Cuisine, Inc., Bordeaux Properties, Inc., Langham Properties, Inc., Rowenta International, Inc., and Venetian Properties, Inc. She is a Certified Public Accountant with over 18 years of experience in the fields of accounting and finance. She obtained her Bachelor's Degree in Accountancy from the University of Sto. Tomas.

<u>Atty. Maria Carla T. Uykim, Assistant Corporate Secretary and Assistant Corporate Information Officer, 47 years old, Filipino</u>

She is concurrently the Head of the Corporate Advisory and Compliance Division and is a member of the Management Executive Committee at Megaworld. She also concurrently serves as the Corporate Secretary of GERI, MREIT, Asian E-Commerce, Global One Integrated Business Services, Inc., Megaworld Bacolod Properties, Inc., Megaworld San Vicente Coast, Inc., Northwin Properties, Inc., Suntrust Properties, and Maple Grove Land, Inc. She likewise serves as a Director and the Corporate Secretary of Asia Affinity Property Management, Inc., Luxury Global Malls, Inc., Manila Bayshore Property Holdings, Inc., and Megaworld Capital Town, Inc. She was an Associate at Andres Marcelo Padernal Guerrero & Paras Law Offices from August 2005 to April 2007 where she specialized in labor and corporate law, and at ACCRA Law from February 2003 to January 2004 where she practiced immigration law. She also served as the Chief of Staff of Congresswoman Remedios L. Petilla from July 2004 until June 2005. She obtained her Juris Doctor degree from the Ateneo de Manila School of Law. She has a double degree from De La Salle University: a Bachelor of Arts in Psychology and a Bachelor of Science in Marketing Management, both of which she earned in 1997.

<u>Maria Cristina D. Gonzales, Compliance Officer, 60 years old, Filipino</u>

She concurrently serves as First Vice President for the Revenue Business Group at Megaworld, a position she has held since 2007. Previously, she was the Vice President for Audit at Megaworld, a position she held from 1993 to 2007, an Audit Manager for Shoemart, Inc. from 1988 to 1993, and an Auditor with Sycip Gorres Velayo & Co. from 1984 to 1987. She has been a Certified Public

Accountant since 1984. She graduated *magna cum laude* with a Business Administration degree in Accounting from the University of the East.

(2) Significant Employees

The Company does not have significant employees, i.e., persons who are not executive officers but are expected to make significant contributions to the business.

(3) Family Relationships

No Director or corporate officer is related to each other up to the fourth (4th) civil degree, whether by consanguinity or affinity.

Item 10. Executive Compensation

The table below summarizes the aggregate compensation of the Company's Chairman of the Board of Directors, President, and five (5) most highly compensated executive officers for the years 2023, 2022, and 2021. No salary and bonuses were paid in 2021 as this was prior to the appointment of the officers.

Name	Position	Year	Fees (in PhP)	Bonus (in PhP)	Other Compensation (in PhP)
1. Lo Kai Bong 2. Chua Ming Huar 3. Neoli Mae L. Kho 4. Sutharshan Kandiah 5. Nelileen S. Baxa 6. Atty. Maria Carla T. Uykim 7. Maria Cristina D. Gonzales	1. Chairman of the Board of Directors 2. President 3. Treasurer 4. Chief Financial Officer 5. Corporate Secretary and Corporate Information Officer 6. Assistant Corporate Secretary and Assistant Corporate Information Officer 7. Compliance Officer	2023	36,200,791.00	-	40,124,597.00
		2022	14,058,495.00	2,175,669.00	38,284,549.00
		2021	-	-	4,925,700.00

(1) Employment Contracts and Other Arrangements

Aside from the compensation arising from service arrangements with certain Directors amounting to PhP40,124,597.00, PhP38,284,549.00, and PhP4,925,700.00 in 2023, 2022, and 2021, respectively, there are no other arrangements, including consulting contracts, pursuant to which any Director of the Company was compensated, or is to be compensated, directly or indirectly, for the years 2023, 2022, and 2021 and for the ensuing year, for any service provided as a director. No employment contracts, termination of employment, or change in control arrangements were affected for the applicable calendar year.

Except for minimal allowance or per diems paid to certain members of the Company's Board of Directors amounting to PhP1,433,333.00, PhP1,411,110.00, and PhP333,333.00 in 2023, 2022, and 2021, respectively, there are no arrangements in force pursuant to which the Directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as such director. Below is a summary of the aggregate per diems given to the Directors of the Company as a group:

2023	2022	2021
PhP1,433,333.00	PhP1,411,110.00	PhP333,333.00

(2) Warrants and Options Outstanding

The Company's Chairman of the Board of Directors, President, Directors, and executive officers did not hold warrants or stock options in the years 2023, 2022, and 2021, nor are there plans for extending warrants or stock options in the ensuing year.

Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

As of 29 February 2024, the following were the owners of record, directly or indirectly, of more than 5% of the Company's outstanding capital stock, and the number of shares and percentage of shareholdings of each of them:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Ownership Percentage
Common	**PCD Nominee Corporation (Non-Filipino)**[9] 29th Floor BDO Equitable Tower, 8751 Paseo de Roxas, Makati City, Philippines	PCD Nominee Corporation, a wholly owned subsidiary of the PDTC, is the registered owner of the shares in the books of the Company's stock transfer agent.	Non-Filipino	3,717,203,687	51.272%

[9] As of 31 December 2023, CB Securities held more than 5% of the Company's voting securities: 3,697,650,795 shares or 51.00% of the Company's voting securities. These shares are recorded under PCD Nominee Corporation. Fortune Noble Limited is the ultimate beneficial owner of 3,697,499,998 of said shares.

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Ownership Percentage
	Stockholder of record for shares lodged with the PDTC	Out of the 3,717,203,687 shares registered under PCD Nominee Corporation (Non-Filipino), 3,697,499,998 shares, representing 51% of the Company's capital stock, are beneficially owned by Fortune Noble. The remaining 19,703,689 shares are held by various trading participants of the PDTC.			
Common	**Megaworld Corporation** 30th Floor Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City, Philippines Substantial stockholder	The parent company of Megaworld is Alliance Global. Mr. Tan has the power to direct the voting and disposition of the shares held by Megaworld in the Company.	Filipino	2,437,165,008[10]	33.616%
Common	**PCD Nominee Corporation (Filipino)**[11] 29th Floor BDO Equitable Tower, 8751 Paseo de Roxas, Makati City, Philippines Stockholder of record for shares lodged with the PDTC	PCD Nominee Corporation, a wholly owned subsidiary of the PDTC, is the registered owner of the shares in the books of the Company's stock transfer agent. The beneficial owner of such shares entitled to vote the same are PDTC's participants who hold the shares either in their own behalf or on behalf of their clients.	Filipino	732,488,688	10.103%

(2) Security Ownership of Directors and Management

The following table shows the ownership of the following Directors and corporate officers in the Company's common shares as of 29 February 2024:

Title of Class	Name of Beneficial Owner	Citizenship	Amount and Nature of Beneficial Ownership		Ownership Percentage
Common	Lo Kai Bong	Chinese	1[12]	Direct	51.000%

[10] The shares of Megaworld comprise of (i) 2,437,165,008 directly held common shares and (ii) 27,834,992 common shares indirectly held through Aurora Securities and recorded under PCD Nominee Corporation (Filipino).
[11] See footnote 9.
[12] Mr. Lo Kai Bong holds this share in trust. The beneficial owner of this share is Fortune Noble.

Title of Class	Name of Beneficial Owner	Citizenship	Amount and Nature of Beneficial Ownership		Ownership Percentage
			3,697,499,998[13]	Indirect	
Common	Chua Ming Huat	Malaysian	1[14]	Direct	0.000%
			0	Indirect	
Common	Jesus B. Varela	Filipino	1	Direct	0.000%
			0	Indirect	
Common	Eugenio B. Reducindo	Filipino	1	Direct	0.000%
			0	Indirect	
Common	Ferdinand B. Masi	Filipino	1[15]	Direct	0.000%
			0	Indirect	
Common	Neoli Mae L. Kho	Filipino	1[16]	Direct	0.000%
			0	Indirect	
Common	Atty. Alvin C. Go	Filipino	1	Direct	0.000%
			0	Indirect	
Common	Nelileen S. Baxa	Filipino	0	Direct	0.000%
			0	Indirect	
Common	Atty. Maria Carla T. Uykim	Filipino	0	Direct	0.000%
			0	Indirect	
Common	Sutharshan Kandiah	Australian	0	Direct	0.000%
			0	Indirect	
Common	Maria Cristina D. Gonzales	Filipino	0	Direct	0.000%
			0	Indirect	
Total			**3,697,500,005**	-	**51.000%**

The aggregate number of common shares directly and indirectly owned by all corporate officers and Directors as a group as of 29 February 2024 is 3,697,500,005 or 51.000% of the Company's outstanding capital stock.

(3) Voting Trust

The Company has no knowledge of persons holding more than 5% of its voting securities under a voting trust or similar agreement.

(4) Changes in Control

On 13 May 2022, Major Success Group Limited ("**Major Success**"), Ever Smart Capital Limited, Better Linkage Limited, and Mr. Lo Kai Bong collectively purchased shares and therefore acquired approximately 74.97% of the LET Group which, through Fortune Noble, owns 51% of the total issued and outstanding capital stock of the Company. On even date, Champion Trade Group Limited and Major Success entered into the Sale and Purchase Agreements which involved the acquisition of LET Group shares, among others, at a consideration of HKD344,383,557.00. Major Success is controlled

[13] Mr. Lo Kai Bong controls the LET Group. The LET Group wholly owns Fortune Noble. Fortune Noble owns 51% of the issued and outstanding capital stock of the Company.
[14] Mr. Chua Ming Huat holds this share in trust. The beneficial owner of this share is Fortune Noble.
[15] Mr. Ferdinand B. Masi holds this share in trust. The beneficial owner of this share is Megaworld.
[16] Ms. Neoli Mae L. Kho holds this share in trust. The beneficial owner of this share is Megaworld.

by Mr. Lo Kai Bong. The foregoing transactions resulted in a change in control in the Company, albeit indirectly.

Aside from the foregoing, the happening of any of the following could result in a change in control in the Company:

(a) Subject to the provisions of the OLSA, exercise by China Bank of its foreclosure rights over Company shares owned by Fortune Noble, which shares form part of the security package for loans drawn by the Company from the Loan Facility; and
(b) Subject to the provisions of the Convertible Bonds issued in favor of SA Investments, exercise by SA Investments of its conversion rights under said Convertible Bonds.

Item 12. Certain Relationships and Related Transactions

Except for the material related party transactions described in the Notes to the Audited Financial Statements of the Company and elsewhere in this Annual Report, there has been no material transaction during the last two (2) years to which the Company was or is a party, in which any director, executive officer, or employee, past or present, any nominee for election as director, stockholder of more than ten percent (10%) of the Company's voting shares, and any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any such director or officer or stockholder of more than ten percent (10%) of the Company's voting shares had or is to have a direct or indirect material interest.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, the parties are subject to common control, or the party is an associate or a joint venture. Under SEC Memorandum Circular ("**M.C.**") No. 24, series of 2019, the term "related parties" covers "the covered entity's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common law, and other persons if these persons have control, joint control, or significant influence over the covered entity," and the covered entity's parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture, or an entity that is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party." The term "related party transactions" means a transfer of resources, services, or obligations between a reporting entity and a related party, regardless of whether a price is charged. The circular adds that this term "should be interpreted broadly to include not only transactions entered into with related parties but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party."

PART IV – CORPORATE GOVERNANCE

Item 13a. Corporate Governance

This portion of the Annual Report has been deleted pursuant to SEC M.C. No. 5, series of 2013.

In compliance with SEC M.C. No. 15, series of 2017, and PSE Circular No. 2017-0079 on the Integrated Annual Corporate Governance Report ("**i-ACGR**"), the Company's i-ACGR will be submitted separately using SEC Form i-ACGR. The Integrated Annual Corporate Governance Report replaces this section of the Annual Report and the previous SEC Form ACGR.

Item 13b. Sustainability Report

A copy of the Company's Sustainability Report is attached hereto as **Annex "C."**

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(1) Exhibits

See the Index and Supplementary Schedules of the Company's Consolidated Audited Financial Statements for the year ended 31 December 2023, attached hereto as Annex "B."

(2) Reports on SEC Form 17-C

Below is a list of the reports submitted on SEC Form 17-C during the last six (6)-month period covered by this Annual Report:

Date of Disclosure	Details of the Disclosure
8 June 2023	Approval by the Board of Directors of the Company's authority to negotiate and execute the OLSA with China Bank, among others, and the appointment of authorized signatories for the purpose
15 June 2023	Results of the Special Meeting of the Stockholders: • Election of Atty. Alvin C. Go as regular Director of the Company • Subject to the approval of the SEC, change in the Company's principal office address and amendment of the Third Article of the Company's AOI for the purpose • Approval of the secured loan undertakings under the OLSA, including the mortgage of all or substantially all of the Company's assets and properties • Listing of the 250,000,000 shares issued to Megaworld • Waiver of the rights or public offering requirement under the PSE Consolidated Listing and Disclosure Rules, as amended, applicable to the listing of the 250,000,000 shares of Megaworld
26 July 2023	• Approval and execution of the following agreements: (i) Third Supplement to the Subscription Agreement dated 28 October 2019 with Fortune Noble, Westside, and Travellers, (ii) Supplement to the Deed Poll dated 30 December 2020 with Fortune Noble, (iii) Conditional Supplement to the Deed Poll dated 30 December 2020 with SA Investments, (iv) Conditional Supplement to the Deed Poll dated 10 June 2022 with SA Investments, (v) Subscription Agreement dated 26 July 2023 with SA Investments, and (vi) Conditional Loan Agreement dated 26 July 2023 with SA Investments

Date of Disclosure	Details of the Disclosure
	• Appointment of Mr. Lo Kai Bong as authorized signatory of the Company for the purpose
27 July 2023	• Approval and execution of a USD5,000,000.00 loan agreement with the LET Group • Appointment of Mr. Chua Ming Huat or his duly authorized representative as the Company's authorized signatory for the purpose
3 August 2023	Comprehensive Corporate Disclosure in relation to the 2023 Subscription Agreement between the Company and SA Investments
25 September 2023	Results of the Meeting of the Board of Directors: • Approval of the proposed schedule (31 October 2023 at 9:00 AM), manner (video conferencing), record date (10 October 2023), and agenda for this year's Annual Meeting of the Stockholders • Opening of the nomination period (from 25 September 2023 to 5 October 2023) for the candidates for election to the upcoming Board of Directors • Approval of the amendment of the Company's AOI: (i) increase of the ACS from PhP23,000,000,000.00 divided into 23,000,000,000 common shares at PhP1.00 per share to PhP28,000,000,000.00 divided into 28,000,000,000 common shares at PhP1.00 per share, and amendment of the Seventh Article of the AOI for the purpose; and (ii) addition of retail activities to the Company's purposes, and amendment of the Second Article of the AOI to implement such change • Reiteration of the approval of the amendment of the Company's By-Laws given by the Board of Directors on 9 September 2022 and by the stockholders on 25 October 2022 • Adoption of the recommendation of the Audit Committee to reappoint Punongbayan as the Company's external auditor for the ensuing year and to present such recommendation and this approval for ratification of the stockholders during this year's Annual Meeting of the Stockholders
31 October 2023	Results of the Annual Meeting of the Stockholders and Organizational Meeting of the Board of Directors: • Approval of the Minutes of the Annual Stockholders' Meeting held on 25 October 2022 (the "**2022 Annual Meeting**") and Minutes of the Special Stockholders' Meeting held on 15 June 2023 • Ratification of acts, resolutions, and decisions of the Board of Directors and Management, as well as all contracts and transactions entered into by the Company, since the 2022 Annual Meeting • Election of directors for the ensuing year

Date of Disclosure	Details of the Disclosure
	• Confirmation of the changes to the Company's BL previously approved by the stockholders during the 2022 Annual Meeting • Subject to the approval of the SEC, the addition of retail activities to the purposes of the Company and amendment of the Second Article of the Company's AOI to implement such addition • Subject to the approval of the SEC, increase in the Company's ACS from PhP23,000,000,000.00 divided into 23,000,000,000 common shares at PhP1.00 per share to PhP28,000,000,000.00 divided into 28,000,000,000 common shares at PhP1.00 per share, and amendment of the Seventh Article of the Company's AOI for the purpose • Appointment of Punongbayan as the Company's external auditor for the ensuing year • Election of corporate officers and organization of Board Committees
18 January 2024	Announcements of foreign affiliates in relation to the transaction that prompted the voluntary halt in the trading of their shares on the HKEX: • Board-level and high-level officer resignations at the LET Group and SA Holdings • Details of the transaction that prompted the foreign affiliates to apply for the voluntary halt in the trading of their respective shares listed on the HKEX

[Signature pages follow]

SIGNATURE/S

Pursuant to the requirements of Section 17 of the Securities and Regulation Code and Section 141 of the Corporation Code, this Annual Report is signed on behalf of the Company by the undersigned, thereunto duly authorized.

SUNTRUST RESORT HOLDINGS, INC.

By:

CHUA MING HUAT
President

SUTHARSHAN KANDIAH
Chief Financial Officer

ALDEE J. CELIS
Financial Controller

SUBSCRIBED AND SWORN TO before me this 25 day of MAR 2024 in PARAÑAQUE CITY, affiants appeared and exhibited to me their respective competent evidence of identity bearing their photographs and signatures, as follows:

Name	Competent Evidence of Identity	Place Issued	Expiry Date
Chua Ming Huat	Malaysian Passport No. A55394333	Consulate General of Malaysia in Hong Kong	25 October 2028
Sutharshan Kandiah	Australian Passport No. PE0419787	Australian Passport Office	5 December 2027
Aldee J. Celis	Passport No. P0398763C	Department of Foreign Affairs – Manila	4 June 2032

Doc. No. 398;
Page No. 81;
Book No. I;
Series of 2024.

MICHICO RIZZA G. OI-DAQUIL
Notary Public
ROLL NO. 59435
PARAÑAQUE CITY, PHILIPPINES

MICHICO RIZZA G. OI-DAQUIL
Notary Public for Parañaque City
NOTARIAL COMMISSION NO. 214-2024
Roll of Attorneys No. 59435
PTR No. [illegible], 10 January 2024/Parañaque City
IBP No. [illegible], 01/04/2024/[illegible]
No. 1 [illegible] St., [illegible] Subdivision, San Antonio
Sucat, Parañaque City
MCLE COMPLIANCE No. VII-[illegible]; [illegible] March 2022

SIGNATURE/S

Pursuant to the requirements of Section 17 of the Securities and Regulation Code and Section 141 of the Corporation Code, this Annual Report is signed on behalf of the Company by the undersigned, thereunto duly authorized.

SUNTRUST RESORT HOLDINGS, INC.

By:

NELILEEN S. BAXA
Corporate Secretary and
Corporate Information Officer

SUBSCRIBED AND SWORN TO before me this MAR 2 6 2024 day of ________ in CITY OF MAKATI, affiant appeared and exhibited to me her competent evidence of identity bearing her photograph and signature, UMID ID No. CRN-0033-8300166-8, issued by the Social Security System.

Doc. No. 353
Page No. 71;
Book No. 1;
Series of 2024.

ATTY. CESAR T. VERANO
NOTARY PUBLIC MAKATI CITY
APPOINTMENT NO: M-029
VALID UNTIL DECEMBER 31, 2024
ISSUED ON: DECEMBER 14, 2022
PTR NO.: MKT 10075072 / 01-02-2024 / MAKTI CITY
IBP NO.: 179... / ROLL NO. 29024
MCLE COMPLIANCE NO. VII-0023845
VALID UNTIL APRIL 14, 2025
OFFICE ADDRESS: #2733 G/F CARREON BLDG.
ZENAIDA ST., BRGY. POBLACION MAKATI CITY

SIGNATURE/S

Pursuant to the requirements of Section 17 of the Securities and Regulation Code and Section 141 of the Corporation Code, this Annual Report is signed on behalf of the Company by the undersigned, thereunto duly authorized.

SUNTRUST RESORT HOLDINGS, INC.

By:

NEOLI MAE L. KHO
Treasurer

MAR 25 2024 **CITY OF MAKATI**

SUBSCRIBED AND SWORN TO before me this __ day of ________ in ________, affiant appeared and exhibited to me her competent evidence of identity bearing her photograph and signature, SSS ID No. 34-0111038-9, issued by the Social Security System.

Doc. No. 352
Page No. 71
Book No. 1
Series of 2024

ATTY. CESAR T. VERANO
NOTARY PUBLIC MAKATI CITY
APPOINTMENT NO. M-329
VALID UNTIL DECEMBER 31, 2024
ISSUED ON DECEMBER 14, 2022
PTR NO.: MKT 10075072 / 01-02-2024 / MAKTI CITY
IBP NO.: 179387 ROLL NO. 29024
MCLE COMPLIANCE NO. VII-0023845
VALID UNTIL APRIL 14, 2025
...EON BLDG.
... MAKATI CITY

SUNTRUST

RESORT HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of Suntrust Resort Holdings, Inc. and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Punongbayan and Araullo, the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Lo Kai Bong
Chairman

Chua Ming Huat
President and Chief Executive Officer

Suthar Kandiah

Sutharshan Kandiah
Chief Financial Officer

Signed this MAR 21 2024

SUBSCRIBED AND SWORN to before me 2 5 MAR 2024 at PARAÑAQUE CITY Philippines, affiant exhibiting to me her competent evidence of identity TIN ID No. ________________.

Doc No. 394
Page No. 80
Book No. 1
Series of 2024

Lo Kai Bong: ACR Icard # 22101KL10 20143629
10/06/2024

Chua Ming Huat : Passport: A55394333
10/25/2028

Sutharshan Kandiah: Passport # PE0419787

12/05/2027

MICHICO RIZZA G. OI-DAQUIL
Notary Public
ROLL NO. 59435
PARAÑAQUE CITY, PHILIPPINES

MICHICO RIZZA G. OI-DAQUIL
Notary Public for Parañaque City
NOTARIAL COMMISSION NO. 234-2024
Roll of Attorneys No. 59435
PTR No. 3488241, 10 January 2024/Parañaque City
IBP No. 400857, 01/04/2024/PPLM
No. 1 Monet St., Monet Subdivision, San Antonio
Sucat, Parañaque City
MCLE COMPLIANCE No. VII-0012560; 08 March 2022

P&A
Grant Thornton

FOR SEC FILING

Consolidated Financial Statements and Independent Auditors' Report

Suntrust Resort Holdings, Inc. and Subsidiaries

December 31, 2023, 2022 and 2021

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and Stockholders
Suntrust Resort Holdings, Inc. and Subsidiaries
(Formerly Suntrust Home Developers, Inc.)
(A Subsidiary of Fortune Noble Limited)
26th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Suntrust Resort Holdings, Inc. and subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 17 to the financial statements, which indicates that the Group is in a deficit position as of December 31, 2023 and 2022 due to losses incurred in current and previous years. As stated in Note 17, 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 five-star hotel and casino complex (Main Hotel Casino). Further, management was able to secure additional funding from a financial institution in 2023; hence, management assessed that the funding is sufficient for the completion of the construction of the Main Hotel Casino. Our opinion is not modified in respect of this matter.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Capitalization of Construction Costs of Main Hotel Casino

Description of the Matter

As of December 31, 2023, the construction of the Group's Main Hotel Casino remains in progress. In 2023, the Group incurred and capitalized P8.4 billion of project costs in relation to the construction activities. This includes capitalized borrowing costs amounting to P2.7 billion. Additions to construction in progress are recorded as part of Property and Equipment account in the consolidated statement of financial position.

In our view, the capitalization of costs related to the construction and development activities is significant to our audit due to the volume of transactions and the amounts involved are material to the Group's consolidated financial statements.

The Group's accounting policy and related information are disclosed in Notes 2, 3, 7, 8, 11, and 13 to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our audit procedures, included among others, the following:

- Updating our understanding of the procurement, disbursement and financial reporting procedures and controls over the recognition and measurement of various expenditures, including those that are capitalizable costs under the Group's construction activities;

- Testing the recognition and measurement of capitalizable costs by tracing a sample of transactions throughout the current period to source documents to verify the nature of expenditures and accuracy of amount capitalized; and,

- Recomputing and challenging the reasonableness of capitalized borrowing costs.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matter communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner in the 2023 audit resulting in this independent auditors' report is Edcel U. Costales.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10076139, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-045-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 21, 2024

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

	Notes	2023	2022
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	P 6,021,360,034	P 1,291,609,422
Prepayments and other current assets	6	1,621,528,786	1,136,039,632
Total Current Assets		7,642,888,820	2,427,649,054
NON-CURRENT ASSETS			
Prepayments and deposits for property and equipment	6	2,512,758,374	1,694,043,407
Property and equipment - net	7	23,712,622,347	15,294,448,533
Right-of-use asset - net	8	11,268,682,211	12,105,169,586
Total Non-current Assets		37,494,062,932	29,093,661,526
TOTAL ASSETS		P 45,136,951,752	P 31,521,310,580
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	9	P 729,687,023	P 608,940,215
Lease liabilities	8	2,564,090	-
Due to related parties	15	-	710,239,648
Total Current Liabilities		732,251,113	1,319,179,863
NON-CURRENT LIABILITIES			
Bank borrowings	10	8,273,607,332	-
Convertible bonds payable	11, 15	16,407,921,500	15,115,499,086
Loans from related parties	15	1,696,682,693	-
Due to related parties	15	1,464,126,519	-
Lease liabilities	8	6,226,361,321	6,150,461,454
Retention payable	9	794,690,921	421,175,899
Total Non-current Liabilities		34,863,390,286	21,687,136,439
Total Liabilities		35,595,641,399	23,006,316,302
EQUITY			
Capital stock	17	7,250,000,000	5,862,500,010
Convertible bonds equity reserve	11	5,752,006,144	5,752,006,144
Exchange reserve	2	81,923,401	95,056,256
Deficit	17	(3,542,619,192)	(3,194,568,132)
Total Equity		9,541,310,353	8,514,994,278
TOTAL LIABILITIES AND EQUITY		P 45,136,951,752	P 31,521,310,580

See Notes to Consolidated Financial Statements.

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Suntrust Home Developers, Inc.)
(A Subsidiary of Fortune Noble Limited)
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
REVENUES AND INCOME				
Foreign exchange gain - net	5	P 53,342,699	P -	P -
Finance and other income	12	99,759	13,196	358,988
Gain on sale of investment in an associate	1	-	-	3,236,142
		53,442,458	13,196	3,595,130
COSTS AND EXPENSES				
Operating expenses	12	395,836,817	116,474,417	139,014,470
Tax expense	14	5,269,066	577,016	24,882,384
Finance costs	12	387,635	-	1,201,576
Foreign exchange loss - net	12	-	440,013,800	340,138,642
Equity in net losses of an associate	1	-	-	3,236,142
		401,493,518	557,065,233	508,473,214
NET LOSS		(P 348,051,060)	(P 557,052,037)	(P 504,878,084)
Loss Per Share –	16			
Basic and Diluted		(P 0.048)	(P 0.077)	(P 0.070)

See Notes to Consolidated Financial Statements.

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Suntrust Home Developers, Inc.)
(A Subsidiary of Fortune Noble Limited)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Note	2023	2022	2021
NET LOSS		**(P 348,051,060)**	(P 557,052,037)	(P 504,878,084)
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will be reclassified subsequently to profit or loss				
Exchange difference on translating foreign operations	2	**(13,132,855)**	24,071,678	66,647,702
TOTAL COMPREHENSIVE LOSS		**(P 361,183,915)**	(P 532,980,359)	(P 438,230,382)

See Notes to Consolidated Financial Statements.

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Suntrust Home Developers, Inc.)
(A Subsidiary of Fortune Noble Limited)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Capital Stock (see Note 17)	Convertible Bonds Equity Reserve (see Note 11)	Exchange Reserve	Revaluation Reserve (see Note 1)	Deficit	Total Equity
Balance at January 1, 2023	P 5,862,500,010	P 5,752,006,144	P 95,056,256	P -	(P 3,194,568,132)	P 8,514,994,278
Collection of subscriptions receivable	1,387,499,990	-	-	-	-	1,387,499,990
Total comprehensive loss for the year	-	-	(13,132,855)	-	(348,051,060)	(361,183,915)
Balance at December 31, 2023	**P 7,250,000,000**	**P 5,752,006,144**	**P 81,923,401**	**P -**	**(P 3,542,619,192)**	**P 9,541,310,353**
Balance at January 1, 2022	P 5,862,500,010	P 4,592,867,070	P 70,984,578	P -	(P 2,637,516,095)	P 7,888,835,563
Recognition of conversion options	-	1,159,139,074	-	-	-	1,159,139,074
Total comprehensive loss for the year	-	-	24,071,678	-	(557,052,037)	(532,980,359)
Balance at December 31, 2022	P 5,862,500,010	P 5,752,006,144	P 95,056,256	P -	(P 3,194,568,132)	P 8,514,994,278
Balance at January 1, 2021	P 5,862,500,010	P 4,592,867,070	P 4,336,876	P 460,033	(P 2,133,098,044)	P 8,327,065,945
Transfer of reserve upon disposal of an associate	-	-	-	(460,033)	460,033	-
Total comprehensive loss for the year	-	-	66,647,702	-	(504,878,084)	(438,230,382)
Balance at December 31, 2021	P 5,862,500,010	P 4,592,867,070	P 70,984,578	P -	(P 2,637,516,095)	P 7,888,835,563

See Notes to Consolidated Financial Statements.

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Suntrust Home Developers, Inc.)
(A Subsidiary of Fortune Noble Limited)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(P 342,781,994)	(P 556,475,021)	(P 479,995,700)
Adjustments for:				
Unrealized foreign exchange loss (gain) - net	12	(89,834,345)	438,024,353	391,239,823
Depreciation and amortization	12	7,176,011	730,329	28,317,197
Interest expense		387,635	-	1,201,576
Finance income	5	(99,759)	(13,196)	(358,988)
Loss on lease termination		-	129,528	-
Equity in net losses of an associate	1	-	-	3,236,142
Gain on sale of investment in an associate	1	-	-	(3,236,142)
Operating loss before working capital changes		(425,152,452)	(117,604,007)	(59,596,092)
Increase in other current assets		(504,549,892)	(414,248,621)	(583,167,789)
Decrease in trade and other payables		(119,649,236)	(729,773,955)	(127,364,608)
Increase (decrease) in due to related parties		(189,248,089)	-	27,382,014
Cash used in operations		(1,238,599,669)	(1,261,626,583)	(742,746,475)
Interest received		41,425,136	4,483,885	358,988
Cash paid for taxes		(5,269,066)	(577,016)	(1,469,494)
Net Cash Used in Operating Activities		(1,202,443,599)	(1,257,719,714)	(743,856,981)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment	7	(3,704,866,542)	(2,353,033,168)	(3,091,148,898)
Additions to prepayments and deposits for property and equipment	6	(1,538,635,051)	(1,020,291,578)	(1,946,752,128)
Proceeds from sale of investment in an associate	1	-	-	153,728,294
Net Cash Used in Investing Activities		(5,243,501,593)	(3,373,324,746)	(4,884,172,732)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from bank borrowings		8,740,000,000	-	-
Net proceeds from loan from related parties		1,731,947,011	-	(58,378,962)
Collection of subscription receivable		1,387,499,990	-	-
Payment of interest and financing costs		(661,273,249)	(628,469,468)	(29,497,169)
Repayments of lease liabilities		(2,418,750)	-	(27,214,056)
Proceeds from borrowings		-	-	5,738,640,000
Net Cash From (Used in) Financing Activities		11,195,755,002	(628,469,468)	5,623,549,813
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		4,749,809,810	(5,259,513,928)	(4,479,900)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,291,609,422	6,154,842,856	5,877,616,276
EFFECTS ON FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(20,059,198)	396,280,494	281,706,480
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 6,021,360,034	P 1,291,609,422	P 6,154,842,856

Supplemental Information in Non-cash Operating, Financing and Investing Activities is disclosed in Note 23 to the Consolidated Financial Statements.

See Notes to Consolidated Financial Statements.

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Suntrust Home Developers, Inc.)
(A Subsidiary of Fortune Noble Limited)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021
(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. 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 Parent 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 2019 to increase the authorized capital stock and change the corporate name to align with the business objectives (see Note 1.4).

As at December 31, 2023, the construction of structural work and tower facade up to roof level have been completed (except façade at the middle portion of skybridge). The major mechanical, electrical, and plumbing equipment have been delivered to construction site and are undergoing installation. Architectural builders and fit out works, and external civil works are in progress. Management aims to commence the operations of a 5-star hotel and casino establishment (Main Hotel Casino) in the first quarter of 2025.

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 (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.

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; and (iii) property development in Japan.

The Parent Company's registered office address and principal place of business is the 26th Floor, Alliance Global Tower, 36th Street corner 11th 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

Suntrust holds ownership interests in the following subsidiaries:

	Explanatory Notes	Percentage of Ownership
Subsidiaries:		
SWC Project Management Limited (SWCPML)	(a)	**100.00%**
WC Project Management Limited (WCPML)	(b)	**100.00%**
Suncity WC Hotel Inc. (WC Hotel)	(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 Sale of Investment in an Associate

The Parent Company previously held a 24.27% interest over First Oceanic Property Management, Inc. (FOPMI). On March 25, 2021, an agreement for sale and purchase (FOPMI SP Agreement) was entered into between the Parent Company and Asian E-Commerce, Inc. (Asian E-Commerce), which is 50%-owned by a non-controlling shareholder of Suntrust. Pursuant to the FOPMI SP Agreement, the Parent Company agreed to sell and Asian E-Commerce agreed to purchase the Parent Company's interest over FOPMI and its subsidiary, for a consideration of P153.7 million.

On April 16, 2021, the Parent Company and Asian E-Commerce executed the relevant deed of absolute sale of shares in relation to the Parent Company's 24.27% equity interest in FOPMI. The sale of shares in FOPMI resulted to the derecognition of the Group's investment in an associate. Total gain on sale of investment in an associate amounted to P3.2 million.

Prior to sale, the Parent Company recognized its equity in net results of FOPMI amounting to P3.2 million (loss) in 2021 in its consolidated statements of income.

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

On September 6, 2021, the Parent Company's BOD 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 and June 15, 2023, the BOD and Shareholders, respectively, approved the change in the Parent 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 at date of issuance of the financial statements, the change of principal office is pending filing with and approval by the SEC.

On September 25, 2023 and October 31, 2023, the BOD and Stockholders, respectively, approved the (a) increase of authorized capital stock from Php23,000,000,000 divided into 23,000,000,000 common shares at Php1.00 per share to Php28,000,000,000 divided into 28,000,000,000 common shares at Php1.00 per share (b) amendment of the Corporation's secondary purposes to include retail activities. As at date of issuance of the financial statements, the increase in authorized capital stock is pending filing with and approval by the SEC.

1.5 Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the year ended December 31, 2023 (including the comparative consolidated financial statements as at December 31, 2022 and for the years ended December 31, 2022 and 2021) were authorized for issue by the Parent Company's BOD on March 21, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC), from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents consolidated statement of comprehensive income separate from the consolidated statement of income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

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

Items included in the consolidated financial statements of the Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2023 that are Relevant to the Group

The Group adopted for the first time the following amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments)	:	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Definition of Accounting Estimates
PAS 12 (Amendments)	:	Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below and in the succeeding page are the relevant information about these pronouncements.

(i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies.* The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Group's consolidated financial statements under Notes 2 and 3.

(ii) PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Group's consolidated financial statements.

(b) Effective in 2023 that is not Relevant to the Group

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, are not relevant to the Group's consolidated financial statements.

(c) Effective Subsequent to 2023 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)

(ii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)

(iii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)

(iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1,2024)

(v) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries (see Note 1.2), after the elimination of material intercompany transactions.

The Parent Company accounts for its investments in subsidiaries and associate as follows:

(a) Investment in Subsidiaries

Subsidiaries are consolidated from the date the Parent Company obtains control. The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

(b) Investment in an Associate

Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

2.4 Financial Instruments

(a) Financial Assets

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits to purchase or sell the asset).

The Group's financial assets include financial assets at amortized cost, which includes cash and cash equivalents, and refundable deposits.

The Group recognizes expected credit loss (ECL) for its receivables and refundable deposits. The ECL on these assets are estimated by applying the simplified approach using a provision matrix developed based on the Group's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

(b) Financial Liabilities

Financial liabilities include bank borrowings, trade and other payables (excluding tax-related payables), loans from related paries, retention payable, due to related parties, lease liabilities and financial liability component of convertible bonds.

2.5 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value.

Depreciation of office and communications equipment, furniture and fixtures, and shorter of lease term improvement is computed on the straight-line basis over the estimated useful lives of three to five years.

2.6 Revenue and Expense Recognition

The Group has not presented any revenues and income in any of the relevant years in its consolidated statements of income, except for interest income, foreign exchange gain, and gain on sale of investment in associate.

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset.

2.7 Group as Leasee

Subsequent to initial recognition, the Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term which is from 3 to 19 years.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

2.8 Impairment of Non-financial Assets

The Group's property and equipment, right-of-use assets, and other non-financial assets are subject to impairment testing.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

The factors that are normally the most relevant are (a) if there are significant penalties should the Group pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group. Management assessed that the renewal period on the Parent Company's lease for its land should not be included in the lease term as the head lease agreement requires mutual agreement by both parties prior to renewal (see Note 8).

(b) Recognition of Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably evem if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 18.

(c) Determination of Direct Relationship between a Borrowing and a Qualifying Asset

Management exercised judgment in determining the relationship between a borrowing and a qualifying asset. Management considers the usage of funds and whether the asset acquired is not yet readily available for its intended use. Based on management's assessment, the borrowing related to the construction of the Group's Main Hotel Casino are considered specific borrowings (see Notes 8.2, 10, 11, 12.2, and 15.6).

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Group measures its lease liabilities at the present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate (IBR). In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) *Determination of Timing of Lease Payments*

As disclosed in Note 8, the Group's lease over a property requires annual rentals starting from the latter of the first day of commencement of the operation of the Main Hotel Casino or other dates that may mutually agreed upon by the Group and the lessor.

In 2022, management determined that the estimated commencement of operation shall be in 2024 and hence determined the start of payment to be at such year. Consequently, management remeasured its lease liability to reflect the change in timing of the estimated date of operations, consistent to the original provisions of the lease agreement. In 2023, a similar remeasurement was made following management's reassessment that the operations shall commence in the first quarter of 2025.

Details of such remeasurement is disclosed in Note 8.

(c) *Estimation of Allowance for ECL on Financial Assets at Amortized Cost*

The assessment of ECL on financial assets at amortized cost requires the use of assumptions about the future economic conditions and credit behavior (e.g., likelihood of counterparty defaulting and the resulting losses) and involves correlation between historical observed default rates, forecast economic conditions. Such ECL assessment is sensitive to changes in circumstances and of forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the counterparties' actual default in the future. No ECL is assessed on existing financial assets at amortized cost as at December 31, 2023 and 2022. The Group's accounting policy with respect to ECL is described in Note 2.4.

(d) *Recognition of Financial Liability and Equity Components of Compound Financial Instruments*

The convertible bonds contain both a financial liability component, which is the Parent Company's contractual obligation to pay cash, and an equity component, which is the holder's option to convert it into the Parent Company's common shares. The value of the financial liability component is determined separately which is deducted from the fair value of the compound instrument as a whole, and the residual amount is assigned as the value of the equity component.

The carrying amount of the financial liability component was determined by an independent third-party valuer by using the option pricing method. In measuring the fair value, the risk-free rate, the underlying volatility of the Parent Company's stock price, and enterprise value are the principal assumptions used in the valuation. When the fair value of the financial liability is compared with the fair value of the compound financial instrument as a whole, which is equivalent to the issue price, the residual amount was assigned to the equity component which is presented as Convertible Bonds Equity Reserve in the consolidated statements of financial position. The financial liability is subsequently measured at amortized cost.

(e) *Estimating Useful Lives of Property and Equipment, and Right-of-use Asset*

The Group estimates the useful lives of its property and equipment, and ROUA based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment, and ROUA are analyzed in Notes 7 and 8, respectively. Based on management's assessment as at December 31, 2023 and 2022, there are no changes in the estimated useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(f) *Determining Realizable Amount of Deferred Tax Assets*

The Group reviews its deferred tax assets (DTA) at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Based on management's assessment, the Group has assessed that the unrecognized deferred tax assets arising from net operating loss carry over (NOLCO) and unrealized foreign exchange losses as at December 31, 2023 and 2022 may not be utilized within the prescribed periods required by law. The unrecognized deferred tax assets as of those dates is disclosed in Note 14.

(g) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No impairment losses were recognized on the Group's non-financial assets in 2023 and 2022.

4. SEGMENT REPORTING

4.1 Business Segments

The Group's operating businesses are organized and managed separately according to the services provided, with each segment representing a unit that offers different services and serves different markets. For management purposes, the Group is organized into two major business segments, namely property management and rental, and tourism-related business following the change in the primary purpose of the Parent Company as disclosed in Note 1.1. These are also the basis of the Group in reporting to its strategic steering committee for its strategic decision-making activities.

(a) Tourism-related Business – is the development and operation of the Main Hotel Casino.

(b) Property Management and Rental – was the operation, control of (usually on behalf of an owner) and oversight of commercial, industrial or residential real estate as used in its most broad terms. This segment is no longer applicable since April 1, 2021 after the sale of FOPMI.

The segment results include the equity share in net earnings of an associate operating in the same industry.

4.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash and cash equivalents, prepayments, property and equipment and right of use asset. Segment liabilities include all operating liabilities and consist principally of trade and other payables, due to related parties, bank borrowings, convertible bonds payable, loans from related parties, lease liabilities, and retention payable.

The business segment information of the Group as of and for the years ended December 31, 2023, 2022 and 2021 follows:

	Tourism-related Business	Property Management and Rental	Total
2023:			
Finance costs	(P 387,635)	P -	(P 387,635)
Operating expenses	(395,836,817)	-	(395,836,817)
Finance and other income	53,442,458	-	53,442,458
Loss before tax	(342,781,994)	-	(342,781,994)
Tax expense	(5,269,066)	-	(5,269,066)
Net loss	**(P 348,051,060)**	**P -**	**(P 348,051,060)**
Segment assets	**P 45,136,951,752**	**P -**	**P 45,136,951,752**
Segment liabilities	**P 35,595,641,399**	**P -**	**P 35,595,641,399**
2022:			
Finance costs	(P 440,013,800)	P -	(P 440,013,800)
Operating expenses	(116,474,417)	-	(116,474,417)
Finance and other income	13,196	-	13,196
Loss before tax	(556,475,021)	-	(556,475,021)
Tax expense	(577,016)	-	(577,016)
Net loss	(P 557,052,037)	P -	(P 557,052,037)
Segment assets	P 31,521,310,580	P -	P 31,521,310,580
Segment liabilities	P23,006,316,302	P -	P23,006,316,302
2021:			
Revenues and income:			
Gain on sale of investment in associate	P -	P 3,236,142	P 3,236,142
Finance and other income	358,988	-	358,988
	358,988	3,236,142	3,595,130
Finance costs	(341,340,218)	-	(341,340,218)
Operating expenses	(139,014,470)	-	(139,014,470)
Equity in net losses of an associate	-	(3,236,142)	(3,236,142)
Loss before tax	(479,995,700)	-	(479,995,700)
Tax expense	(24,882,384)	-	(24,882,384)
Net loss	(P 504,878,084)	P -	(P 504,878,084)
Segment assets	P 30,685,420,553	P -	P 30,685,420,553
Segment liabilities	P 22,796,584,990	P -	P 22,796,584,990

5. CASH AND CASH EQUIVALENTS

Cash pertains to cash in banks which generally earn interest based on daily bank deposit rates.

In 2023, the Parent Company holds short-term placements which were made for varying periods from 5 to 90 days and earned effective interest of 1.50% to 5.00%.

Interest earned from cash in banks and short-term placements are netted against borrowing costs which were capitalized as part of Construction-in progress (see Note 12.2).

Total realized foreign exchange gain earned from cash in 2023 and 2022 are presented as part of Foreign Exchange Gain - net in the 2023 and and Foreign Exchange Loss – net in the 2022 consolidated statements of income (see Note 12.2).

	2023	2022
Cash on hand	**P 100,000**	P -
Cash in banks	**285,699,994**	1,291,609,422
Short term placements	**5,735,560,040**	-
	P 6,021,360,034	P 1,291,609,422

6. PREPAYMENTS AND OTHER ASSETS

The composition of this account is as follows:

	Note	2023	2022
Current:			
Input value-added tax (VAT)		**P1,557,484,976**	P 958,122,124
Prepaid insurance and other costs		**32,755,953**	130,649,770
Refundable deposits	8	**29,410,057**	90,222
Deferred input VAT		**1,877,800**	47,177,516
		1,621,528,786	1,136,039,632
Non-current:			
Deposits for property and equipment		**2,487,383,143**	1,667,606,256
Prepaid insurance and other costs		**25,375,231**	26,437,151
		2,512,758,374	1,694,043,407
		P4,134,287,160	P2,830,083,039

Deposits for property and equipment pertain to advance payments to contractors and suppliers made by the Parent Company, which are subsequently amortized as the performance obligation is performed.

7. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation of property and equipment at the beginning and end of 2023 and 2022 are shown below.

	Office and Communications Equipment	Furniture and Fixtures	Leasehold Improvement	Construction in Progress	Total
December 31, 2023					
Cost	P 13,118,765	P 189,473	P 9,318,559	P23,694,951,540	P 23,717,578,337
Accumulated depreciation and amortization	(2,409,365)	(29,460)	(2,517,165)	-	(4,955,990)
Net carrying amount	**P 10,709,400**	**P 160,013**	**P 6,801,394**	**P23,694,951,540**	**P23,712,622,347**
December 31, 2022					
Cost	P 4,242,760	P -	P -	P 15,292,440,822	P 15,296,683,582
Accumulated depreciation and amortization	(2,235,049)	-	-	-	(2,235,049)
Net carrying amount	P 2,007,711	P -	P -	P 15,292,440,822	P 15,294,448,533
January 1, 2022					
Cost	P 3,726,291	P 2,249,228	P 1,746,377	P 8,830,347,867	P 8,838,069,763
Accumulated depreciation and amortization	(1,775,095)	(311,347)	(871,851)	-	(2,958,293)
Exchange difference	108,635	71,112	30,892	19,209,707	19,420,346
Net carrying amount	P 2,059,831	P 2,008,993	P 905,418	P 8,849,557,574	P 8,854,531,816

A reconciliation of the carrying amounts of property and equipment at the beginning and the reporting periods of 2023 and 2022 is shown below.

	Office and Communications Equipment	Furniture and Fixtures	Leasehold Improvement	Construction in Progress	Total
Balance at January 1, 2023, net of accumulated depreciation and amortization	P 2,007,711	P -	P -	P 15,292,440,822	P15,294,448,533
Additions	10,990,017	189,473	9,318,559	8,402,510,718	8,423,008,767
Depreciation and amortization charges for the year	(2,288,328)	(29,460)	(2,517,165)	-	(4,834,953)
Balance at December 31, 2023, net of accumulated depreciation and amortization	**P 10,709,400**	**P 160,013**	**P 6,801,394**	**P23,694,951,540**	**P23,712,622,347**
Balance at January 1, 2022, net of accumulated depreciation and amortization	P 2,059,831	P 2,008,993	P 905,418	P 8,849,557,574	P 8,854,531,816
Additions	2,128,749	-	-	6,442,883,248	6,445,011,997
Disposal	(1,720,915)	(1,875,937)	(768,099)	-	(4,364,951)
Depreciation and amortization charges for the year	(459,954)	(133,056)	(137,319)	-	(730,329)
Balance at December 31, 2022, net of accumulated depreciation and amortization	P 2,007,711	P -	P -	P15,292,440,822	P15,294,448,533

	Office and Communications Equipment	Furniture and Fixtures	Leasehold Improvement	Construction in Progress	Total
Balance at January 1, 2021, net of accumulated depreciation and amortization	P 1,958,498	P 388,215	P 125,252	P 1,973,631,399	P 1,976,103,364
Additions	1,302,103	1,809,822	1,301,385	6,856,716,468	6,861,129,778
Disposal	(39,856)	-	-	-	(39,856)
Depreciation and amortization charges for the year	(1,269,549)	(260,156)	(552,111)	-	(2,081,816)
Exchange difference	108,635	71,112	30,892	19,209,707	19,420,346
Balance at December 31, 2021, net of accumulated depreciation and amortization	P 2,059,831	P 2,008,993	P 905,418	P 8,849,557,574	P 8,854,531,816

Construction in progress (CIP) pertains to the accumulated costs incurred on properties under development in the Entertainment City, Manila in accordance with the Co-Development Agreement (CDA) with a related party under common ownership (see Note 15.8). In 2020, costs incurred totaling to P1,973.6 million comprised of the amount of deposit capitalized as reimbursement for the cost of the project, after fulfilling certain conditions (see Note 18.1), and other costs such as piling, engineering, architectural and other consultancy fees related to the design and development of the Main Hotel Casino.

Total interest capitalized as CIP in 2023 and 2022 amounted to P2,672.3 million (net of P41.4 million interest income) and P2,174.7 million (net of P4.5 million interest income), respectively (see Notes 8, 10, 11, 12.2, and 15.6). Capitalization rates used in determining the amount of interest charges for capitalization of specific borrowings ranges from 6 % to 14% in 2023 and 2022.

The amount of depreciation and amortization is presented as part of Operating Expenses account in the consolidated statements of income (see Note 12.1).

8. LEASES

On February 21, 2020, and in relation to the Co-Development Agreement (CDA) (see Note 15.8), 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 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 US$10.6 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 (see Note 15.8) or such other dates as may be mutually agreed upon by both parties.

In 2023 and 2022, management remeasured its lease liabilities and made a corresponding adjustment to its ROUA amounting to P115.4 million and P825.2 million, respectively to reflect the change in the timing of the estimated date of operations of the Main Hotel Casino, consistent to the original provisions of the lease agreement [see Note 3.2(b)].

On January 4, 2023, the Parent Company entered into another lease agreement with a related party under common ownership for the lease an office space for a period of three years.

As of December 31, 2023 and 2022, the lease agreements are reflected in the consolidated statements of financial position as ROUA and lease liabilities in accordance with PFRS 16.

8.1 Right-of-use Asset

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

	2023	2022
Cost		
Balance at beginning of year	**P 13,604,499,319**	P 14,480,332,310
Remeasurement	**(115,403,416)**	(825,199,087)
Additions	**7,567,274**	-
Termination	**-**	(50,633,904)
Balance at end of year	**13,496,663,177**	13,604,499,319
Accumulated amortization		
Balance at beginning of year	**1,499,329,733**	799,254,938
Amortization	**728,651,233**	726,310,175
Termination	**-**	(26,235,380)
Balance at end of year	**2,227,980,966**	1,499,329,733
	P 11,268,682,211	P 12,105,169,586

In 2021, SWCPML and WCPML entered into certain lease agreements for two rental offices. However, in 2022, these were terminated; no penalties were incurred on such lease termination. Consequently, the subsidiaries derecognized the related ROUA amounting to P26.2 million and lease liability amounting to P24.3 million (see Note 8.2) in the 2022 consolidated statement of financial position and recognized loss on termination of leases amounting to P0.1 million as part of Other expenses under Operating Expenses in the 2022 consolidated statement of income. The related refundable deposits were recovered from the lessor at date of termination (see Note 6).

The Group capitalized the amortization of ROUA that is directly attributable to the completion of the Main Hotel Casino amounting to P726.3 million in 2023 and 2022, as part of CIP under Property and Equipment account in the consolidated statements of financial position (see Note 7).

8.2 Lease Liabilities

Lease liabilities are presented in the consolidated statements of financial position as follows:

	2023	2022
Current	**P 2,564,090**	P -
Non-current	**6,226,361,321**	6,150,461,454
	P6,228,925,411	P6,150,461,454

The carrying amounts of the Group's lease liabilities as at December 31, 2023 and 2022 is presented below.

	Notes	2023	2022
Balance at beginning of year		**P 6,150,461,454**	P 6,195,503,842
Interest expense	8.4, 12.2	**249,777,719**	235,410,607
Remeasurement		**(115,403,416)**	(825,199,087)
Exchange difference	12.2	**(61,058,870)**	569,015,087
Addition		**7,567,274**	-
Payment		**(2,418,750)**	-
Termination		**-**	(24,268,995)
Balance at end of year		**P 6,228,925,411**	P 6,150,461,454

The undiscounted maturity analysis of lease liability at December 31 is as follows :

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	10 to 19 years	Total
2023								
Lease payments	**P 2,564,090**	**P 592,072,000**	**P 589,010,200**	**P 589,010,200**	**P 589,010,200**	**P 2,945,051,000**	**P3,239,556,100**	**P8,546,273,790**
Finance charges	**(254,395,656)**	**(252,936,252)**	**(239,105,040)**	**(224,801,845)**	**(209,913,973)**	**(804,059,252)**	**(332,136,361)**	**(2,317,348,379)**
Net present value	**(P 251,831,566)**	**P 339,135,748**	**P 349,905,160**	**P 364,208,355**	**P 379,096,227**	**P 2,140,991,748**	**P2,907,419,739**	**P 6,228,925,411**
2022								
Lease payments	P -	P -	P 594,872,000	P594,872,000	P 594,872,000	P 2,974,360,000	P3,965,813,334	P 8,724,789,334
Finance charges	(251,414,562)	(261,691,722)	(254,212,281)	(240,287,014)	(225,792,520)	(889,939,042)	(450,990,739)	(2,574,327,880)
Net present value	(P 251,414,562)	(P 261,691,722)	P 340,659,719	P 354,584,986	P 369,079,480	P 2,084,420,958	P3,514,822,595	P6,150,461,454

8.3 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize a lease liability for short-term leases. Payments made under such leases are expensed on a straight-line basis.

The expenses relating to short-term leases amounted to P1.1 million in 2021, and is presented as Rentals under Operating Expenses in the 2021 consolidated statement of income (see Note 12.1). There was no similar transaction in 2023 and 2022.

There was no commitment to short-term leases as of December 31, 2023 and 2022.

8.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P2.4 million and P27.2 million in 2023 and 2021, respectively. No similar payment was made in 2022.

Certain interest expense incurred on lease amounting to P249.4 million in 2023 and P235.4 million in 2022 is capitalized as part of CIP under Property and Equipment account in the statements of financial position [see Notes 3.1(c) and 7].

Total unrealized foreign exchange loss incurred in relation to the lease is presented as part of Foreign Exchange Gain - net in the 2023 and Foreign Exchange Loss – net in 2022 consolidated statements of income (see Note 12.2).

9. TRADE AND OTHER PAYABLES

The details of this account are as follows:

	Note	2023	2022
Current:			
Government payables		**P 250,801,759**	P 75,478,434
Construction costs payable		**240,833,543**	501,064,607
Accrued interest payable	10	**120,385,440**	-
Accrued expenses		**58,153,086**	8,984,284
Others		**59,513,195**	23,412,890
		729,687,023	608,940,215
Non-current :			
Retention payable		**794,690,921**	421,175,899
		P 1,524,377,944	P 1,030,116,114

Accrued expenses pertain to accrual for professional fees and employee benefits.

Retention payables represent portions of progress billings received from contractors for the construction work performed which are retained by the Group to bind contractors in completing the agreed tasks.

10. BANK BORROWINGS

On June 8, 2023, the Parent Company entered into a 8-year non-syndicated Omnibus Loan and Security Agreement and subsequently amended on July 26, 2023, consisting of a Loan Facility Agreement, a Mortgage Agreement, a Security Agreement, a Suretyship Agreement, and a Project Accounts Agreement, with China Banking Corporation (China Bank), Fortune Noble and SA Investments among others (the Omnibus Loan and Security Agreement). Under the Omnibus Loan and Security Agreement, an interest-bearing secured senior loan facility of up to P25.0 billion was made available to the Parent Company (the Loan Facility), subject to the satisfaction of certain conditions, the proceeds of which shall be used to partially finance the costs for the design, development, and construction of the Main Hotel Casino.

As of December 31, 2023, the Company had drawn P8.7 billion from the Loan Facility after completion of certain project milestones required by the Omnibus Loan and Security Agreement.

The Loan Facility is subject to interest based on a 5-year BVAL reference rate plus an agreed interest premium factor subject to repricing after 5 years. The Company is required to maintain certain financial ratios including maintenance debt-to-equity ratio and maintenance debt service coverage ratio starting 2026 and project debt-to-equity ratio after the initial loan drawdown. All assets of the Company as of December 31, 2023 and material contracts entered into by the Company in relation to the construction of the Main Hotel Casino are being held as security.

The outstanding loans as of December 31, 2023, net of related discounts, are presented as Bank Borrowings in the 2023 consolidated statement of financial position. Total accrued interest as of December 31, 2023 (see Note 9) and interest capitalized for the year ended December 31, 2023 (see Note 12.2) amounts to P120.4 million and P194.9 million, respectively.

11. 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. 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 antidilutive adjustments.

On June 1, 2020, the Parent Company also entered into a subscription agreement with Summit Ascent Investments Limited (SA Investments), a wholly-owned subsidiary of Summit Ascent Holdings Limited and a fellow subsidiary of the Parent Company, for the issuance of 6.0% convertible bonds at a total subscription price of P5,600.0 million. 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 antidilutive adjustments.

At the time of the issuance of the bonds, 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 July 26, 2023, the original Fortune Noble deed poll was supplemented to align its terms with the Omnibus Loan and Security Agreement, to wit:

- The conversion right in favor of Fortune Noble shall not be exercised for as long as the loans under the Loan Facility remain outstanding, except when the written consent of China Bank is secured or at least seventy-five percent (75%) of the outstanding loans under the Loan Facility have been repaid;

- Subordination of the payment of the loan under the Fortune Noble - P7.3B CB to the payment of the loans under the Omnibus Loan and Security Agreement;

- Undertaking not to dispose nor create any lien or encumbrance on the bonds until the loans under the Loan Facility are fully paid, except when expressly allowed under the Omnibus Loan and Security Agreement; and

- Undertaking on the part of Fortune Noble to extend the maturity of the Fortune Noble - P7.3B CB to 2030, as allowed thereunder.

On September 20, 2021, the Parent Company entered into another subscription agreement with SA Investments for the issuance of 6.0% convertible bonds at a total subscription price of P6,400.0 million. The convertible bonds were issued on June 10, 2022 and is convertible into 3,878,787,878 shares at the conversion price of P1.65 per share, subject to antidilutive adjustments. The convertible bond is payable up to 2025, which maybe subject to agreement by SA Investments, upon request of the Parent Company, be extended up to 2028.

On July 26, 2023, the Parent Company and SA Investments entered into the Conditional Supplements to the Deed Polls dated December 30, 2020 and June 10, 2022. On September 13, 2023, the Conditional Supplements to the Deed Polls were approved by the independent shareholders of Summit Ascent Holdings Limited (SA Holdings) and amended the SA Investments - P5.6B CB and SA Investments - P6.4B CB (the "SA Investments Convertible Bonds").

Below are the material changes to the SA Investments Convertible Bonds:

i. The conversion right in favor of SA Investments shall not be exercised for as long as the loans under the Loan Facility remain outstanding, except when the written consent of China Banking Corporation is secured or at least seventy-five percent (75%) of the outstanding loans under the Loan Facility have been repaid; and

ii. Subordination of the payment of the loans under the SA Investments Convertible Bonds to the payment of the loans under the OLSA.

On July 26, 2023, the Parent Company and SA Investments entered into the 2023 Subscription Agreement pursuant to which the Company agreed to issue and SA Investments conditionally agreed to subscribe for the 2023 SA Investments Convertible Bond in the aggregate subscription price equivalent to P13,511,100,000 (the "CB Subscription Price). The CB Subscription Price of the 2023 SA Investments Convertible Bond pertains to the aggregate of the outstanding amounts, inclusive of principal and accrued interest, of the SA Investments Convertible Bonds.

The 2023 SA Investments Convertible Bond shall be issued upon the satisfaction or waiver of certain conditions precedent on or before April 30, 2024 such as obtaining regulatory approvals for the issuance of the 2023 SA Investments Convertible Bond, securing shareholder approval, the set-off, and other transactions contemplated therein, and obtaining approval for the interest waiver, among others. If any of the conditions precedent is not satisfied or (as the case may be) not waived by SA Investments on or before the April 30, 2024, the 2023 Subscription Agreement shall be terminated and the parties to the same shall be released and discharged from their respective obligations therein. Otherwise, the 2023 Subscription Agreement and 2023 SA Investments Convertible Bond shall supersede subscription agreements entered into by the Company with SA Investments in 2021 and 2020 and the SA Investments Convertible Bonds.

Upon issuance of the 2023 SA Investments Convertible Bond, the CB Subscription Price will be applied by the Parent Company to redeem the SA Investments Convertible Bonds by way of setting off the amount due by the Parent Company to SA Investments in full or in part. Any shortfall shall be paid by the Parent Company in cash to SA Investments. The Company and SA Investments will execute a set-off deed for that purpose.

As of December 31, 2023, the Parent Company has yet to receive SEC approval or confirmation of exempt transaction for the 2023 SA Investments Convertible Bond.

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 are presented below and in the succeeding page.

	Fortune Noble - P7.3B CB	SA Investments - P5.6B CB	SA Investments - P6.4B CB	Total
Balance at January 1, 2022	P 4,786,155,481	P 4,143,428,522	P -	P 8,929,584,003
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	-	-	6,345,536,000	6,345,536,000
Amount classified as equity	-	-	(1,159,139,074)	(1,159,139,074)
Amortized interest for the year ended December 31, 2022	532,732,172	291,126,417	175,659,568	999,518,157
Carrying amount of liability at December 31, 2022	P 5,318,887,653	P 4,434,554,939	P 5,362,056,494	P15,115,499,086

	Fortune Noble - P7.3B CB	SA Investments - P5.6B CB	SA Investments - P6.4B CB	Total
Balance at beginning of year	P 5,318,887,653	P 4,434,554,939	P 5,362,056,494	P15,115,499,086
Amortized interest for the year ended December 31, 2023	592,028,942	335,189,700	365,203,772	1,292,422,414
Carrying amount of liability at December 31, 2023	**P 5,910,916,595**	**P 4,769,744,639**	**P 5,727,260,266**	**P16,407,921,500**

The financial liability components is carried at amortized cost using the effective interest method. The effective interest rates of the Fortune Noble P7.3B Convertible Bond, SA Investments P5.6B Convertible Bond, SA Investments P6.4B Convertible Bond are 10.6%, 14.2%, and 13.1%, respectively.

In 2023 and 2022, the Group capitalized the interest expense as part of CIP under Property and Equipment account in the consolidated statements of financial position [see Notes 3.1(c), 7, and 11.2]. Outstanding interest payables amounting to P1,464.1 million and P710.2 million as of December 31, 2023 and 2022 are recorded as part of Due to Related Parties accounts in the consolidated statements of financial position (see Note 15.5).

Conversion options, which represents the residual amount after deducting the financial liability component from the fair value of the instruments amounted to P5,752.0 million as of December 31, 2023 and 2022, respectively, is presented as Convertible Bonds Equity Reserve under the Equity section of the consolidated statements of financial position.

The fair values of the convertible bonds were determined by a firm of independent professional valuers using the option price allocation method.

The inputs used for the calculations of fair values of convertible bonds were as follows:

	Fortune Noble - P7.3B CB	SA Investments - P5.6B CB	SA Investments - P6.4B CB
Enterprise value (in millions)	P 25,462.50	P 25,462.50	P 25,462.50
Conversion price	1.10	1.80	1.65
Expected option life	2 years	2 years	2 years
Risk-free rate	6.3%	6.3%	6.3%
Volatility	47.9%	47.9%	47.9%

12. COSTS AND EXPENSES

12.1 Operating Expenses

The details of operating expenses are shown below.

	Notes	2023	2022	2021
Salaries and employee benefits	13	**P 232,109,120**	P 35,010,888	P 41,804,028
Outsourced services		**36,234,029**	50,322,418	35,002,605
Taxes, licenses and other fees		**35,811,404**	181,040	888,112
Transportation and travel		**30,428,822**	4,665,733	197,717
Professional fees		**16,016,640**	10,771,634	22,041,468
Depreciation and amortization	7, 8	**7,176,011**	730,329	28,317,197
Utilities and supplies		**3,357,111**	719,403	4,682,528
Representation and entertainment		**1,585,944**	7,932,796	86,145
Trainings and conferences		**579,365**	166,997	158,392
Rentals		**-**	-	1,114,929
Others		**32,538,371**	5,973,179	4,721,349
		P395,836,817	P 116,474,417	P 139,014,470

Others include association dues, penalties and surcharges, freight and handling charge, insurance, and other miscellaneous expenses.

12.2 Finance Costs and Foreign Exchange Loss (Gain) – net

The details of finance costs and foreign exchange loss – net are shown below.

	Notes	2023	2022	2021
Interest on:				
Convertible bonds	11	**P 1,292,422,414**	P999,518,157	P 732,230,073
Coupon CBs	11	**900,000,000**	616,533,333	336,000,000
Lease liabilities	8.2, 8.4	**249,777,719**	235,410,607	237,294,382
Bank borrowings	10	**194,880,581**	-	-
Loan from related parties	15.2	**35,220,480**	-	-
Short-term borrowings	15.6	**-**	259,667,284	225,451,726
Other financing costs		**-**	63,568,582	29,497,170
		2,672,301,194	2,174,697,963	1,560,473,351
Less: Capitalized interest	7	**(2,671,913,559)**	(2,174,697,963)	(1,559,271,775)
		P 387,635	P -	P 1,201,576
Foreign exchange loss (gain) – net:				
Unrealized foreign exchange loss (gain)	5	**(P 89,834,345)**	P438,024,353	P391,239,823
Realized foreign exchange loss	8.4	**42,648,868**	289,408,920	3,798,319
Realized foreign exchange gain	5	**(6,157,222)**	(287,419,473)	(54,899,500)
		(P 53,342,699)	P440,013,800	P340,138,642

13. EMPLOYEE BENEFITS

Expenses recognized as salaries and employee benefits are presented below.

	Note	2023	2022	2021
Short-term benefits		**P 232,109,120**	P 34,948,364	P 40,325,729
Mandatory provident fund (MPF)		**-**	62,524	1,478,299
	12.1	**P 232,109,120**	P 35,010,888	P 41,804,028

Salaries and employee benefits amounting to P54.6 million and P1.2 million were capitalized in 2023 and 2022 as part of CIP under Property and Equipment account in the consolidated statements of financial position.

The Parent Company and its subsidiaries, WCPML and WC Hotel, have not yet established a formal post-employment benefit plan and do not accrue post-employment benefits for its employees due to insignificance of the amount.

SWCPML operates MPF Schemes, a compulsory pension fund for all qualifying employees in Hong Kong. The assets of these schemes were held separately from those of SWCPML. The cost charge to the 2022 and 2021 consolidated statements of income represent contributions payable to the funds by SWCPML at rates specified in the rules of the schemes.

14. TAXES

The components of tax expense relating to profit or loss is presented below.

	2023	2022	2021
Current tax expense:			
Final tax	**P 5,269,066**	P 577,016	P 1,469,494
Capital gains tax	**-**	-	23,412,890
	P 5,269,066	P 577,016	P 24,882,384

A reconciliation of tax on pretax loss computed at the applicable statutory rates to tax expense reported in the consolidated statements of income is as follows:

	2023	2022	2021
Tax on pretax loss (25%)	**(P 82,938,972)**	(P 167,175,207)	(P 94,579,490)
Adjustment for income subjected to lower income tax rates	**5,266,135**	574,655	19,580,836
Tax effects of:			
Unrecognized DTA on NOLCO	**106,574,867**	25,665,259	1,961,865
Changes in unrecognized net DTA	**(24,538,254)**	140,335,299	97,919,173
Non-deductible expenses	**905,290**	1,177,010	-
	P 5,269,066	P 577,016	P 24,882,384

The Parent Company is subject to Minimum Corporate Income Tax (MCIT) while its local subsidiary is not yet subject to MCIT as it was only incorporated in 2021. It is computed at 1.5% in 2023 and 1% in 2022 of gross income, as defined under the tax regulations or Regular Corporate Income Tax (RCIT), whichever is higher. The Parent Company and WC Hotel did not report MCIT or RCIT in 2023, 2022 and 2021 as they are in a gross loss position during the taxable years.

The Parent Company's foreign subsidiaries are subject to income and other taxes based on the enacted tax laws of the countries and/or jurisdictions where they operate.

The Parent Company and its local subsidiary did not recognize deferred tax assets arising from NOLCO and unrealized foreign exchange loss as management has assessed that they may not be able to realize their related tax benefits.

Final tax expense is incurred from interest income earned on cash in banks and short-term placements (see Note 5).

As of the December 31, 2023 and 2022, the total unrecognized net deferred tax assets relate to the items presented below.

	2023		2022	
	Amount	Tax Effect	Amount	Tax Effect
NOLCO	**P 614,180,057**	**P 153,545,014**	P 187,880,589	P 46,970,147
Unrealized foreign currency losses – net	**643,608,365**	**160,902,092**	741,761,382	185,440,346
	P 1,257,788,422	**P 314,447,106**	P 929,641,971	P 232,410,493

The details of unrecognized NOLCO incurred by the Parent Company which can be claimed as deduction from its respective future taxable income within three years from the year the taxable loss was incurred are shown below. Pursuant to Section 4 (bbb) of Republic Act (R.A.) 11494, *Bayanihan to Recover as One* (Bayanihan II), the NOLCO for taxable years 2021 and 2020 shall be claimed as deduction within five years immediately following the year of such loss.

Year Incurred	Original Amount	Expired Amount	Remaining Balance	Valid Until
2023	P426,299,468	P -	P426,299,468	2026
2022	102,294,647	-	102,294,647	2025
2021	7,365,170	-	7,365,170	2026
2020	78,220,772	-	78,220,772	2025
	P614,180,057	**P -**	**P614,180,057**	

15. RELATED PARTY TRANSACTIONS

The Group's transactions with related parties, which include stockholders, and related parties by common ownership, and the Group's key management are described below and in the succeeding pages.

		Amount of Transaction			Outstanding Receivable (Payable)	
Related Party Category	Notes	**2023**	2022	2021	**2023**	2022
Stockholders:						
Subscription of shares	15.3	**P 1,387,499,990**	P -	P -	**P -**	P1,387,499,990
Interest on convertible bonds	12.2	**592,028,942**	532,732,172	479,374,480	**-**	-
Issuance of convertible bonds	11, 15.1	**-**	-	-	**(5,910,916,595)**	(5,318,887,653)
Shareholder's interest	15.7	**-**	-	-	**(93,706,314)**	(93,706,314)
Payment of excess proceeds	15.5	**-**	-	(18,741,962)	**-**	-
Receipt from sale of investment property	15.4	**-**	-	27,382,014	**-**	-
Related Parties						
Ultimate Parent:						
Loan	15.2	**331,149,897**	-	-	**(331,149,897)**	-
Interest on loan	15.2, 12.2	**11,602,847**	-	-	**(10,696,648)**	-
Intermediate Parent:						
Loan	15.2	**262,522,102**	-	-	**(262,522,102)**	-
Interest on loan	15.2, 12.2	**4,224,414**	-	-	**(4,145,205)**	-
Under Common Ownership:						
Interest on convertible bonds	15.1, 15.5	**1,600,393,472**	1,083,319,318	588,855,593	**(1,336,533,334)**	(616,533,334)
Loan	15.2, 15.6	**1,103,010,694**	6,353,400,000	6,092,880,000	**(1,103,010,694)**	-
Interest on loan	15.2, 15.6	**19,393,219**	259,667,284	225,451,726	**(19,045,018)**	-
Lease	8	**5,536,159**	-	-	**(5,536,159)**	-
Issuance of convertible bonds	12, 15.1	**-**	5,186,396,926	-	**(10,497,004,905)**	(9,796,611,433)
Outsourced services	15.9	**-**	-	25,529,797	**-**	-
Payment of excess proceeds	15.5	**-**	-	(39,637,000)	**-**	-
Key Management Personnel –						
Compensation	15.10	**76,325,388**	54,518,713	6,403,410	**-**	-

15.1 Issuance of Convertible Bonds

In 2020, the Parent Company entered into separate subscription agreements whereby Fortune Noble and SA Investments agreed to subscribe in the aggregate principal amount of P7,300.0 million and P5,600.0 million convertible bonds.

On September 20, 2021, the Parent Company and SA Investments entered into a Convertible Bond Subscription Agreement (CB Subscription Agreement), where the Parent Company agreed to issue to SA Investments and SA Investments agreed to subscribe to the Convertible Bond (CB) in the principal sum of up to a maximum of up to P6,400.0 million.

On June 10, 2022, the Parent Company issued the CB upon completion of all conditions precedents and secured regulatory approval from a related party (see Note 11). As at such date, the loan from a related party (see Note 15.6) has been effectively fully paid including the balance of the accrued interest in excess of the maximum amount of CB approved for issuance amounting to US$6.8 million.

The amortized amount of the convertible bonds are presented as Convertible Bonds Payable in the consolidated statements of financial position.

15.2 Loans from Related Parties

On May 25, 2023, Major Success and the Parent Company entered into a Loan Agreement amounting US$6.0 million to fund the design, development and construction of Main Hotel Casino to be erected and located at Entertainment City, Manila. The loan shall be subject to 5.5% per annum and payable within 5 years from drawdown, extendible by another 5 years.

On July 26, 2023, SA Investments entered into a loan agreement with the Parent Company, pursuant to which SA Investments conditionally agreed to extend a US$20.0 million loan to the Company payable within 10 years from drawdown unless extended by SA Investments or is shortened due to the happening of an event of default. The loan shall be subject to interest at the rate of six percent (6%) per annum. The loan proceeds was used to fund the construction reserve account as required by the Omnibus Loan and Security Agreement.

On July 27, 2023, LET Group entered into a loan agreement with the Parent Company, pursuant to which the LET Group agreed to extend a US$5.0 million loan to the Company payable within ten (10) years from initial drawdown unless extended by the LET Group or is shortened due to the happening of an event of default. The loan shall be subject to interest at the rate of 5.5% annual rate. The loan proceeds will be used to partially fund the costs for the design, development, and construction of the Main Hotel Casino.

The above related party loans are considered to be subordinated to the bank borrowings under the Omnibus Loan and Security Agreement (see Note 10).

The outstanding balance related to these loans amounted to P1.7 billion as of December 31, 2023 and is presented as part of Loans from Related Parties account in the 2023 consolidated statement of financial position. Interest expense incurred in 2023 amounted to P35.2 million and is capitalized as part of CIP under Property and Equipment in the 2023 consolidated statement of financial position. Accrued interest as of December 31, 2023 amounted to P33.9 million and is presented as part of Due to Related Parties account in the 2023 consolidated statement of financial position.

15.3 Subscription Receivable

In 2019, the Parent Company's stockholders subscribed to additional shares of the Parent Company amounting to P5,000.0 million, of which P1,250.0 million was paid to the Parent Company representing 25% of the subscription. In 2020, the Parent Company received an amount of P2,550.0 million in relation to the subscription. The subscription receivable was fully collected by the Company in 2023 (see Note 17).

15.4 Sale of Investment Property

In 2019, the Parent Company sold its investment property to a stockholder. The balance from such sale amounting to P27.4 million was collected in 2021. There is no outstanding obligation relating to said transaction as at December 31, 2023 and 2022.

15.5 Due to Related Parties

The movements in due to related parties during the years ended December 31 are as follows:

	Notes	2023	2022
Balance at beginning of year		**P 710,239,648**	P 552,744,754
Accrual of interest	11, 12	**753,886,871**	793,516,558
Payment of interest		**-**	(628,469,468)
Payment of accrued expenses		**-**	(7,552,196)
Balance at end of year		**P1,464,126,519**	P 710,239,648

In 2023, following the Omnibus Loan and Security Agreement of the Parent Company (see Note 11), the convertible bonds and loans from related parties became subordinated to the bank borrowing (see Note 11). Accordingly, the unpaid principal and related accrued interests are classified as non-current liabilities in the 2023 consolidated statement of financial position.

15.6 Loan Agreement with SA Investments

On February 23, 2021, the Parent Company, as borrower, entered into a Loan Agreement for the principal sum of up to US$120.0 million at the interest rate of 6.00% per annum, payable three months after the date of drawing, with SA Investments (Loan Indebtedness). On May 18, 2021, the Parent Company drew the entire principal sum of US$120.0 million. The proceeds of the loan is planned to be utilized for the construction of the Main Hotel Casino. The Loan Indebtedness has been renewed on a monthly basis and the maturity date has been extended up to July 18, 2022.

The SA Investments - P6.4 billion CB was issued on June 10, 2022 (see Notes 11 and 15.1) after the completion of certain conditions precedent under CB Subscription Agreement. The proceeds of the SA Investments – P6.4 billion CB was set off against the amount of the Loan Indebtedness, plus the accrued interest.

Prior to offsetting, the outstanding balance of the loan as of December 31, 2021 amounted to P6,092.9 million and is presented as Loan from a Related Party in the 2021 consolidated statement of financial position.

Total finance cost capitalized for the year ended December 31, 2022 amounting to P259.7 million is capitalized as part of CIP under Property and Equipment account in the consolidated statement of financial position (see Note 7).

Total realized foreign exchange gain incurred in 2023 are presented as part of Foreign Exchange Gain - net and unrealized foreign exchange loss in 2022 are presented as part of Foreign Exchange Loss - net in the 2023 and 2022 consolidated statements of income (see Note 12.2).

15.7 Shareholder's Loan Agreement with Fortune Noble

On July 23, 2020, the Parent Company entered into a shareholder's loan agreement with Fortune Noble for P7,300.0 million to support the construction and development of the Main Hotel Casino. The loan is interest-bearing, unsecured and will mature on the earlier of the date falling one month from the date of first drawing or the date of completion of the convertible bond subscription agreement. On December 30, 2020, the outstanding loan balance pursuant to the shareholder's loan agreement amounting to P5,400.7 million was set off against the proceeds of the issuance of the convertible bonds. As at December 31, 2020, the shareholder's loan has been effectively fully paid.

15.8 Co-Development Agreement

In 2019, the Parent Company entered into a CDA with Westside. The principal terms of the agreement are as follows:

(i) Suntrust shall Lease the Project Site (i.e., the site upon which the hotel casino is to be erected) from Westside.

The Parent Company shall lease the site upon which the Main Hotel Casino will be erected until August 19, 2039. The lease shall be renewed subject to applicable laws for another 25 years unless otherwise agreed upon by the parties. The annual rental shall be payable upon the commencement of operation of the Main Hotel Casino.

The said lease was entered into by the parties on February 21, 2020 (see Note 8).

(ii) Suntrust shall Finance the Development and Construction of the Main Hotel Casino.

The Parent Company shall finance the development and construction of a the Main Hotel Casino on the leased area. The Parent Company shall also pay a certain fixed amount to Westside for usage of the properties and reimbursement of costs already incurred and construction works that have already been accomplished on the Project Site (see Note 18.1).

(iii) Westside Shall Enter into an Agreement with Suntrust, for the Latter to Operate and Manage the Main Hotel Casino.

Suntrust and Westside shall enter into an agreement for the operations and management of the Main Hotel Casino for the period of the gaming Provisional License Agreement of Westside (i.e., up to July 11, 2033) as well as any extension or renewal of the Provisional License Agreement on terms of the operations and management agreement to be mutually agreed between by the Parent Company and Westside.

The operations and management agreement was entered into by the parties on May 4, 2020 (see Note 18.2).

15.9 Services and Consultancy Agreement with a Related Party Under Common Ownership

On August 1, 2021, the Parent Company entered into a Services and Consultancy Agreement with a related party under common ownership, whereby the related party shall provide assistance to the Parent Company. Total service fees incurred amounted to P25.5 million and presented as part of Outsourced services under the Operating Expenses in the 2021 consolidated statement of income. Outstanding payable is presented as part of Due to Related Parties account in the 2021 consolidated statement of financial position. The balance was fully settled in 2022.

15.10 Key Management Personnel Compensation

Total key management compensation including those arising from service arrangements with key management personnel of the Parent Company amounted to P76.3 million in 2023 and P54.5 million in 2022. There are no unpaid compensation to members of key management as of December 31, 2023 and 2022.

16. LOSS PER SHARE

The basic and diluted earnings loss per share is computed as follows:

	2023	2022	2021
Net loss	**(P 348,051,060)**	(P 557,052,037)	(P 504,878,084)
Divided by the weighted average number of outstanding shares	**7,250,000,000**	7,250,000,000	7,250,000,000
Basic and diluted EPS	**(P 0.048)**	(P 0.077)	(P 0.070)

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 (see Note 11). There is no conversion yet as of December 31, 2023.

The computation of diluted 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 loss per share.

17. EQUITY

17.1 Capital Stock

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

	Shares	**Amount**
2023:		
Common shares – P1.00 par value		
Authorized	23,000,000,000	**P23,000,000,000**
Subscribed	7,250,000,000	**P 7,250,000,000**
2022:		
Common shares – P1.00 par value		
Authorized	23,000,000,000	P 23,000,000,000
Subscribed	7,250,000,000	P 7,250,000,000
Subscription receivable		(1,387,499,990)
		P 5,862,500,010

On September 23, 2014 and November 18, 2014, the Parent Company's BOD and stockholders, respectively, approved an increase in the authorized capital stock of the Parent Company from 3,000,000,000 common shares with par value of P1.00 per share to 23,000,000,000 common shares with par value of P1.00 per share. This was subsequently ratified by the Parent Company's BOD and stockholders on October 25, 2019 and October 29, 2019, respectively, and was approved by the SEC on December 20, 2019. Subsequent to the approval, the amount of P1.25 billion received in October 2019 was applied as partial payment for the subscription of 5,000,000,000 shares. In 2020, the Parent Company received P2.55 billion from Fortune Noble as payment for the latter's subscription over the capital stock of the Parent Company.

On June 9, 2006, the PSE approved the listing of the Parent Company's shares totaling 2,000,000,000. The shares were initially issued at an offer price of P1.00 per share. On February 23, 2023, the Parent Company listed additional 2,550,000,000 shares at P1.00 per share through a private placement in the PSE.

As of December 31, 2023, and 2022, there are 1,584 and 1,580 holders of the listed shares, which closed at P0.80 and P0.99 per share, respectively.

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

17.2 Status of Operations

The Group incurred net losses from its operations in prior years which resulted in a deficit of P3,542.6 million and P3,194.6 million as of December 31, 2023 and 2022, respectively. Management believes that this does not raise material uncertainty related to going concern as the Company expects to generate revenues in the foreseeable future upon completion of its Main Hotel Casino. Further, management is able to secure additional funding from a financial institution in 2023 (see Note 10) and hence management assessed that the funding is sufficient for its completion of the construction of the Main Hotel Casino.

18. COMMITMENTS AND CONTINGENCIES

18.1 Co-Development Agreement 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 Main Hotel Casino. Under this agreement, the Parent Company is to raise funds of not less than US$300.0 million within 5 months (as further extended to December 31, 2020 by five supplemental agreements to the CDA), US$200.0 million (P9,853.7 million) of which is payment for the initial cost of the project.

On February 21, 2020, and in relation to the Co-Development Agreement (CDA) (see Note 15.8), 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 US$10.6 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 the first quarter of 2025 (see Note 8).

18.2 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 the first quarter of 2025). 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 (see Note 15.8).

18.3 Capital Commitments

As of December 31, 2023, the Group has commitments of approximately P15,657.1 million for the construction and pre-opening of the Main Hotel Casino.

18.4 Others

In relation to the Omnibus Loan and Security Agreement, the Parent Company is granted by a domestic bank a loan facility amounting to P25.0 billion, subject to certain conditions. As of December 31, 2023, the undrawn portion of the facility amounted to P16.3 billion (see Note 10).

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 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 consolidated financial statements.

19. 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 relevant financial risks to which the Group is exposed to are described below and in the succeeding pages.

19.1 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 (US$), and Hong Kong Dollar (HK$).

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 December 31 are as follows:

		US$	PHP Equivalent	HK$	PHP Equivalent
2023					
	Financial assets	$ 20,639,308	P 1,146,864,428	$ 580,984	P 4,132,018
	Financial liabilities	(144,834,769)	(8,048,033,609)	-	-
		($ 124,195,461)	**(P 6,901,169,181)**	**$ 580,984**	**P 4,132,018**
2022					
	Financial assets	$ 19,570,958	P 1,098,322,163	$ 984,840	P 7,091,508
	Financial liabilities	(109,594,823)	(6,150,461,467)	-	-
		($ 90,023,865)	(P 5,052,139,304)	$ 984,840	P 7,091,508

The following table illustrates the sensitivity of the Group's loss before tax with respect to changes in Philippine peso against U.S. and HK dollar exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months at a 99% confidence level.

	2023			2022		
	Reasonably possible change in rate	**Effect in loss before tax**	**Effect in equity after tax**	Reasonably possible change in rate	Effect in loss before tax	Effect in equity after tax
PhP – US$	**16.02%**	**(P1,105,882,283)**	**(P 829,411,712)**	15.94%	(P 805,348,820)	(P 604,011,615)
PhP – HK$	**16.20%**	**669,309**	**501,982**	15.93%	1,129,939	847,454
		(P1,105,292,974)	**(P 828,909,730)**		(P 804,218,881)	(P 603,164,161)

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

19.2 Interest Rate Risk

As at December 31, 2023 and 2022, the Group is exposed to changes in market interest rates through its cash and cash equivalents which are subject to variable interest rates (see Note 5). 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 and the Group's interest income amounts only to P41.4 million, P4.5 million and P7.7 million in 2023, 2022 and 2021, respectively. In 2023 and 2022, interest income amounting to P41.4 million and P4.5 million, respectively, was deducted from the capitalized borrowing cost as it serves as an investment income on the temporary investment of those borrowings.

19.3 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 maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the consolidated statements of financial position or in the detailed analysis provided in the notes to consolidated financial statements, as summarized below.

	Notes	2023	2022
Cash and cash equivalents	5	**P6,021,360,034**	P1,291,609,422
Refundable deposits	6	**29,410,057**	90,222
		P6,050,770,091	P1,291,699,644

None of the Group's financial assets are secured by collateral or other credit enhancements except for cash as described below.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash in banks, which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million per depositor per banking unit as provided for under R.A. 9302, *Charter of Philippine Deposit Insurance Corporation,* are still subject to credit risk.

(b) Refundable Deposits

Management deemed that refundable deposits are subject to minimal exposure of credit risk as these can be applied against future rentals and/or to be recovered through refund at the end of the lease term.

19.4 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 three 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 short term placements. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The table below and in the succeeding page summarizes the maturity profile of the Parent Company's financial liabilities except tax related liabilities and lease liability (see Note 8.2) as at December 31 reflecting the gross cash flows, which may differ from the carrying values of the liabilities at the end of reporting periods.

		Current	Non-current	
	Notes	Less than 1 Year	2 to 5 Years	6 to 10 Years
2023:				
Bank borrowings	10	P 722,312,640	P 5,078,404,199	P7,661,101,082
Trade and other payables	9	478,885,264	794,690,921	-
Due to related parties	15.4	-	-	1,464,126,519
Loans from a related parties	15.6	-	-	2,670,102,655
Convertible bonds payable	11	-	-	23,220,000,000
		P 1,201,197,904	**P 5,873,095,120**	**P33,551,203,737**

	Notes	Current Less than 1 Year	Non-current 2 to 5 Years	6 to 10 Years
2022:				
Trade and other payables	9	P 533,461,781	P 421,175,899	P -
Due to related parties	15.4	710,239,648	-	-
Convertible bonds payable	11	-	-	23,220,000,000
		P 1,243,701,429	P 421,175,899	P23,220,000,000

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

20. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

20.1 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.

	Notes	2023 Carrying Values	2023 Fair Values	2022 Carrying Values	2022 Fair Values
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	5	**P 6,021,360,034**	**P 6,021,360,034**	P 1,291,609,422	P 1,291,609,422
Refundable deposits	6	**29,410,057**	**29,410,057**	90,222	90,222
		P 6,050,770,091	**P 6,050,770,091**	P 1,291,699,644	P 1,291,699,644
Financial liabilities					
Financial liabilities at amortized cost:					
Bank borrowings	10	**P 8,273,607,332**	**P10,265,052,705**	P -	P -
Trade and other payables	9	**1,273,576,183**	**1,273,576,183**	954,637,680	954,637,680
Due to related parties	15.5	**1,464,126,519**	**1,464,126,519**	710,239,648	710,239,648
Lease liabilities	8.2	**6,228,925,411**	**6,228,925,411**	6,150,461,454	6,150,461,454
Convertible bonds	11	**16,407,921,500**	**18,637,101,257**	15,115,499,086	19,409,147,706
Loans from related parties	16.6	**1,696,682,693**	**1,923,512,348**	-	-
		P35,344,839,638	**P39,792,294,423**	P 22,930,837,868	P27,224,486,488

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 19.

20.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set off financial instruments in 2023 and 2022 and does not have relevant offsetting arrangements, except as disclosed in Note 15. 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 15 can be potentially offset to the extent of their corresponding outstanding balances.

21. FAIR VALUE MEASUREMENT AND DISCLOSURES

21.1 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.

21.2 Financial Instruments Measurement at Amortized Cost for which Fair Value is Disclosed

Except for cash and cash equivalents 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 in 2023 and 2022.

21.3 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 [see Notes 3.2(d) and 11].

22. 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.

23. SUPPLEMENTAL INFORMATION ON NON-CASH OPERATING, FINANCING AND INVESTING ACTIVITIES

The following are the significant non-cash transactions of the Group:

(a) ***2023***

- The Parent Company's capitalized borrowing costs arising specific borrowings as part of CIP from finance charges of convertible bonds, loans from related parties and lease liabilities amounting to P2,672.3 million, net of P41.4 million interest income (see Notes 7, 8, 10, 11 and 12.2).
- The Parent Company's capitalized amortization of right of use assets amounts to P726.3 million as of December 31, 2023 (see Note 8.1).
- The Parent Company has unpaid capitalized construction costs amounting to P240.8 million as of December 31, 2023 (see Note 7 and 9).
- The Parent Company's management revised its previous estimate as to the commencement of operation of its Main Hotel Casino. This resulted to a remeasurement in the related lease liability and ROUA amounting to P115.4 million (see Note 8).

(b) *2022*

- The Parent Company issued a P6.4 billion convertible bond to a related party and set off such to the loan indebtedness to the same related party (see Notes 11 and 15.6).
- The Parent Company's management revised its previous estimate as to the commencement of operation of its Main Hotel Casino. This resulted to a remeasurement in the related lease liability and ROUA amounting to P825.2 million (see Note 8).
- SWCPML terminated its existing lease and derecognized the related ROUA and lease liabilities amounting to P26.2 million and P24.3 million, respectively (see Note 8).
- The Parent Company's capitalized borrowing costs arising specific borrowings as part of CIP from finance charges of convertible bonds, loan from a related party and lease liabilities amounting to P2.2 billion, net of P4.5 million interest income (see Notes 7, 8, 10, 11, 12.2 and 15.6).
- The Parent Company has unpaid capitalized construction costs amounting to P494.3 million as of December 31, 2022 (see Note 7 and 9).

(c) 2021

- SWCPML recognized ROUA and lease liabilities amounting to P50.0 million and P49.6 million, respectively (see Note 8).
- The Parent Company capitalized borrowing costs arising specific borrowings as part of CIP from finance charges of convertible bonds, loan from a related party and lease liabilities amounting to P1.6 million, net of P7.3 million interest income (see Notes 7, 8, 10, 11, 12.2 and 15.6).
- The Parent Company has unpaid capitalized construction costs amounting to P631.4 million as of December 31, 2021.
- The Parent Company has unrealized foreign exchange loss from short-term borrowings amounting to P259.7 million (see Note 15.7).

P&A Grant Thornton

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

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The Board of Directors and Stockholders
Suntrust Resort Holdings, Inc. and Subsidiaries
(Formerly Suntrust Home Developers, Inc.)
(A Subsidiary of Fortune Noble Limited)
26th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Suntrust Resort Holdings, Inc. and Subsidiaries (the Group) for the year ended December 31, 2023, on which we have rendered our report dated March 21, 2024. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Edcel U. Costales
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10076139, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-045-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 21, 2024

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
List of Supplementary Information
December 31, 2023

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES

Schedule A - Financial Assets - Fair Value Through Profit or Loss, Fair Value Through Other Comprehensive Income and Amortized Cost

During the Consolidation of Financial Statements

December 31, 2023

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds or Notes	Amount Shown in the Statement Financial Positon as of Reporting Period	Valued Based on Market Quotation at End of Reporting Period	Income Received and Accrued (iii)
Fair Value through Profit of Loss				
	N/A	N/A	N/A	N/A
Fair Value through Other Comprehensive Income				
	N/A	N/A	N/A	N/A
Financial Assets at Amortized Cost				
Cash and cash equivalents	N/A	P 6,021,360,034	P 6,021,360,034	-
Refundable deposits	N/A	29,410,057	29,410,057	-
TOTAL		**P 6,050,770,091**	**P 6,050,770,091**	**-**

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
Schedule C - Amounts Receivable/ Payable from/ to Related Parties which are Eliminated
During the Consolidation of Financial Statements
December 31, 2023

				Ending Balance		
Name	*Beginning Balance*	*Additions*	*Deductions*	*Current*	*Not Current*	*Total*
Parent Company						
WC Project Management Limited	P 1,097,741,373	P -	(P 311,955,301)	P 785,786,072	P -	P 785,786,072
SWC Project Management Limited	37,832,014	-	(722,903)	37,109,111	-	37,109,111
	P 1,135,573,387	**P -**	**(P 312,678,204)**	**P 822,895,183**	**P -**	**P 822,895,183**
Subsidiary - WC Project Management Limited						
SWC Project Management Limited	**P 1,499,088,587**	**P -**	**(P 16,677,282)**	**P 1,482,411,305**	**P -**	**P 1,482,411,305**

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
Schedule D - Long term debt
During the Consolidation of Financial Statements
December 31, 2023

Title of Issue and Type of Obligation	*Amount Authorized by Indenture*	*Amount shown under Caption "Current Portion of Long Term Debt" in related Statement of Financial Position*	*Amount shown under Caption "of Long Term Debt" in related Statement of Financial Position*
8-Year Non-Syndicated Bank Borrowing	P 25,000,000,000	P -	P 8,273,607,332

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
Schedule E - Indebtedness to Related Parties
December 31, 2023

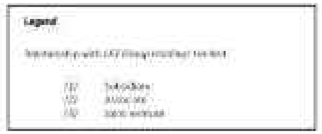
Name of related party		*Balance at the beginning of year*		*Balance at the end of year*
Convertible bonds payable				
Fortune Noble Limited	P	5,318,887,653	P	5,910,916,595
Summit Ascent Invesments Limited		9,796,611,433		10,497,004,905
		15,115,499,086		**16,407,921,500**
Loans from related parties				
Major Success Group Limited		-	P	331,149,897
LET Group Holdings Limited		-		262,522,102
Summit Ascent Invesments Limited		-		1,103,010,694
		-		**1,696,682,693**
Lease liabilities				
Travellers International Hotel Group, Inc.		-		5,536,159
		-		**5,536,159**
	P	**15,115,499,086**	**P**	**18,110,140,352**

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
Schedule G - Capital Stock
December 31, 2023

				Number of shares held by		
Title of Issue	*Number of shares authorized*	*Number of shares issued and outstanding as shown under related balance sheet caption*	*Number of shares reserved for options, warrants, conversion and other rights*	*Related parties*	*Directors, officers and employees*	*Others*
Common	23,000,000,000	7,250,000,000	-	6,211,193,998	7	1,038,805,995

Note: The Company's stockholders subscribed and paid a total of 7.25 billion shares as of December 31, 2023.

LET GROUP HOLDINGS LIMITED
Map Showing The Relationship Between LET
Group Holdings Limited and its Related Parties
December 31, 2023

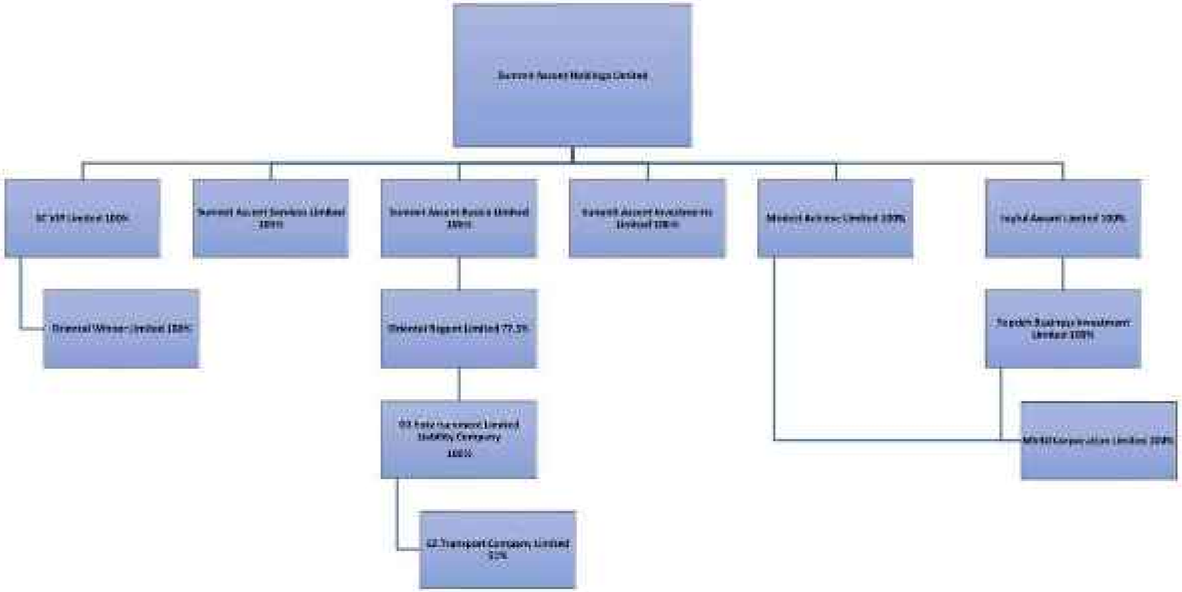


SUNTRUST RESORT HOLDINGS, INC.
Mapping of Related Parties
December 31, 2023

LET is a subsidiary of Major Success. FNL is a subsidiary of LET.

SUN is considered as FNL's subsidiary while SWCPML,WCPML and SWCHI are subsidiaries of SUN.

LET GROUP HOLDINGS LIMITED
Mapping of Related Parties
December 31, 2023



P&A
Grant Thornton

Report of Independent Auditors on Components of Financial Soundness Indicators

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors and Stockholders
Suntrust Resort Holdings, Inc. and Subsidiaries
(Formerly Suntrust Home Developers, Inc.)
(A Subsidiary of Fortune Noble Limited)
26th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Suntrust Resort Holdings, Inc. and Subsidiaries (the Group) for the years ended December 31, 2023 and 2022, on which we have rendered our report dated March 21, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, is the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for the years then ended and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: Edcel U. Costales
Partner

CPA Reg. No. 0134633
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March 21, 2024

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
ANNEX 68-E - SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
December 31, 2023 and 2022

Ratio	Formula	December 31, 2023	December 31, 2022
Current ratio	Current assets / Current liabilities	10.44	1.84
Acid test ratio	Quick assets / Current liabilities (Quick assets include current assets less other current assets)	8.22	0.98
Solvency ratio	Total assets / Total liabilities	1.27	1.37
Debt-to-equity ratio	Total liabilities / Total stockholders' equity	3.73	2.70
Asset-to-equity ratio	Total assets / Total stockholders' equity	4.73	3.70
Interest rate coverage ratio	EBIT / Total interest	n/a	n/a
Return on equity	Net loss / Average total equity	-3.86%	-6.79%
Return on assets	Net loss / Average total assets	-0.91%	-1.79%
Net profit margin	Net loss / Total revenues	-	-