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**太陽城集團**  
SUNCITY GROUP

**SUNCITY GROUP HOLDINGS LIMITED**  
**太陽城集團控股有限公司**

(於開曼群島註冊成立之有限公司)

(股份代號：1383)

**海外監管公告：**  
**由一間海外上市附屬公司**

本公告乃根據香港聯合交易所有限公司證券上市規則第13.10B條而作出。

太陽城集團控股有限公司於菲律賓證券交易所(「菲律賓證券交易所」)上市之一間海外上市附屬公司Suntrust Home Developers, Inc.已於2020年11月17日在菲律賓證券交易所網站刊載其截至2020年9月30日止九個月之第三季度報告(「第三季度報告」)。詳情請參閱隨附之第三季度報告。

承董事會命  
太陽城集團控股有限公司  
主席  
周焯華

香港，2020年11月17日

於本公告日期，執行董事為周焯華先生、盧衍溢先生、歐中安先生及施文龍先生；以及獨立非執行董事為杜健存先生、胡錦勳博士及盧衛東先生。

1 0 6 8 3

S.E.C. Registration Number

S U N T R U S T H O M E  
D E V E L O P E R S , I N C .

(Company's Full Name)

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

(Business Address: No. Street City/ Town/ Province)

**ROLANDO D. SIATELA**

Contact Person

**(623) 894-6300**

Company Telephone Number

1 2

Month Day  
Fiscal Year

3 1

S E C F O R M 1 7 - Q

FORM TYPE

10

Month Day  
Annual Meeting

**Last Tuesday**

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

\_\_\_\_\_  
LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

# SUNTRUST HOME DEVELOPERS, INC.

26<sup>th</sup> Floor, Alliance Global Tower, 36<sup>th</sup> Street corner 11<sup>th</sup> Avenue, Uptown Bonifacio,  
Taguig City, 1634, Metro Manila, Philippines  
Tel: (632) 894-6300

## SECURITIES AND EXCHANGE COMMISSION

### SEC FORM 17-Q

#### QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2 (b) THEREUNDER

1. For the quarterly period ended **30 September 2020**
2. SEC Identification Number: **10683**      3. BIR Tax Identification Number: **000-141-166**
4. **SUNTRUST HOME DEVELOPERS, INC.**  
Exact name of issuer as specified in its charter
5. **Metro Manila, Philippines**  
Province, Country, or other jurisdiction of incorporation or organization
6.                      (SEC Use Only)  
Industry Classification Code:
7. **26<sup>th</sup> Floor, Alliance Global Tower, 36<sup>th</sup> Street corner 11<sup>th</sup> Avenue, Uptown Bonifacio, Taguig City 1634**  
Address of issuer's principal office
8. **(632) 8 894-6300**  
Issuer's Telephone Number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the Code, or Section 4 and 8 of the RSA

TITLE OF EACH CLASS	NUMBER OF SHARES OF COMMON STOCK OUTSTANDING
Common	7,250,000,000

10. Are any or all of the securities listed on the Philippine Stock Exchange?  
**Yes [X]**                      No [ ]

**Philippine Stock Exchange**

**Common Shares**

11. Indicate by check mark whether the registrant:
  - (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months.  
**Yes [X]**                      No [ ]
  - (b) has been subject to such filing requirements for the past ninety (90) days.  
**Yes [X]**                      No [ ]

## PART I - FINANCIAL INFORMATION

- Item 1. Financial Statements
1. Consolidated Statements of Financial Position (Exhibit 1)
  2. Consolidated Statements of Income (Exhibit 2)
  3. Consolidated Statements of Changes in Equity (Exhibit 3)
  4. Statements of Cash Flows (Exhibit 4)
  5. Notes to Interim Financial Statements (Exhibit 5)
- Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition
- Please see Exhibit 6
- Item 3. Aging of Accounts Receivable
- Please see attached hereto as Exhibit 7
- Item 4. Schedule of Financial Soundness Indicators
- Please see Exhibit 8

## PART II - OTHER INFORMATION

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

### SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**SUNTRUST HOME DEVELOPERS, INC.**

Issuer

By:



**NEOLI MAE L. KHO**

Treasurer (Principal Financial Officer  
and Duly Authorized Officer)

November 13, 2020

**EXHIBIT 1**

**SUNTRUST HOME DEVELOPERS, INC. AND SUBSIDIARIES**  
*(A Subsidiary of Fortune Noble Limited)*  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2020 AND DECEMBER 31, 2019**  
*(Amounts in Philippine Pesos)*

<u>A S S E T S</u>	Unaudited September 30, 2020	Audited December 31, 2019
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	P 1,115,591,780	P 1,278,214,939
Trade and other receivables	25,089	75,596
Due from related parties	27,382,014	27,382,014
Other current assets	<u>22,862,100</u>	<u>2,092,871</u>
Total Current Assets	<u>1,165,860,983</u>	<u>1,307,765,420</u>
<b>NON-CURRENT ASSETS</b>		
Interest in an associate	147,442,186	141,144,732
Deposits	7,172,820,000	-
Prepayments for non-current assets	691,861,053	-
Property and equipment - net	<u>2,761,977</u>	<u>-</u>
Total Non-current Assets	<u>8,014,885,216</u>	<u>141,144,732</u>
<b>TOTAL ASSETS</b>	<u><u>P 9,180,746,199</u></u>	<u><u>P 1,448,910,152</u></u>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	P 128,017,802	P 57,502,895
Short-term borrowings	<u>5,400,741,962</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>5,528,759,764</u>	<u>57,502,895</u>
<b>EQUITY</b>	<u>3,651,986,435</u>	<u>1,391,407,257</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><u>P 9,180,746,199</u></u>	<u><u>P 1,448,910,152</u></u>

## EXHIBIT 2

**SUNTRUST HOME DEVELOPERS, INC. AND SUBSIDIARIES**  
*(A Subsidiary of Fortune Noble Limited)*  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**  
*(Amounts in Philippine Pesos)*

	2020 Unaudited Jul 1 - Sep 30	2020 Unaudited Jan 1 - Sep 30	2019 Unaudited Jul 1 - Sep 30	2019 Unaudited Jan 1 - Sep 30
<b>REVENUE</b>				
Management fees	P -	P -	P 116,092,168	P 373,618,121
Rental income	-	-	9,034,924	27,034,029
Service income	-	-	5,247,985	14,884,916
	<u>-</u>	<u>-</u>	<u>130,375,077</u>	<u>415,537,066</u>
<b>COSTS AND EXPENSES</b>				
Cost of services	-	-	92,351,940	269,705,197
Operating expenses	26,074,459	52,877,432	32,774,813	108,208,904
Finance costs	46,442,359	46,442,359	1,539,784	4,660,168
Tax expense	77,059	496,358	3,148,906	17,071,638
	<u>72,593,877</u>	<u>99,816,149</u>	<u>129,815,443</u>	<u>399,645,907</u>
<b>OTHER (LOSS) INCOME</b>				
Unrealized foreign exchange loss	( 166,246,085 )	( 183,923,092 )	-	-
Finance and other income	385,341	2,481,881	4,709,175	15,865,502
Equity in net earnings of an associate	465,212	6,297,453	-	-
	<u>( 165,395,532 )</u>	<u>( 175,143,758 )</u>	<u>4,709,175</u>	<u>15,865,502</u>
<b>NET (LOSS) PROFIT</b>	<u>( P 237,989,409 )</u>	<u>( P 274,959,907 )</u>	<u>P 5,268,809</u>	<u>P 31,756,661</u>
<b>(Loss) Earnings Per Share –</b>				
Basic and Diluted	<u>( P 0.0328 )</u>	<u>( P 0.0379 )</u>	<u>P 0.0022</u>	<u>P 0.0141</u>

## EXHIBIT 3

**SUNTRUST HOME DEVELOPERS, INC. AND SUBSIDIARIES**  
*(A Subsidiary of Fortune Noble Limited)*  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**  
*(Amounts in Philippine Pesos)*

	Unaudited September 30, 2020	Unaudited September 30, 2019
<b>CAPITAL STOCK</b> - P1 par value		
Authorized - 23 billion shares (2019 - 3 billion shares)	<u>5,862,500,000</u>	<u>2,062,500,000</u>
<b>REVALUATION RESERVE</b>	<u>460,033</u>	<u>49,048,367</u>
<b>EXCHANGE RESERVE</b>	( <u>14,460,915</u> )	<u>-</u>
<b>DEFICIT</b>		
Balance at beginning of the period	( <u>1,921,552,776</u> )	( <u>1,646,129,296</u> )
Net (loss) profit for the period	( <u>274,959,907</u> )	<u>31,756,661</u>
Balance at end of the period	( <u>2,196,512,683</u> )	( <u>1,614,372,635</u> )
<b>TOTAL EQUITY</b>	<u><u>3,651,986,435</u></u>	<u><u>497,175,732</u></u>

**SUNTRUST HOME DEVELOPERS, INC. AND SUBSIDIARIES**  
*(A Subsidiary of Fortune Noble Limited)*  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**  
*(Amounts in Philippine Pesos)*

	Unaudited September 30, 2020	Unaudited September 30, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) Profit before tax	( 274,463,549 )	40,410,584
Adjustments for:		
Foreign exchange loss	183,923,092	-
Depreciation and amortization	442,889	9,444,610
Finance income	( 2,481,881 )	( 10,413,217 )
Equity in net earnings of an associate	( 6,297,453 )	-
Finance costs	46,442,359	3,120,384
Operating (loss) profit before working capital changes	( 52,434,543 )	42,562,361
Increase in trade and other receivables	-	( 5,577,237 )
Decrease in due from related parties	-	2,920,835
(Increase) Decrease in other current assets	( 20,769,229 )	77,914,315
Increase (Decrease) in trade and other payables	( 53,905,074 )	16,297,445
Increase in retirement benefit obligation	-	9,314,166
Cash (used in) generated from operations	( 127,108,846 )	143,431,885
Interest received	2,532,388	7,994,119
Cash paid for income taxes	( 496,358 )	( 28,128,353 )
Net Cash (Used in) From Operating Activities	( 125,072,816 )	123,297,651
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	( 3,204,866 )	( 2,308,508 )
Increase in deposits	( 7,356,742,000 )	-
Increase in prepayments for non-current assets	( 618,028,904 )	-
Increase in non-current assets	-	( 1,108,270 )
Net Cash Used in Investing Activities	( 7,977,975,770 )	( 3,416,778 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from stock subscriptions	2,550,000,000	-
Proceeds from short-term borrowings	5,400,741,962	-
Decrease in due to related parties	-	( 92,169 )
Net Cash From (Used in) Financing Activities	7,950,741,962	( 92,169 )
<b>EFFECTS ON FOREIGN EXCHANGE RATE CHANGES</b>	( 10,316,535 )	-
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	( 162,623,159 )	119,788,704
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT BEGINNING OF THE PERIOD</b>	1,278,214,939	256,844,016
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	1,115,591,780	376,632,720



**SUNTRUST HOME DEVELOPERS, INC. AND SUBSIDIARIES**  
*(A Subsidiary of Fortune Noble Limited)*  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**  
**(UNAUDITED)**  
*(Amounts in Philippine Pesos)*

**1. CORPORATE INFORMATION**

***1.1 Company Background***

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

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) in 2019 of an aggregate of 1,147,500,000 shares of the Parent Company representing 51% interest over the latter. Accordingly, Fortune became the parent company of Suntrust. Fortune is incorporated in the British Virgin Islands and is a subsidiary of Suncity Group Holdings Limited (Suncity), a publicly listed company in Hong Kong. Suncity and its subsidiaries are currently engaged in the development of residential and commercial properties as well as leasing of commercial properties, provision of hotel and integrated resort general consultancy services and provision of travel related products and services. The ultimate parent company is Fame Select Limited (Fame), a private company incorporated in the British Virgin Islands and is primarily engaged in investment holding.

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 common shares. On May 6, 2020, June 16, 2020 and July 16, 2020, the Parent Company received US\$4.0 million (P200.8 million), US\$46.0 million (P2,286.2 million) and HK\$10.1 million (P63.0 million), respectively, from Fortune as payment for the latter's subscription over the capital stock of the Parent Company.

On May 29, 2020, the Parent Company and Fortune entered into a subscription agreement whereby Fortune agreed to subscribe in the aggregate principal amount of P7,300,000,000 zero coupon convertible bonds subject to the fulfilment of certain conditions and regulatory approvals including among others, prior approval of the SEC confirming that the issuance of the convertible bonds is exempt under Rule 10.1 of the Securities Regulation Code.

On June 1, 2020, the Parent Company and Summit Ascent Investments Limited (Summit Ascent), a wholly owned subsidiary of Summit Ascent Holdings Limited (SA Holdings), a publicly listed company in Hong Kong, entered into a subscription agreement whereby Summit Ascent agreed to subscribe in the aggregate principal amount of P5,600,000,000 6% convertible bonds. SA Holdings is an associate of Suncity of which Suncity holds 24.74 % equity interest in SA Holdings as at September 30, 2020.

These convertible bonds have maturity dates falling on the 5<sup>th</sup> anniversary of the issuance date or may be subsequently extended on the 10<sup>th</sup> anniversary date subject to the agreement of both parties. Fortune and Summit Ascent may convert all or any part of the convertible bonds into common shares of the Parent Company at a conversion price of P1.10 and P1.80, respectively, subject to certain adjustments upon the occurrence of certain events indicated in the convertible bond subscription agreements.

On July 23, 2020, Parent Company also entered into a supplemental agreement to the shares subscription agreement, by which it agreed to extend to December 31, 2020 the period for the fulfillment or waiver, as the case may be, of the closing conditions and conditions subsequent under the shares subscription agreement.

On 11 September 2020, the Parent Company and Summit Ascent agreed to extend the Long Stop Date from its original date of September 30, 2020 to a later date of December 31, 2020 or such other date as the Parent Company and Summit Ascent may agree in writing.

On January 8, 2018 and May 26, 2018, the SEC and Bureau of Internal Revenue, respectively, approved the change in the Parent Company's registered office address and principal place of business from 6th Floor, The World Centre Building, 330 Sen. Gil Puyat Avenue, Makati City to 26th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City.

The registered office and principal place of business of Fortune is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands. Suncity's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, 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. Fame's registered office and principal place of business is located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands.

The Parent Company's administrative functions are being handled by Megaworld at no cost to the Parent Company.

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### ***1.2 Incorporation of New Subsidiaries***

On January 20, 2020, the Parent Company established SWC Project Management Limited, a new wholly owned subsidiary in Hong Kong. In addition, on February 17, 2020, the Parent Company also established WC Project Management Limited, also a new wholly owned subsidiary, in Macau. Both subsidiaries are engaged in provision of project management services.

### ***1.3 Deconsolidation of a Subsidiary***

The Parent Company previously held 100.00% ownership interest in First Oceanic Property Management, Inc. (FOPMI), a domestic corporation engaged primarily in the management of real estate properties. On November 28, 2019, FOPMI received cash from another investor representing deposit for stock subscription. Subsequent to the SEC's approval of FOPMI's application for increase in authorized capital stock, the related shares were issued on December 10, 2019, which resulted into the dilution of the Parent Company's ownership interest over FOPMI to 24.27% and loss of control. Subsequently, the Parent Company no longer considers FOPMI as a subsidiary but treats the latter as an associate since the Parent Company retained significant influence.

FOPMI holds 100.00% ownership interest over Citylink, a domestic company primarily engaged in providing transportation services. FOPMI and Citylink were incorporated and have their principal place of business in the Philippines.

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

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

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

These interim condensed consolidated financial statements for the nine-months months ended September 30, 2020 and 2019 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2019.

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

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

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

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

## **3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

In preparing the interim condensed consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements as of and for the year ended December 31, 2019.

## **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 represent unit that offers different services and serves different markets. For management purposes, the Group is organized into two major business segments as discussed below. 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 – is 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. It also consists of rental from leasing activity of Parent Company and transportation services of Citylink.

The segment results also 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, receivables, net of allowances, deposits and prepayments, and due from related parties. Segment liabilities include all operating liabilities and consist principally of trade and other payables, due to related parties and short-term borrowings.

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The business segment information of the Group as of and for the periods ended September 30, 2020 and 2019 are as follows:

**September 30, 2020**

	Tourism- related business	Property Management and Rental	Total
Revenues	-	-	-
Expenses			
Cost of services	-	-	-
Operating expenses	52,877,432	-	52,877,432
Finance costs	46,442,359	-	46,442,359
Tax expense	496,358	-	496,358
	<u>99,816,149</u>	<u>-</u>	<u>99,816,149</u>
Other (loss) income			
Unrealized foreign exchange loss	(183,923,092)	-	(183,923,092)
Finance and other income	2,481,881	-	2,481,881
Equity in net earnings of an associate	-	6,297,453	6,297,453
	<u>(181,441,211)</u>	<u>6,297,453</u>	<u>(175,143,758)</u>
<b>Net (loss) profit</b>	<b><u>(281,257,360)</u></b>	<b><u>6,297,453</u></b>	<b><u>(274,959,907)</u></b>
<b>Segment assets</b>	<b><u>9,033,304,014</u></b>	<b><u>147,442,185</u></b>	<b><u>9,180,746,199</u></b>
<b>Segment liabilities</b>	<b><u>5,528,759,764</u></b>	<b><u>-</u></b>	<b><u>5,528,759,764</u></b>

**September 30, 2019**

	Tourism- related business	Property Management and Rental	Total
Revenues			
Management fees	-	373,618,121	373,618,121
Rental income	-	27,034,029	27,034,029
Service income	-	14,884,916	14,884,916
	<u>-</u>	<u>415,537,066</u>	<u>415,537,066</u>
Expenses			
Cost of services	-	269,705,197	269,705,197
Operating expenses	-	108,208,904	108,208,904
Finance costs	-	4,660,168	4,660,168
Tax expense	-	17,071,638	17,071,638
	<u>-</u>	<u>399,645,907</u>	<u>399,645,907</u>
Other income			
Finance and other income	-	15,865,502	15,865,502
<b>Net profit</b>	<b><u>-</u></b>	<b><u>31,756,661</u></b>	<b><u>31,756,661</u></b>
<b>Segment assets</b>	<b><u>-</u></b>	<b><u>808,580,943</u></b>	<b><u>808,580,943</u></b>
<b>Segment liabilities</b>	<b><u>-</u></b>	<b><u>311,405,211</u></b>	<b><u>311,405,211</u></b>

## 5. (LOSS) EARNINGS PER SHARE

(Loss) Earnings per share (EPS) amounts were computed as follows:

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Net (loss) profit	(P 274,959,907)	P 31,756,661
Divided by the number of outstanding shares	<u>7,250,000,000</u>	<u>2,250,000,000</u>
Basic and diluted EPS	<u>(P 0.0379)</u>	<u>P 0.0141</u>

The Group has no potentially dilutive shares as of the end of each reporting period.

## 6. EQUITY

The details of this account as of September 30, 2020 and 2019 are as follows:

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Capital stock	P 5,862,500,000	P 2,062,500,000
Reserves	( 14,000,882)	49,048,367
Deficit	<u>( 2,196,512,683)</u>	<u>( 1,614,372,635)</u>
	<u>P 3,651,986,435</u>	<u>P 497,175,732</u>

Total issued and outstanding shares at September 30, 2020 and 2019 amounted to 7,250,000,000 and 2,250,000,000 shares, respectively.

## 7. COMMITMENTS AND CONTINGENCIES

### *7.1 Co-Development Agreement and Lease Agreement with a Related Party Under Common Ownership*

In 2019, the Parent Company entered into a Co-Development Agreement with a related party under common ownership, with respect to the development of a hotel and casino. Under this agreement, the Parent Company is to raise funds of not less than US\$300.0 million within 5 months, US\$200.0 million of which is payment for the initial cost of the project. On March 28, 2020, June 15, 2020 and July 23 2020, this was further extended by the parties to July 31, 2020, September 30, 2020 and December 31, 2020, respectively.

On January 20, 2020, the Parent Company entered into a supplemental agreement with the related party that includes the payment of a refundable deposit amounting to US\$20.0 million on or before January 31, 2020 and the balance of the initial cost of the project to be paid within 10 days from the date on which all the conditions precedent under the Co-Development Agreement are fulfilled. As of September 30, 2020, the payments of the refundable deposit amounting to US\$20.0 million (P1.0 billion), further refundable deposit amounting to US\$46.0 million (P2.3 billion), and further refundable deposit amounting to US\$82.0 million (P4.1 billion) have been complied with.

On February 21, 2020 and in relation to the Co-Development Agreement, the Parent Company entered into a lease agreement with related parties over three parcels of land. The lease agreement provides from an original term of until August 19, 2039 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 starting from the first day of commencement of the operation of the Main Hotel Casino and the fulfilment of certain conditions or such other dates as may be mutually agreed upon by both parties.

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 prior to 2023. 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.

### ***7.2 Construction contracts for construction of the Main Hotel Casino under the Co-development Agreement***

In relation to the construction of the Main Hotel Casino under the Co-development Agreement, the Group has contracted but not provided for commitment of approximately P1,954.4 million as at September 30, 2020.

### ***7.3. Shareholder's Loan Agreement with Parent Company***

On July 23, 2020, the Parent Company entered into a shareholder's loan agreement with Fortune for P7.3 billion to support the construction and development of the Main Hotel Casino. This collateral-free loan bearing an annual interest rate of 5.25% will mature on the earlier of the date falling one (1) month from the date of first drawing or the date of completion of the convertible bond subscription agreement. As at September 30, 2020, the outstanding loan balance pursuant to the shareholder's loan agreement is P5,400.7 million.

### ***7.4. Others***

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

## **8. 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 risks 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.

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

### **8.1 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 Deposit, which is primarily denominated in U.S. dollar (US\$).

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

Foreign currency denominated financial assets translated into Philippine pesos at the closing rate, are as follows:

	<u>September 30, 2020</u>	
	<u>US\$</u>	<u>PHP Equivalent</u>
Financial Assets	<u>148,000,000</u>	<u>7,172,820,000</u>

If the Philippine peso had strengthened by 5% against the US\$, with all other variables held constant, consolidated net loss would have increased by P174.72 million for the nine months ended September 30, 2020.

However, if the Philippine peso had weakened against the US\$ by the same percentages, consolidated net profit (loss) would have improved by the same amount.

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

The Group's exposure to foreign currency risk as at December 31, 2019 was not significant.

### **8.2 Interest Rate Risk**

As at September 30, 2020 and December 31, 2019, the Group is exposed to changes in market interest rates through its cash and cash equivalents which are subject to variable interest rates.

### **8.3 Credit Risk**

Credit risk is the risk that a counterpart may fail to discharge an obligation to the Group. The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the interim condensed consolidated statements of financial position under cash and cash equivalents, trade and other receivables, due from related parties and deposits.

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

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

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#### 8.4 Liquidity Risk

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

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

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

#### 9.1 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.

	September 30, 2020 (Unaudited)		December 31, 2019 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
<b>Financial Assets</b>				
Financial assets at amortized cost:				
Cash and cash equivalents	P 1,115,591,780	P 1,115,591,780	P 1,278,214,939	P 1,278,214,939
Due from related parties	27,382,014	27,382,014	27,382,014	27,382,014
Trade and other receivables	25,089	25,089	75,596	75,596
Deposits	7,172,820,000	7,172,820,000	-	-
	<u>P 8,315,818,883</u>	<u>P 8,315,818,883</u>	<u>P 1,305,672,549</u>	<u>P 1,305,672,549</u>
<b>Financial Liabilities</b>				
Financial liabilities at amortized cost:				
Trade and other payables	P 128,017,802	P 128,017,802	P 2,491,055	P 2,491,055
Short-term borrowings	5,400,741,962	5,400,741,962	-	-
	<u>P 5,528,759,764</u>	<u>P 5,528,759,764</u>	<u>P 2,491,055</u>	<u>P 2,491,055</u>

#### 9.2 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:

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

- c.) 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.

## **10. 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 interim condensed 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.

## **11. EVENTS AFTER THE END OF REPORTING PERIOD**

### ***11.1 COVID-19 Outbreak***

The Company and other Philippine businesses have been significantly exposed to the risks brought about by the outbreak of the new coronavirus disease, COVID-19. As of the date of the issuance of the Company's interim condensed consolidated financial statements, the financial impact of COVID-19 on the Company's interim condensed consolidated financial statements is not yet reliably determinable as the current COVID-19 situation rapidly develops while the Company remains in its current financial condition and status of operations.

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

### RESULTS OF OPERATIONS

#### Review of September 30, 2020 versus September 30, 2019

In December 2019, a new investor infused capital to First Oceanic Property Management, Inc. (FOPMI) which diluted the ownership of the Company to 24.27%. The Company lost its control over FOPMI, which remained as the Company's associate. Consequently, the Company recognized the investment in FOPMI as an investment in associate which resulted in deconsolidation of FOPMI from its financial statements in 2019.

Moreover, on January 20, 2020, the Parent Company established SWC Project Management Limited, a new wholly owned subsidiary in Hong Kong. In addition, on February 17, 2020, the Parent Company also established WC Project Management Limited, also a new wholly owned subsidiary, in Macau. Both subsidiaries are engaged in provision of project management services.

Below are the major changes on the Group's results of operation due to the above transactions.

The Group's total revenues exhibited a decrease of P415.54 million or 100.00% from P415.54 million in 2019 to nil in 2020 of the same period.

Costs and expenses exhibited a decrease of P299.83 million or 75.02% from P399.65 million in 2019 to P99.82 million in 2020.

Other (loss) income exhibited a decrease of P191.01 million from P15.87 million other income in 2019 to P175.14 million other loss in 2020.

The Group's incurred a net loss in 2020 amounting to P274.96 million from the previous period's net profit of P31.76 million or P306.72 million decrease.

### FINANCIAL CONDITION

#### As of September 30, 2020 and December 31, 2019

The Group's total resources amounted to P9,180.75 million in 2020 from P1,448.91 million in 2019. The Group manages its liquidity needs by carefully monitoring scheduled payments for financial liabilities as well as its cash outflows due in a day-to-day business.

Current assets decreased by P141.91 million or 10.85% from P1,307.77 million in 2019 to P1,165.86 million in 2020. Cash and cash equivalents decreased by P162.62 million or 12.72% from P1,278.21 million in 2019 to P1,115.59 million in 2020. Other current assets increased by P20.77 million or 992.38% from P2.09 million in 2019 to P22.86 million in 2020.

Non-current assets increased by P7,873.75 million or 5,578.68% from P141.14 million in 2019 to P8,014.89 million in 2020. Interest in an associate increased by P6.30 million or 4.46% from P141.14 million in 2019 to P147.44 million in 2020. Property and equipment increased to P2.76 million in 2020 from nil in 2019.

Current liabilities increased by P5,471.26 million or 9,514.75% from P57.50 million in 2019 to P5,528.76 million in 2020. Trade and other payables exhibited an increase of P70.52 million or 122.63% from P57.50 million in 2019 to P128.02 million in 2020.

Equity increased by P2,260.58 million or 162.47% from P1,391.41 million in 2019 to P3,651.99 million in 2020.

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

***Increase/Decrease of 5% or more versus December 31, 2019***

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

##### *12.72% decrease in cash and cash equivalents*

Due to payment of the refundable deposits pursuant to the Co-Development Agreement (See Exhibit 5 Note 7.1).

##### *66.81% decrease in trade and other receivables*

This represents accrued interest receivable on temporary investments.

##### *992.38% increase in other current assets*

Due to increase in input value-added tax.

##### *Increase in deposits*

Due to payment of the refundable deposits pursuant to the Co-Development Agreement (See Exhibit 5 Note 7.1).

##### *Increase in prepayments for non-current assets*

Due to prepayments to contractors and consultants in relation to the development and construction of the Main Hotel Casino.

##### *Increase in property and equipment*

Due to the acquisition of fixed assets by the subsidiaries established during the period ended September 30, 2020.

##### *122.63% increase in trade and other payables*

Mainly due to payable of development and construction costs to contractors and consultants in relation to the development and construction of the Main Hotel Casino.

Increase in short-term borrowings

The increase represents proceeds from collateral-free shareholder's loan bearing an annual interest rate of 5.25%.

***Increase/Decrease of 5% or more versus September 30, 2019***

**Statements of Income**

As discussed in review of operations, the Group no longer considers FOPMI as a subsidiary but treats the latter as an associate and resulted to major decreases in accounts in its interim condensed consolidated statements of income. The interim condensed consolidated statement of income for the nine months ended September 30, 2020 pertains solely to the balances of the Parent Company and its new incorporated subsidiaries.

Increase in unrealized foreign exchange loss

Due to the translation of foreign currency denominated refundable deposits at September 30, 2020.

Increase in finance costs

Due to interest on shareholder's loan with an annual interest of 5.25%.

**KEY PERFORMANCE INDICATORS**

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

	September 30, 2020	December 31, 2019
Current Ratio *1	0.21 : 1.00	22.74 : 1.00
Quick Ratio *2	0.21 : 1.00	22.71 : 1.00
Debt to Equity Ratio *3	1.51 : 1.00	0.04 : 1.00
		September 30, 2019
Return on Assets *4	-5.17%	4.05%
Return on Equity *5	-10.90%	6.60%

\*1 – *Current Assets / Current Liabilities*

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

\*3 – *Total Liabilities / Equity*

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

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

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

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

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

The Group does not anticipate having any cash flow or liquidity problems. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments. The Group has no other 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 affects assets, liabilities, equity, net income or cash flows.

There are no other material issuances, repurchases or repayments of debt and equity securities that have not been disclosed in the interim condensed consolidated financial statements for the period.

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 interim condensed consolidated financial statements for the period.

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

SUNTRUST HOME DEVELOPERS, INC. AND SUBSIDIARIES  
*(A Subsidiary of Fortune Noble Limited)*  
 Aging of Accounts Receivable  
 September 30, 2020

EXHIBIT 7

Type of Receivables	Total	Current/ Not Yet Due	1-3 Months	4-6 Months	7 Months to 1 Year	1-2 Years	Past Due Accounts and Items in Litigation
Trade and Other Receivables	<u>25,089</u>	<u>25,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	

SUNTRUST HOME DEVELOPERS, INC. AND SUBSIDIARIES

(A Subsidiary of Fortune Noble Limited)

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

September 30, 2020 and December 31, 2019

EXHIBIT 8

Ratio	Formula	September 30, 2020	December 31, 2019
Current ratio	Current assets / Current liabilities	0.21	22.74
Acid test ratio	Quick assets / Current liabilities (Quick assets include current assets less other current assets)	0.21	22.71
Solvency ratio	Total liabilities / Total assets	0.60	0.04
Debt-to-equity ratio	Total liabilities / Total stockholders' equity	1.51	0.04
Asset-to-equity ratio	Total assets / Total stockholders' equity	2.51	1.04
Interest rate coverage ratio	EBIT / Total interest	-4.91	-65.75
Return on equity	Net loss / Average total equity	-0.11	-0.34
Return on assets	Net loss / Average total assets	-0.05	-0.28
Net profit margin	Net loss / Total revenues	-	-0.54