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L E T
LEISURE ENTERTAINMENT TASTE

LET GROUP HOLDINGS LIMITED

(於開曼群島註冊成立之有限公司)

(股份代號：1383)

海外監管公告： 由一間海外上市附屬公司

本公告乃根據香港聯合交易所有限公司證券上市規則第13.10B條而作出。

LET Group Holdings Limited於菲律賓證券交易所(「菲律賓證券交易所」)上市的一間海外上市附屬公司Suntrust Resort Holdings, Inc.已於2022年11月15日在菲律賓證券交易所網站刊載其截至2022年9月30日止三個月的季度報告(「第三季度報告」)。有關詳情請參閱隨附的第三季度報告。

承董事會命

LET Group Holdings Limited

公司秘書

趙敬仁

香港，2022年11月15日

於本公告日期，執行董事為盧衍溢先生(主席)、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 R E S O R T
H O L D I N G 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)

NELILEEN S. BAXA

Contact Person

(632) 8894-6300

Company Telephone Number

1 2 3 1

Month Day
Fiscal Year

S E C F O R M 1 7 - Q

FORM TYPE

10 Last Tuesday

Month Day
Annual Meeting

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 RESORT HOLDINGS, INC.

26th Floor, Alliance Global Tower
36th Street corner 11th Avenue, Uptown Bonifacio
Bonifacio Global City, Taguig City
1634 Metro Manila
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 2022**
2. Commission identification number: **10683**
3. BIR Tax Identification No.: **000-141-166**
4. Exact name of issuer as specified in its charter **SUNTRUST RESORT HOLDINGS, INC.**
5. Province, country or other jurisdiction of incorporation or organization **Metro Manila, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office **26th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City,** Postal Code **1634**
8. Issuer's telephone number, including area code **(632) 8 894-6300**
9. Former name, former address and former fiscal year, if changed since last report
SUNTRUST HOME DEVELOPERS, INC.
10. Securities registered pursuant to Sections 8 and 12 of the Code, 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 Stock, P1.00 par value

7,250,000,000

11. Are any or all of the securities listed on a Stock Exchange?

Yes [X] No []

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

Philippine Stock Exchange

Common Shares

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

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

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

Please see Exhibit 7

Item 3. Aging of Accounts Receivable

Please see Exhibit 8

Item 4. Schedule of Financial Soundness Indicators

Please see Exhibit 9

PART II--OTHER INFORMATION


The 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 RESORT HOLDINGS, INC.

Issuer



By:

NEOLMAE L. KHO

Treasurer (Principal Financial Officer
and Duly Authorized Officer)

November 11, 2022

EXHIBIT 1

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Suntrust Home Developers, Inc.)
(A Subsidiary of Fortune Noble Limited)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022
(With Corresponding Figures as of December 31, 2021)
(Amounts in Philippine Pesos)

<u>A S S E T S</u>	Notes	Unaudited September 30, 2022	Audited December 31, 2021
CURRENT ASSETS			
Cash and cash equivalents		P 3,066,237,829	P 6,154,842,856
Prepayments and other current assets	6	<u>961,507,852</u>	<u>673,992,735</u>
Total Current Assets		<u>4,027,745,681</u>	<u>6,828,835,591</u>
NON-CURRENT ASSETS			
Property and equipment - net	5	13,573,375,781	8,854,531,816
Right-of-use assets - net	12	12,286,747,130	13,681,077,372
Prepayments and deposits for property and equipment	6	<u>1,112,345,736</u>	<u>1,320,975,774</u>
Total Non-current Assets		<u>26,972,468,647</u>	<u>23,856,584,962</u>
TOTAL ASSETS		<u>P 31,000,214,328</u>	<u>P 30,685,420,553</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Trade and other payables		P 579,953,198	P 791,998,618
Due to related parties	7	389,172,981	552,744,754
Loan from a related party	7	-	6,092,880,000
Lease liabilities	12	<u>-</u>	<u>22,261,174</u>
Total Current Liabilities		<u>969,126,179</u>	<u>7,459,884,546</u>
NON-CURRENT LIABILITIES			
Convertible bonds payable	8	14,813,336,787	8,929,584,003
Lease liabilities	12	6,391,888,226	6,173,242,668
Other payables		<u>439,689,703</u>	<u>233,873,773</u>
Total Non-current Liabilities		<u>21,644,914,716</u>	<u>15,336,700,444</u>
Total Liabilities		<u>22,614,040,895</u>	<u>22,796,584,990</u>
EQUITY	11	<u>8,386,173,433</u>	<u>7,888,835,563</u>
TOTAL LIABILITIES AND EQUITY		<u>P 31,000,214,328</u>	<u>P 30,685,420,553</u>

See Selected Explanatory Notes to Interim Condensed Consolidated Financial Statements.

EXHIBIT 2

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Suntrust Home Developers, Inc.)
(A Subsidiary of Fortune Noble Limited)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Amounts in Philippine Pesos)

<u>Notes</u>	2022 Unaudited Jul 1 - Sep 30	2022 Unaudited Jan 1 - Sep 30	2021 Unaudited Jul 1 - Sep 30 As Restated - see Note 2	2021 Unaudited Jan 1 - Sep 30 As Restated - see Note 2
COSTS AND EXPENSES				
Foreign exchange loss - net	P 231,785,880	P 642,759,130	P 342,725,299	P 410,347,884
Operating expenses	21,964,778	59,697,775	34,729,356	82,370,638
Tax expense	258,674	1,042,018	390,980	24,648,064
Finance costs	9	-	346,762	930,641
	<u>254,009,332</u>	<u>703,498,923</u>	<u>378,192,397</u>	<u>518,297,227</u>
OTHER INCOME (LOSS)				
Finance income	3,562	11,996	91,033	280,716
Gain on sale of investment in an associate	1	-	-	3,236,142
Equity in net loss of an associate	-	-	-	(3,236,142)
	<u>3,562</u>	<u>11,996</u>	<u>91,033</u>	<u>280,716</u>
NET LOSS	(P 254,005,770)	(P 703,486,927)	(P 378,101,364)	(P 518,016,511)
Loss Per Share –				
Basic and Diluted	10	(P 0.0350)	(P 0.0970)	(P 0.0522)
		(P 0.0715)		

See Selected Explanatory Notes to Interim Condensed Consolidated Financial Statements.

SUNTRUST HOME DEVELOPERS, INC. AND SUBSIDIARIES
(Formerly Suntrust Home Developers, Inc.)
(A Subsidiary of Fortune Noble Limited)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Amounts in Philippine Pesos)

	2022 Unaudited Jul 1 - Sep 30	2022 Unaudited Jan 1 - Sep 30	2021 Unaudited Jul 1 - Sep 30 As Restated - see Note 2	2021 Unaudited Jan 1 - Sep 30 As Restated - see Note 2
NET LOSS	(P 254,005,770)	(P 703,486,927)	(P 378,101,364)	(P 518,016,511)
OTHER COMPREHENSIVE INCOME				
Item that will be reclassified subsequently to profit or loss				
Exchange difference on translating foreign operations	<u>22,750,142</u>	<u>41,685,723</u>	<u>100,628,615</u>	<u>125,650,664</u>
TOTAL COMPREHENSIVE LOSS	(P <u>231,255,628</u>)	(P <u>661,801,204</u>)	(P <u>277,472,749</u>)	(P <u>392,365,847</u>)

See Selected Explanatory Notes to Interim Condensed Consolidated Financial Statements.

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Suntrust Home Developers, Inc.)
(A Subsidiary of Fortune Noble Limited)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Amounts in Philippine Pesos)

	<u>Capital Stock</u>	<u>Convertible Bonds Equity Reserve</u>	<u>Exchange Reserve</u>	<u>Revaluation Reserve</u>	<u>Deficit</u>	<u>Total Equity</u>
Balance at January 1, 2022 (Audited)	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
Total comprehensive income (loss) for the period	-	-	41,685,723	-	(703,486,927)	(661,801,204)
Recognition of conversion option (see Note 8)	-	1,159,139,074	-	-	-	1,159,139,074
Balance at September 30, 2022 (Unaudited)	<u>P 5,862,500,010</u>	<u>P 5,752,006,144</u>	<u>P 112,670,301</u>	<u>P -</u>	<u>(P 3,341,003,022)</u>	<u>P 8,386,173,433</u>
Balance at January 1, 2021 (Audited)	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
Total comprehensive income (loss) for the period						
As previously reported	-	-	125,650,664	-	(1,372,670,667)	(1,247,020,003)
Restatement (see Note 2)	-	-	-	-	854,654,156	854,654,156
As restated	-	-	125,650,664	-	(518,016,511)	(392,365,847)
Reclassification of equity in other comprehensive income of an associate	-	-	-	(460,033)	460,033	-
	-	-	125,650,664	(460,033)	(517,556,478)	(392,365,847)
Balance at September 30, 2021 (Unaudited)	<u>P 5,862,500,010</u>	<u>P 4,592,867,070</u>	<u>P 129,987,540</u>	<u>P -</u>	<u>(P 2,650,654,522)</u>	<u>P 7,934,700,098</u>

See Selected Explanatory Notes to Interim Condensed Consolidated Financial Statements.

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Suntrust Home Developers, Inc.)
(A Subsidiary of Fortune Noble Limited)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	Unaudited September 30, 2022	Unaudited September 30, 2021 As Restated - see Note 2
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(P 702,444,909)	(P 493,368,447)
Adjustments for:			
Unrealized foreign exchange loss		763,701,817	408,328,623
Depreciation and amortization	5, 12	612,353	19,702,713
Gain on lease termination	12	(134,153)	-
Finance costs		-	930,641
Finance income		-	(280,716)
Gain on sale of investment in an associate	1	-	(3,236,142)
Equity in net loss of an associate		-	3,236,142
Operating income (loss) before working capital changes		61,735,108	(64,687,186)
Decrease in due from a related party		19,739,247	27,382,014
Increase in prepayments and other current assets		(284,603,217)	(427,867,447)
Decrease in trade other payables		(498,742,883)	(156,448,346)
Cash used in operations		(701,871,745)	(621,620,965)
Interest received		3,034,629	6,407,588
Cash paid for taxes		(1,042,018)	(1,235,174)
Net Cash Used in Operating Activities		(699,879,134)	(616,448,551)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment - net		(1,913,005,047)	(2,397,726,235)
Placement for prepayments and deposits for property and equipment		(152,985,270)	(1,316,786,282)
Proceeds from sale of investment in an associate	1	-	153,728,294
Net Cash Used in Investing Activities		(2,065,990,317)	(3,560,784,223)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(714,971,383)	(48,557,032)
Proceeds from loan from a related party	7	-	5,738,640,000
Decrease in due to related parties		-	(58,378,962)
Payments of lease liabilities (including interest)	12	-	(18,997,524)
Net Cash From (Used) Financing Activities		(714,971,383)	5,612,706,482
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(3,480,840,834)	1,435,473,708
EFFECTS ON FOREIGN EXCHANGE RATE CHANGES		392,235,807	356,189,090
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		<u>6,154,842,856</u>	<u>5,877,616,276</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		<u>P 3,066,237,829</u>	<u>P 7,669,279,074</u>

Supplemental Information on Non-cash Investing Activities:

- 1) In 2022, the Group has set-off its loans from a related party against the proceeds of the convertible bonds issued (see Note 7).
- 2) The Group has unpaid balance of P182.8 million as of September 30, 2022 for the construction works of the main hotel and casino (see Note 5).
- 3) In 2022 and 2021, the Group capitalized depreciation of right-of-use assets and borrowing costs in relation to the construction of the Main Hotel Casino (see Note 5).
- 4) In 2022, management revised its estimated commencement of the Main Hotel Casino which resulted to the remeasurement of its lease liabilities and right-of-use assets (see Note 12).

See Selected Explanatory Notes to Interim Condensed Consolidated Financial Statements.

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Suntrust Home Developers, Inc.)
(A Subsidiary of Fortune Noble Limited)
NOTES TO INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(UNAUDITED)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Company Background

Suntrust Resort Holdings, Inc., formerly known as 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 Parent Company's primary and secondary purposes, as presented in the Articles of Incorporation, to allow the Company to focus on tourism-related businesses. This change was subsequently approved by the Philippine Securities and Exchange Commission (SEC) on June 17, 2020. Further amendments were made in 2021 to increase the authorized capital stock and change the corporate name to align with the business objectives (see Note 1.3).

In line with the change in business plans to enter into tourism-related businesses, a co-development agreement (CDA) was entered into by the Parent Company and Westside City Resorts World, Inc. (Westside), a related party under common ownership to continue the latter's development, construction, operation and management of casino and related businesses. Subject to the completion of commitments from both sides, which were satisfied in December 2020, the Parent Company paid USD200 million for the initial cost of construction of a 5-star hotel and casino complex (Main Hotel Casino). The payment has been initially treated as refundable deposit until the completion of commitments from both entities at which time the amount was allocated between construction in progress (CIP) and right-of-use asset (ROUA).

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

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 an integrated resort in the Philippines; (ii) through Summit Ascent Holdings Limited and its subsidiaries, the operation of the hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region in the Russian Federation; (iii) property development in Japan; and (iv) management and operation of malls in the People’s Republic of China.

The Parent Company’s registered office, which is also its principal place of business, is located at 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 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. Major Success Group Limited’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.

Suntrust holds ownership interests in the following subsidiaries and associate (Group):

	Explanatory Notes	Effective Percentage of Ownership	
		September 2022	December 2021
Subsidiaries:			
SWC Project Management Limited	(a)	100%	100%
WC Project Management Limited	(b)	100%	100%
Suncity WC Hotel Inc.	(c)	100%	100%
Associate:			
First Oceanic Property Management, Inc. (FOPM)	(d)	-	-

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.
- (d) Incorporated in the Philippines on January 31, 1990 to engage primarily in the management of real estate properties. In 2021, Suntrust has disposed of its ownership interest in FOPM.

1.2 Sale of Investment in an Associate

On March 25, 2021, an agreement for sale and purchase (FOPM 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 FOPM SP Agreement, the Parent Company agreed to sell and Asian E-Commerce agreed to purchase the Parent Company’s remaining 24.27% equity interest in FOPM and its subsidiary, Citylink Coach Services, Inc. (Citylink, together with FOPM as FOPM Group) at 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 FOPM. The sale of shares in FOPM resulted to the derecognition of the Group’s investment in an associate for FOPM Group. Total gain on sale of investment in an associate amounted to P3.2 million.

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

On September 1, 2021, the Parent Company's Board of Directors approved the amendment to the Articles of Incorporation to increase the Parent Company's authorized capital stock from P23,000,000,000 divided into 23,000,000,000 common shares to P50,000,000,000 divided into 50,000,000,000 common shares.

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

1.4 Continuing Impact of COVID-19 Pandemic on Group's Business

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020. The measures taken by the government to contain the virus have affected economic conditions. However, the Group's business operations have been affected minimally as its hotel and casino are still in the preliminary construction activities. As at September 30, 2022, the construction work of the pile cap, ground level, Levels 1, 2 and 3 of the super structures has been completed. Management aims to commence the operation of the Main Hotel Casino in 2024.

2. BASIS OF PREPARATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

2.1 Basis of Preparation of Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements for the nine months ended September 30, 2022 and 2021 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2021.

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

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

2.2 Adoption of New and Amended PFRS

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

2.3 Reclassification of accounts

The Group made a prior period adjustment which resulted in retrospective restatements of certain amounts as of and for the nine months ended September 30, 2021 in the interim consolidated statement of financial position, interim consolidated statement of income, interim consolidated statement of equity and interim consolidated statement of cash flows.

Based on the management's assessment, the borrowings related to the construction of the Group's Main Hotel Casino are considered as specific borrowings. Accordingly, the Group capitalized the related interest expense of P854.7 million, net of interest income of P6.1 million, for the nine months ended September 30, 2021.

The effects of the restatements as of and for the nine months ended September 30, 2021 are as follows:

	<u>Interim consolidated statement of financial position</u>		
	<u>As previously Reported</u>	<u>Effects of Restatements</u>	<u>As Restated</u>
<i>Changes in total non-current assets -</i>			
Property and equipment - net	P13,573,348,259	<u>P 854,654,156</u>	P14,428,002,415
<i>Changes in equity -</i>			
Deficit	(P 3,505,308,678)	<u>P 854,654,156</u>	(P 2,650,654,522)
	<u>Interim consolidated statement of income</u>		
	<u>As previously Reported</u>	<u>Effects of Restatements</u>	<u>As Restated</u>
<i>Changes in statement of income:</i>			
Finance costs	P 861,711,669	(P 860,781,028)	P 930,641
Finance income	P 6,407,588	<u>(P 6,126,872)</u>	P 280,716
Impact in net loss		<u>(P 854,654,156)</u>	

The restatements presented above did not affect the interim consolidated statement of cash flows, as such restatements have nil net impact to the cash flows from operating activities.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In preparing the interim condensed consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the interim condensed consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual consolidated financial statements as of and for the year ended December 31, 2021.

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 in 2020, tourism-related business following the change in the primary purpose of the Parent Company. These are also the basis of the Group in reporting to its board of directors 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. 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. This segment had been ceased since April 1, 2021.

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

The business segment information of the Group as of and for the periods ended September 30, 2022 and 2021 are as follows:

	Tourism- related Business	Property Management and Rental	Total
<u>Period ended September 30, 2022 (Unaudited)</u>			
Finance income	P 11,996	P -	P 11,996
Expenses	(59,697,775)	-	(59,697,775)
Foreign exchange loss	(642,759,130)	-	(642,759,130)
Loss before tax	(702,444,909)	-	(702,444,909)
Tax expense	(1,042,018)	-	(1,042,018)
Net loss	(P 703,486,927)	P -	(P 703,486,927)
<u>As at September 30, 2022 (Unaudited)</u>			
Segment assets	<u>P31,000,214,328</u>	<u>P -</u>	<u>P 31,000,214,328</u>
Segment liabilities	<u>P22,614,040,895</u>	<u>P -</u>	<u>P 22,614,040,895</u>
<u>Period ended September 30, 2021 (Unaudited)</u>			
<u>[As Restated – (see Note 2.3)]</u>			
Income:			
Finance and other income	P 280,716	P -	P 280,716
Gain on sale of interest of an associate	-	3,236,142	3,236,142
	280,716	3,236,142	3,516,858
Expenses	(82,370,638)	-	(82,370,638)
Equity in net loss of an associate	-	(3,236,142)	(3,236,142)
Foreign exchange loss - net	(410,347,884)	-	(410,347,884)
Finance costs	(930,641)	-	(930,641)
Loss before tax	(493,368,447)	-	(493,368,447)
Tax expense	(24,648,064)	-	(24,648,064)
Net loss	(P 518,016,511)	P -	(P 518,016,511)
<u>As at September 30, 2021 (Unaudited)</u>			
<u>[As Restated – (see Note 2.3)]</u>			
Segment assets	<u>P 30,192,239,833</u>	<u>P -</u>	<u>P 30,192,239,833</u>
Segment liabilities	<u>P 22,257,539,735</u>	<u>P -</u>	<u>P 22,257,539,735</u>
<u>As at December 31, 2021 (Audited)</u>			
Segment assets	<u>P 30,685,420,553</u>	<u>P -</u>	<u>P 30,685,420,553</u>
Segment liabilities	<u>P 22,796,584,990</u>	<u>P -</u>	<u>P 22,796,584,990</u>

5. PROPERTY AND EQUIPMENT

Details of property and equipment as at September 30, 2022 (Unaudited) and December 31, 2021 (Audited) are as follows:

	<u>Office and Communication Equipment</u>	<u>Furniture and Fixtures</u>	<u>Leasehold Improvements</u>	<u>Construction in Progress</u>	<u>Total</u>
Cost:					
Balance at January 1, 2022	P 3,899,096	P 2,331,496	P 1,812,748	P8,849,557,574	P8,857,600,914
Additions during the period	505,740	-	-	4,723,347,632	4,723,853,378
Disposal during the period	(3,915,636)	(2,341,388)	(1,820,436)	-	(8,077,460)
Exchange difference	16,540	9,892	7,688	-	34,120
Balance at September 30, 2022	<u>P 505,740</u>	<u>P -</u>	<u>P -</u>	<u>P13,572,905,212</u>	<u>P13,573,410,951</u>
Accumulated Depreciation:					
Balance at January 1, 2022	P 1,839,265	P 322,503	P 907,330	P -	P 3,069,098
Depreciation during the period	356,226	126,044	130,083	-	612,353
Disposal during the period	(2,168,125)	(449,915)	(1,041,262)	-	(3,659,302)
Exchange difference	7,804	1,368	3,849	-	13,021
Balance at September 30, 2022	<u>P 35,170</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 35,170</u>
Net book values					
September 30, 2022 (Unaudited)	<u>P 470,570</u>	<u>P -</u>	<u>P -</u>	<u>P13,572,905,212</u>	<u>P13,573,375,781</u>
December 31, 2021 (Audited)	<u>P 2,059,831</u>	<u>P 2,008,993</u>	<u>P 905,418</u>	<u>P 8,849,557,574</u>	<u>P 8,854,531,816</u>

Total borrowing costs and depreciation of ROUA capitalized as CIP for the period ended September 30, 2022 amounted P1,537.2 million, net of P3.0 million interest income (2021 – P854.7 million, net of P6.1 million interest income) and P544.7 million (2021 – P579.8 million), respectively.

The capitalization rate used was based on effective interest rates ranging from 6% to 14% in 2022 and 2021.

6. PREPAYMENTS AND OTHER ASSETS

The composition of this account is as follows:

	<u>September 30, 2022 (Unaudited)</u>	<u>December 31, 2021 (Audited)</u>
Current:		
Input value-added tax (VAT)	P 792,045,949	P 534,326,972
Deferred input VAT	40,170,042	68,767,858
Prepaid insurance	79,031,650	53,660,892
Refundable deposits	49,486,695	16,670,149
Tax credits	1,190	1,190
Others	772,326	565,674
	<u>961,507,852</u>	<u>673,992,735</u>
Non-current:		
Deposits for property and equipment	1,072,755,447	1,254,445,986
Prepaid insurance and other costs	<u>39,590,289</u>	<u>66,529,788</u>
	<u>1,112,345,736</u>	<u>1,320,975,774</u>
	<u>P 2,073,853,588</u>	<u>P 1,994,968,509</u>

Deposit for property and equipment includes advances to contractors and suppliers in relation to the construction of the Main Hotel Casino.

7. RELATED PARTY TRANSACTIONS

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

	Amount of Transactions		Receivable (Payable)	
	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Stockholders:				
Issuance of convertible bonds	P -	P -	(P 5,180,388,297)	(P 4,786,155,481)
Shareholder's interest	-	-	(93,706,314)	(93,706,314)
Payment of excess proceeds	-	(18,741,962)	-	-
Receipt from the sale of investment property	-	(27,382,014)	-	-
Interest on convertible bonds	394,232,816	-	-	-
Related Parties Under Common Ownership:				
Issuance of convertible bonds	6,400,000,000	-	(9,632,948,490)	(4,143,428,522)
Loan from a related party	6,353,400,000	-	-	(6,092,880,000)
Payment for excess proceeds	-	(39,637,000)	-	-
Interest on loan from a related party	259,667,284	133,496,798	-	-
Interest on convertible bonds	410,913,492	252,000,000	(295,466,667)	(451,486,243)
Payment of interest on convertible bonds	336,000,000	-	-	(336,000,000)
Outsourced services	-	-	-	(5,699,123)
Transfer of assets	19,739,247	-	-	-
Short-term borrowing	-	5,738,640,000	-	-
Service fees	-	10,189,796	-	-
Key Management Personnel:				
Compensation	31,993,199	-	-	-

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

7.1 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 account is offset against Capital Stock account shown in the interim condensed consolidated statements of changes in equity.

7.2 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. 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 had been effectively fully paid.

Interest payable in connection with the loan amounting to P93.7 million which remained unpaid as of September 30, 2022 is presented as part of Due to Related Parties account in the interim condensed consolidated statement of financial position.

7.3 Loan Agreement with Summit Ascent Investments Limited (SA Investments)

On February 23, 2021, the Parent Company, as borrower, entered into a Loan Agreement for the principal sum of up to USD120.0 million at the interest rate of 6.00% per annum, payable three months after the date of drawing, with SA Investments. On May 18, 2021, the Parent Company drew the entire principal sum of USD120.0 million. The loan has been renewed on a monthly basis and maturity date has been extended up to July 18, 2022.

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 Php6,400.0 million (Loan Indebtedness).

The proceeds of the CB will set off the amount of the Loan Indebtedness, plus the accrued interest up to the expected completion date of the CB Subscription Agreement which is on or before July 31, 2022 or such later date as agreed by the Parent Company and SA Investments. The issuance of the CB under the CB Subscription Agreement equivalent to the Loan Indebtedness shall be subject to the completion of certain conditions precedent under the CB Subscription Agreement.

On June 10, 2022, the Parent Company issued the CB upon completion of all conditions precedent (see Note 8). As at September 30, 2022, the shareholder's loan 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 USD6.8 million.

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

On August 1, 2021, the Company entered into a Service and Consultancy Agreement with a related party under common ownership, whereby the related party shall provide assistance to the Parent Company in relation to the management of its Main Hotel Casino. Total service fees for the period ended September 30, 2021 amounted to Php10.2 million and presented as part of Operating expenses in the 2021 interim condensed consolidated statement of income.

8. CONVERTIBLE BONDS PAYABLE

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

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

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

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

The fair values at initial recognition and the carrying amounts of the financial liability components, calculated based on the fair value of the principal less any directly attributable transaction costs, at September 30, 2022 and December 31, 2021 are presented below:

	Fortune Noble - P7.3B CB	SA Investments - P5.6B CB	SA Investments - P6.4B CB	Total
Face value of the bonds issued in 2020	P 7,300,000,000	P 5,600,000,000	P -	P 12,900,000,000
Bond issue costs	(62,123,000)	(47,656,000)	-	(109,779,000)
Net proceeds	7,237,877,000	5,552,344,000	-	12,790,221,000
Amount classified as equity	(2,931,095,999)	(1,661,771,071)	-	(4,592,867,070)
Carrying amount of liability at December 31, 2020 (Audited)	4,306,781,001	3,890,572,929	-	8,197,353,930
Amortized interest for the year ended December 31, 2021	<u>479,374,480</u>	<u>252,855,593</u>	-	<u>732,230,073</u>
Carrying amount of liability at December 31, 2021 (Audited)	4,786,155,481	4,143,428,522	-	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)
Amount classified as equity	-	-	(1,159,139,074)	(1,159,139,074)
Amortized interest for the period ended September 30, 2022	<u>394,232,816</u>	<u>209,963,868</u>	<u>93,159,174</u>	<u>697,355,858</u>
Carrying amount of liability at September 30, 2022 (Unaudited)	<u>P 5,180,388,297</u>	<u>P4,353,392,390</u>	<u>P 5,279,556,100</u>	<u>P14,813,336,787</u>

For the period ended September 30, 2022, the Parent Company accrued P295.5 million interest related to SA Investments - P5.6B CB and SA Investments - P6.4B CB and included as part of Due to related parties in the interim condensed consolidated statement of financial position.

9. FINANCE COSTS

The details of this account for the period ended September 30, 2022 and 2021 are as follows:

	Period ended September 30, 2022 (Unaudited)	Period ended September 30, 2021 (Unaudited) [As Restated - see Note 2.3]
Interests on convertible bonds payable	P 1,085,155,856	P 788,519,225
Interest on loan from related parties	259,667,284	133,496,797
Interest on lease liabilities	173,082,331	175,650,134
Other borrowing costs	<u>19,301,915</u>	<u>18,200,777</u>
	1,537,207,386	1,115,866,933
Interest capitalized for qualifying assets	<u>(1,537,207,386)</u>	<u>(1,114,936,292)</u>
	P -	P 930,641

10. LOSS PER SHARE

Loss per share amounts were computed as follows:

	Period ended September 30, 2022 (Unaudited)	Period ended September 30, 2021 (Unaudited)
Net loss	(P 703,486,927)	(P 518,016,511)
Divided by the weighted average number of outstanding shares	<u>7,250,000,000</u>	<u>7,250,000,000</u>
Basic and diluted loss per share	(P 0.0970)	(P 0.0715)

For the period ended September 30, 2022 and 2021, 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.

11. EQUITY

The details of this account as of September 30, 2022 and December 31, 2021 are as follows:

	September 30, 2021 (Unaudited)	December 31, 20201 (Audited)
Capital stock	P 5,862,500,010	P 5,862,500,010
Convertible bonds equity reserve	5,752,006,144	4,592,867,070
Exchange reserve	112,670,301	70,984,578
Deficit	<u>(3,341,003,022)</u>	<u>(2,637,516,095)</u>
	P 8,386,173,433	P 7,888,835,563

12. COMMITMENTS AND CONTINGENCIES

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

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

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

The related annual rental is set at USD10.6 million which is payable starting from the latter of the first day of commencement of the operation of the Main Hotel Casino and the fulfilment of the conditions precedent or such other dates as may mutually agreed upon by both parties. In June 2022, management remeasured its lease liabilities and made a corresponding adjustment to its ROUA amounting to Php825.2 million 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.

In 2021, the Group entered into certain lease agreements for two rental offices. However, in 2022 these were terminated; no penalties were incurred on such lease termination.

The carrying amount of the Group's ROUA as at September 30, 2022 and December 31, 2021 and movements during the periods are shown below.

	Period ended September 30, 2022 (Unaudited)	Year ended December 31, 2021 (Audited)
Balance at beginning of period/year	P 13,681,077,372	P 14,429,698,406
Remeasurement	(825,199,087)	-
Depreciation capitalized as construction in progress	(544,732,631)	(773,019,558)
Lease terminated during the period/year	(24,398,523)	-
Additions during the period/year	-	50,633,904
Depreciation charged to profit or loss	-	(26,235,380)
	<u>P 12,286,747,130</u>	<u>P 13,681,077,372</u>

The carrying amount of the Group's lease liabilities as at September 30, 2022 and December 31, 2021 and movements during the periods are shown below.

	Period ended September 30, 2022 (Unaudited)	Year ended December 31, 2021 (Audited)
Balance at beginning of period/year	P 6,195,503,842	P 5,618,666,948
Exchange difference	872,770,135	317,155,095
Remeasurement	(825,199,087)	-
Interest during the period/year	173,082,331	237,294,382
Lease terminated during the period/year	(24,268,995)	-
Leases entered during the period/year	-	49,080,590
Payment during the period/year	<u>-</u>	<u>(27,214,056)</u>
	<u>P 6,391,888,226</u>	<u>P 6,195,503,842</u>

The lease liabilities are presented in the interim condensed consolidated statements of financial position as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Current	P -	P 22,261,174
Non-current	<u>6,391,888,226</u>	<u>6,173,242,668</u>
	<u>P 6,391,888,226</u>	<u>P 6,195,503,842</u>

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

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

12.3 Capital Commitments

As of September 30, 2022, the Group has commitments of about P20,969.4 million (December 31, 2021 – P23,383.0 million) for the construction of the Main Hotel Casino.

12.4 Others

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

13. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

13.1 Foreign Currency Risk

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

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

Foreign currency denominated financial assets and financial liabilities, translated into Philippine pesos at the closing rate as of September 30, 2022, are as follows:

	<u>US\$</u>	<u>Php Equivalent</u>	<u>HKD</u>	<u>Php Equivalent</u>
Financial assets	\$ 43,602,311	P 2,568,612,141	\$ 1,339,952	P 10,055,937
Financial liabilities	(108,502,601)	(6,391,888,225)	-	-
	(\$ 64,900,290)	(P 3,823,276,084)	\$ 1,339,952	P 10,055,937

The sensitivity of the loss before tax for the period with regard to the Group's financial assets and the USD – Philippine peso exchange rate assumes a +/- 12.69% change in exchange rate while the HKD – Philippine peso exchange rate assumes a +/-12.72% change for the period ended September 30, 2022. These percentages have been determined based on the average market volatility in exchange rates in the previous year, respectively, estimated at 99% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting periods.

If the Philippine peso had strengthened against the USD, with all other variables held constant, consolidated loss before tax would have decreased by P485.1 million. If the Philippine peso had strengthened against the HKD, with all other variables held constant, consolidated loss before tax would have increased by P1.3 million.

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

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

13.2 Interest Rate Risk

As at September 30, 2022 and December 31, 2021, the Group is exposed to changes in market interest rates through its cash and cash equivalents which are subject to variable interest rates. All other financial assets and financial liabilities have fixed rates or are non-interest bearing. Management believes that the impact of the fluctuations in interest rates would not materially impact the Group's consolidated financial statements since the interest rates have shown insignificant changes during the years.

13.3 Credit Risk

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

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

13.4 Liquidity Risk

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

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

The table below summarizes the maturity profile of the Group's financial liabilities as at September 30, 2022 and December 31, 2021 reflecting the gross cash flows, which may differ from the carrying values of the liabilities at the end of reporting periods.

	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 19 Years
September 30, 2022 (Unaudited)			
Accrued expenses and other payables	P 568,891,123	P -	P 439,689,703
Due to related parties	389,172,981	-	-
Lease liabilities	-	-	9,158,541,333
Convertible bonds payable	-	-	21,426,666,667
	P 958,064,104	P -	P31,024,897,703

	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 19 Years
December 31, 2021 (Audited)			
Trade and other payables	P 697,965,918	P -	P 233,873,773
Due to related parties	552,744,754	-	-
Loan from a related party	-	6,318,331,726	-
Lease liabilities	-	-	7,894,000,000
Convertible bonds payable	-	-	14,244,000,000
	<u>P 1,250,710,672</u>	<u>P 6,318,331,726</u>	<u>P 22,371,873,773</u>

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

14. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

14.1 Carrying Amounts and Fair Values by Category

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

	September 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets				
Financial assets at amortized cost:				
Cash and cash equivalents	P 3,066,237,829	P 3,066,237,829	P 6,154,842,856	P 6,154,842,856
Refundable deposits	49,486,695	49,486,695	16,670,149	16,670,149
	<u>P 3,115,724,524</u>	<u>P 3,115,724,524</u>	<u>P 6,171,513,005</u>	<u>P 6,171,513,005</u>
Financial Liabilities				
Financial liabilities at amortized cost:				
Trade and other payables	P 1,008,580,826	P 1,008,580,826	P 931,839,691	P 931,839,691
Due to related parties	389,172,981	389,172,981	552,744,754	552,744,754
Loan from a related party	-	-	6,092,880,000	6,092,880,000
Lease liabilities	6,391,888,226	6,391,888,226	6,195,503,842	6,195,503,842
Convertible bonds payable	14,813,336,787	15,486,892,005	8,929,584,003	10,461,950,963
	<u>P 22,602,978,820</u>	<u>P 23,276,534,038</u>	<u>P 22,702,552,290</u>	<u>P 24,234,919,250</u>

14.2 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:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

15. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

Review of September 30, 2022 versus September 30, 2021

On June 8, 2022, the SEC approved the change in the Parent Company's corporate name to Suntrust Resort Holdings, Inc.

On January 4, 2021, the SEC approved the incorporation of Suncity WC Hotel Inc. (WC Hotel), a new wholly owned subsidiary in the Philippines. The subsidiary was incorporated 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. As of September 30, 2022, WC Hotel is still in pre-operating stage and has not commenced commercial operations.

The Group made a prior period adjustment which resulted in retrospective restatements of certain amounts as of and for the nine months ended September 30, 2021 in its interim consolidated statement of financial position, interim consolidated statement of income, interim consolidated statement of equity and interim consolidated statement of cash flows. The Group capitalized interest expense of Php854.65 million, net of interest income of Php6.13 million, for the nine months ended September 30, 2021.

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

The Group's total finance income exhibited a decrease of Php0.27 million or 95.73% from Php0.28 million in 2021 to Php0.01 million in 2022 of the same period.

Operating expenses exhibited a decrease of Php22.67 million or 27.53% from Php82.37 million in 2021 to Php59.70 million in 2022 of the same period.

Interest expense during the current period is nil while interest expense is Php0.93 million in 2021 of the same period.

Foreign exchange loss during the period amounted to Php642.76 million while foreign exchange loss is Php410.35 million in 2021 of the same period.

The Group's net loss exhibited an increase of Php185.47 million or 35.80% from Php518.02 million in 2021 to Php703.47 million in 2022 of the same period.

FINANCIAL CONDITION

As of September 30, 2022 and December 31, 2021

The Group's total resources amounted to Php31,000.21 million in 2022 from Php30,685.42 million in 2021. 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 Php2,801.09 million or 41.02% from Php6,828.84 million in 2021 to Php4,027.75 million in 2022. Cash and cash equivalents decreased by Php3,088.61 million or 50.18% from Php6,154.84 million in 2021 to Php3,066.24 million in 2022. Prepayments and other current assets increased by Php287.52 million or 42.66% from Php673.99 million in 2021 to Php961.51 million in 2022.

Non-current assets increased by Php3,115.88 million or 13.06% from Php23,856.58 million in 2021 to Php26,972.47 million in 2022. Prepayments and deposits for property and equipment decreased by Php208.63 million or 15.79% from Php1,320.98 million in 2021 to Php1,112.35 million in 2022. Property and equipment increased by Php4,718.84 million or 53.29% from Php8,854.53 million in 2021 to Php13,573.38 million in 2022. Right-of-use assets decreased by Php1,394.33 million or 10.19% from Php13,681.08 million in 2021 to Php12,286.75 million in 2022.

The Group's total liabilities amounted to Php22,614.04 million in 2022 from Php22,796.58 million in 2021 or a decrease of Php182.54 million or 0.80%.

Current liabilities decreased by Php6,490.76 million or 87.01% from Php7,459.88 million in 2021 to Php969.13 million in 2022. Trade and other payables exhibited a decrease of Php212.05 million or 26.78% from Php792.00 million in 2021 to Php579.95 million in 2022. Due to related parties decreased by Php163.57 million or 29.59% from Php552.74 million in 2020 to Php389.17 million in 2022. Loan from a related party during the current period is nil because of loan set-off resulted to issuance of convertible bonds while Php6,092.88 million in 2021 of the same period.

Convertible bonds payable increased by Php5,883.75 million or 65.89% from Php8,929.58 million in 2021 to Php14,813.33 million in 2022. Lease liability exhibited an increase of Php196.38 million or 3.17% from Php6,195.50 million in 2021 to Php6,391.89 million in 2022. Retention Payables exhibited an increase of Php205.82 million or 88.00% from Php233.87 million in 2021 to Php439.69 million in 2022.

Equity increased by Php497.33 million or 6.30% from Php7,888.84 million in 2021 to Php8,386.17 million in 2022.

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

Statements of Financial Position

50.18% decrease in cash and cash equivalents

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

42.66% increase in prepayments and other current assets

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

15.79% decrease in prepayments and deposits for property and equipment

Due to application of advances to suppliers and contractors in relation to the construction of the Main Hotel Casino.

53.29% increase in property and equipment

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

10.19% decrease in right-of-use asset

Due to the adjustment equivalent to the remeasurement of the lease liability and amortization of the asset.

26.77% decrease in trade and other payables

Due to decrease in unpaid construction related invoices as of September 30, 2022.

29.59% decrease in due to related parties

Due to the payment of the accrued interest from a loan availed from a related party.

100% decrease in loan from a related party

Settled through the off-setting arrangement upon issuance of a convertible bond.

65.89% increase in convertible bonds

Due to the issuance of new convertible bond to settle the loan from a related party.

88.00% increase in retention payables

Due to additional retention payable from billings in relation to the construction of the Main Hotel Casino.

Increase/Decrease of 5% or more versus September 30, 2021

Statements of Income

56.64% increase in foreign exchange loss

Mainly due to translation adjustment to foreign denominated financial liabilities such as lease liability.

27.53% decrease in operating expenses

Due to the decrease of employee headcount in a subsidiary during the period.

100% decrease in interest expense

Due to the capitalization of the interest incurred from short-term borrowings, lease liability, and convertible bonds.

95.77% decrease in tax expense

This was a result of the disposal of the Group's investment in an associate in 2021. No similar transaction in 2022.

95.73% decrease in interest income

Due to the lower cash level balance in 2022.

KEY PERFORMANCE INDICATORS

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

	September 30, 2022	December 31, 2021
Current Ratio *1	4.16 : 1.00	0.92 : 1.00
Quick Ratio *2	3.16 : 1.00	0.83 : 1.00
Debt to Equity Ratio *3	2.70 : 1.00	2.89 : 1.00

	September 30, 2022	September 30, 2021 As Restated
Return on Assets *4	-2.28%	- see Note 2 -2.26%
Return on Equity *5	-8.64%	-6.72%

*1 – *Current Assets / Current Liabilities*

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

*3 – *Total Liabilities / Equity*

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

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

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

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

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

The Group does not anticipate having any cash flow or liquidity problems. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments. The Group has material commitments for capital expenditures amounting to approximately Php20,969.4 million as of September 30, 2022 in relation to the construction of the Main Hotel Casino.

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

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

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

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

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

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

EXHIBIT 9

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
ANNEX 68-E - SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
September 30, 2022 and December 31, 2021

Ratio	Formula	September 30, 2022	December 31, 2021
Current ratio	Current assets / Current liabilities	4.16	0.92
Acid test ratio	Quick assets / Current liabilities (Quick assets include current assets less other current assets)	3.16	0.83
Solvency ratio	Total liabilities / Total assets	0.73	0.74
Debt-to-equity ratio	Total liabilities / Total stockholders' equity	2.70	2.89
Asset-to-equity ratio	Total assets / Total stockholders' equity	3.70	3.89
Interest rate coverage ratio	EBIT / Total interest	n/a	n/a
Return on equity	Net loss / Average total equity	-8.64%	-6.23%
Return on assets	Net loss / Average total assets	-2.28%	-1.90%
Net profit margin	Net loss / Total revenues	-	-