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SUNCITY GROUP HOLDINGS LIMITED

太陽城集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

**Overseas Regulatory Announcement:
by an overseas listed subsidiary**

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

Suntrust Home Developers, Inc., an overseas listed subsidiary of Suncity Group Holdings Limited listed on The Philippine Stock Exchange, Inc. (“PSE”), has published its second quarterly report for the six months ended 30 June 2020 (the “**Q2 Report**”) on the website of PSE on 14 August 2020. For details, please refer to the attached Q2 Report.

By order of the Board
Suncity Group Holdings Limited
Chau Cheok Wa
Chairman

Hong Kong, 14 August 2020

As at the date of this announcement, the executive Directors are Mr. Chau Cheok Wa, Mr. Lo Kai Bong, Mr. Au Chung On John and Mr. Manuel Assis Da Silva; and the independent non-executive Directors are Mr. Tou Kin Chuen, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John.

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

Day

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.

Dept. Requiring this Doc.

Amended Articles Number/Section

Amended Articles Number/Section

Total No. of Stockholders

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Domestic

Foreign

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU

Document I.D.

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SUNTRUST HOME DEVELOPERS, INC.

26th Floor, Alliance Global Tower, 36th Street corner 11th 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 June 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. **26th Floor, Alliance Global Tower, 36th Street corner 11th 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 [] 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 [] 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. 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)
August 14, 2020

EXHIBIT 1

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

<u>A S S E T S</u>	Unaudited June 30, 2020	Audited December 31, 2019
CURRENT ASSETS		
Cash and cash equivalents	P 219,148,064	P 1,278,214,939
Trade and other receivables	24,812	75,596
Due from related parties	27,356,691	27,382,014
Other current assets	<u>19,092,790</u>	<u>2,092,871</u>
Total Current Assets	<u>265,622,357</u>	<u>1,307,765,420</u>
NON-CURRENT ASSETS		
Interest in an associate	146,976,973	141,144,732
Deposits	3,287,362,993	-
Prepayments for non-current assets	390,644,540	-
Property and equipment - net	<u>1,690,892</u>	<u>-</u>
Total Non-current Assets	<u>3,826,675,398</u>	<u>141,144,732</u>
TOTAL ASSETS	<u>P 4,092,297,755</u>	<u>P 1,448,910,152</u>
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Trade and other payables	P 228,278,858	P 57,502,895
Due to related parties	<u>22,813,608</u>	<u>-</u>
TOTAL LIABILITIES	<u>251,092,466</u>	<u>57,502,895</u>
EQUITY	<u>3,841,205,289</u>	<u>1,391,407,257</u>
TOTAL LIABILITIES AND EQUITY	<u>P 4,092,297,755</u>	<u>P 1,448,910,152</u>

EXHIBIT 2

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

	2020 Unaudited Apr 1 - Jun 30	2020 Unaudited Jan 1 - Jun 30	2019 Unaudited Apr 1 - Jun 30	2019 Unaudited Jan 1 - Jun 30
REVENUES				
Management fees	P -	P -	P 134,522,298	P 257,525,953
Rental income	-	-	7,847,176	17,999,105
Service income	-	-	4,600,438	9,636,931
	<u>-</u>	<u>-</u>	<u>146,969,912</u>	<u>285,161,989</u>
COSTS AND EXPENSES				
Cost of services	-	-	92,276,109	177,353,257
Operating expenses	3,425,675	26,802,973	36,041,764	75,434,091
Finance costs	-	-	1,558,223	3,120,384
Tax expense	122,967	419,299	8,429,063	13,922,732
	<u>3,548,642</u>	<u>27,222,272</u>	<u>138,305,159</u>	<u>269,830,464</u>
OTHER (LOSS) INCOME				
Unrealized foreign exchange loss	(17,677,007)	(17,677,007)	-	-
Finance and other income	614,881	2,096,540	6,028,692	11,156,327
Equity in net earnings of an associate	4,307,453	5,832,241	-	-
	<u>(12,754,673)</u>	<u>(9,748,226)</u>	<u>6,028,692</u>	<u>11,156,327</u>
NET (LOSS) PROFIT	<u>(P 16,303,315)</u>	<u>(P 36,970,498)</u>	<u>P 14,693,445</u>	<u>P 26,487,852</u>
(Loss) Earnings Per Share –				
Basic and Diluted	<u>(P 0.0022)</u>	<u>(P 0.0051)</u>	<u>P 0.0066</u>	<u>P 0.0118</u>

EXHIBIT 3

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

	Unaudited June 30, 2020	Unaudited June 30, 2019
CAPITAL STOCK - P1 par value		
Authorized - 23 billion shares (2019 - 3 billion shares)	<u>5,799,500,000</u>	<u>2,062,500,000</u>
REVALUATION RESERVE	<u>460,033</u>	<u>49,048,367</u>
EXCHANGE RESERVE	(<u>231,470</u>)	<u>-</u>
DEFICIT		
Balance at beginning of the period	(<u>1,921,552,776</u>)	(<u>1,646,129,296</u>)
Net profit (loss) for the period	(<u>36,970,498</u>)	<u>26,487,852</u>
Balance at end of the period	(<u>1,958,523,274</u>)	(<u>1,619,641,444</u>)
TOTAL EQUITY	<u><u>3,841,205,289</u></u>	<u><u>491,906,923</u></u>

EXHIBIT 4

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

	Unaudited June 30, 2020	Unaudited June 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) Profit before tax	(36,551,199)	40,410,584
Adjustments for:		
Foreign exchange loss	17,444,412	-
Depreciation and amortization	106,546	9,444,610
Finance income	(2,096,540)	(10,413,217)
Equity in net earnings of associate	(5,832,241)	-
Finance costs	-	3,120,384
Operating (loss) profit before working capital changes	(26,929,022)	42,562,361
Increase in trade and other receivables	-	(5,577,237)
Decrease in due from related parties	25,323	2,920,835
Decrease in other current assets	2,914,239	77,914,315
Increase (decrease) in trade and other payables	(55,570,239)	16,297,445
Increase in retirement benefit obligation	-	9,314,166
Cash (used in) generated from operations	(79,559,699)	143,431,885
Interest received	2,147,324	7,994,119
Cash paid for income taxes	(419,299)	(28,128,353)
Net Cash (Used in) From Operating Activities	(77,831,674)	123,297,651
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,796,313)	(2,308,508)
Increase in deposits	(3,305,040,000)	-
Increase in prepayments for non-current assets	(184,212,496)	-
Increase in non-current assets	-	(1,108,270)
Net Cash Used in Investing Activities	(3,491,048,809)	(3,416,778)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from stock subscriptions	2,487,000,000	-
Increase (decrease) in due to related parties	22,813,608	(92,169)
Net Cash From (Used in) Financing Activities	2,509,813,608	(92,169)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,059,066,875)	119,788,704
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF THE PERIOD	1,278,214,939	256,844,016
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	219,148,064	376,632,720

SUNTRUST HOME DEVELOPERS, INC. AND SUBSIDIARIES
(A Subsidiary of Fortune Noble Limited)
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 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 or the ultimate parent company), 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, providing hotel and integrated resort management and consultancy service and travel agency. 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 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 June 30, 2020.

These convertible bonds have maturity dates falling on the 5th anniversary of the issuance date or may be subsequently extended on the 10th 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 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.

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 six-months months ended June 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.

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 and due to related parties.

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

<u>June 30, 2020</u>	Tourism- related business	Property Management and Rental	Total
Revenues			
Management fees	-	-	-
Rental income	-	-	-
Service income	-	-	-
	-	-	-
Expenses			
Cost of services	-	-	-
Operating expenses	26,802,973	-	26,802,973
Tax expense	419,299	-	419,299
	27,222,272	-	27,222,272
Other (loss) income			
Unrealized foreign exchange loss	(17,677,007)	-	(17,677,007)
Finance and other income	2,096,540	-	2,096,540
Equity in net earnings of an associate	-	5,832,241	5,832,241
Net (loss) income	(42,802,739)	5,832,241	(36,970,498)
Segment assets	3,945,320,782	146,976,973	4,092,297,755
Segment liabilities	251,092,466	-	251,092,466
<u>June 30, 2019</u>	Tourism- related business	Property Management and Rental	Total
Revenues			
Management fees	-	257,525,953	257,525,953
Rental income	-	17,999,105	17,999,105
Service income	-	9,636,931	9,636,931
	-	285,161,989	285,161,989
Expenses			
Cost of services	-	177,353,257	177,353,257
Operating expenses	-	75,434,091	75,434,091
Finance costs	-	3,120,384	3,120,384
Tax expense	-	13,922,732	13,922,732
	-	269,830,464	269,830,464
Other income			
Unrealized foreign exchange loss	-	-	-
Finance and other income	-	11,156,327	11,156,327
Equity in net earnings of an associate	-	-	-
Net income	-	26,487,852	26,487,852
Segment assets	-	801,911,707	801,911,707
Segment liabilities	-	310,004,884	310,004,884

5. (LOSS) EARNINGS PER SHARE

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Net (loss) profit	(P 36,970,498)	P 26,487,852
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 0.0051)</u>	<u>P 0.0118</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 June 30, 2020 and 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Capital stock	P 5,799,500,000	P 2,062,500,000
Reserves	228,563	49,048,367
Deficit	<u>(1,958,523,274)</u>	<u>(1,619,641,444)</u>
	<u>P 3,841,205,289</u>	<u>P 491,906,923</u>

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

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 June 30, 2020, the payments of the refundable deposit amounting to US\$20.0 million (P1.0 billion) and further refundable deposit amounting to US\$46.0 million have been complied with. Subsequent to June 30, 2020, another refundable deposit amounting to US\$82 million has been paid on July 24, 2020.

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 P1,682.1 million as at June 30, 2020.

7.3. 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.

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>June 30, 2020</u>	
	<u>US\$</u>	<u>PHP Equivalent</u>
Financial Assets	<u>66,000,000</u>	<u>3,287,362,993</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 P164.37 million for the six months ended June 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 June 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.

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.

	June 30, 2020 (Unaudited)		December 31, 2019 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets				
Financial assets at amortized cost:				
Cash and cash equivalents	P 219,148,064	P 219,148,064	P 1,278,214,939	P 1,278,214,939
Due from related parties	27,356,691	27,356,691	27,382,014	27,382,014
Trade and other receivables	24,812	24,812	75,596	75,596
Deposits	3,287,362,993	3,287,362,993	-	-
	<u>P 3,533,892,560</u>	<u>P 3,533,892,560</u>	<u>P 1,305,672,549</u>	<u>P 1,305,672,549</u>
Financial Liabilities				
Financial liabilities at amortized cost:				
Trade and other payables	P 228,271,976	P 228,271,976	P 2,491,055	P 2,491,055
Due to related parties	22,813,608	22,813,608	-	-
	<u>P 251,085,584</u>	<u>P 251,085,584</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 Transactions and Agreements with a Related Party

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.

On July 23, 2020, Parent Company entered into a supplemental agreement to the Co-Development Agreement to provide for the payment of a refundable further deposit of US\$82 million and extend to December 31, 2020 the period for the Parent Company to raise not less than US\$300 million for the construction and development of its Main Hotel Casino.

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.

11.2 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.

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

Review of June 30, 2020 versus June 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 affiliate. 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 Php285.16 million or 100.00% from Php285.16 million in 2019 to nil in 2020 of the same period.

Costs and expenses exhibited a decrease of Php242.61 million or 89.91% from Php269.83 million in 2019 to Php27.22 million in 2020.

Other income (loss) exhibited a decrease of Php20.91 million from Php11.16 million other income in 2019 to Php9.75 million other loss in 2020.

The Group's incurred a net loss in 2020 amounting to Php36.97 million from the previous year's net profit of Php26.49 million or Php63.46 million decrease.

FINANCIAL CONDITION

As of June 30, 2020 and December 31, 2019

The Group's total resources amounted to Php4,092.30 million in 2020 from Php1,448.91 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 Php1,042.15 million or 79.69% from Php1,307.77 million in 2019 to Php265.62 million in 2020. Cash and cash equivalents decreased by Php1,059.06 million or 82.85% from Php1,278.21 million in 2019 to Php219.15 million in 2020. Other current assets increased by Php17.00 million or 813.40% from Php2.09 million in 2019 to Php19.09 million in 2020.

Non-current assets increased by Php3,685.54 million or 2,611.13% from Php141.14 million in 2019 to Php3,826.68 million in 2020. Interest in an associate increased by Php5.84 million or 4.13% from Php141.14 million in 2019 to Php146.98 million in 2020. Property and equipment increased to Php1.69 million in 2020 from nil in 2019.

Current liabilities increased by Php193.59 million or 336.67% from Php57.50 million in 2019 to Php251.09 million in 2020. Trade and other payables exhibited an increase of Php170.78 million or 297.01% from Php57.50 million in 2019 to Php228.28 million in 2020. Due to related parties increased to Php22.81 million in 2020 from nil in 2019.

Equity increased by Php2,449.80 million or 176.07% from Php1,391.41 million in 2019 to Php3,841.21 million in 2020.

Material Changes in the Financial Statements Items:
Increase/Decrease of 5% or more versus December 31, 2019

Statements of Financial Position

82.85% 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).

67.18% decrease in trade and other receivables

This represents accrued interest receivable on temporary investments.

813.40% 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 June 30, 2020.

297.01% 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 due to related parties

This represents unsecured and non-interest bearing advances from related party for working capital purposes as at June 30, 2020.

Increase/Decrease of 5% or more versus June 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 six months ended June 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 denominated refundable deposits at June 30, 2020

KEY PERFORMANCE INDICATORS

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

	June 30, 2020	December 31, 2019
Current Ratio *1	1.06 : 1.00	22.74 : 1.00
Quick Ratio *2	0.98 : 1.00	22.71 : 1.00
Debt to Equity Ratio *3	0.07 : 1.00	0.04 : 1.00
		June 30, 2019
Return on Assets *4	-1.33%	3.39%
Return on Equity *5	-1.41%	5.53%

*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
 June 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>24,812</u>	<u>24,812</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

June 30, 2020 and December 31, 2019

EXHIBIT 8

Ratio	Formula	June 30, 2020	December 31, 2019
Current ratio	Current assets / Current liabilities	1.06	22.74
Acid test ratio	Quick assets / Current liabilities (Quick assets include current assets less other current assets)	0.98	22.71
Solvency ratio	Total liabilities / Total assets	0.06	0.04
Debt-to-equity ratio	Total liabilities / Total stockholders' equity	0.07	0.04
Asset-to-equity ratio	Total assets / Total stockholders' equity	1.07	1.04
Interest rate coverage ratio	EBIT / Total interest	-	-65.75
Return on equity	Net loss / Average total equity	-0.01	-0.34
Return on assets	Net loss / Average total assets	-0.01	-0.28
Net profit margin	Net loss / Total revenues	0.00	-0.54