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LET GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

Overseas Regulatory Announcement: by an overseas listed subsidiary and Continued Suspension of Trading

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

Suntrust Resort Holdings, Inc., an overseas listed subsidiary of LET Group Holdings Limited listed on The Philippine Stock Exchange, Inc. (“**PSE**”), has published its annual report for the year ended 31 December 2024 (the “**2024 Annual Report**”) on the website of PSE on 10 April 2025. For details, please refer to the attached 2024 Annual Report.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 14 February 2024 and will remain suspended until the Company has (i) met all Resumption Guidance (as defined in the Company’s announcement dated 8 April 2024 and subsequently revised in the Company’s announcements dated 17 May 2024 and 10 February 2025), (ii) remedied the issues causing its trading suspension, and (iii) fully complied with the Listing Rules to the satisfaction of the Stock Exchange.

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

Hong Kong, 10 April 2025

As at the date of this announcement, the executive Directors are Mr. Lo Kai Bong (Chairman) and Mr. Lam Hung Tuan and the independent non-executive Directors are Mr. Tou Kin Chuen, Mr. Lo Wai Tung John and Ms. Chan Suet Ngan.



SUNTRUST
RESORT HOLDINGS, INC.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS**

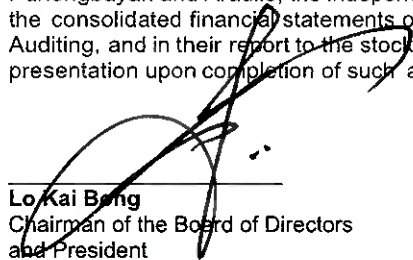
The management of Suntrust Resort Holdings, Inc. and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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


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


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

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



Lo Kai Bong
Chairman of the Board of Directors
and President



Yip Ho Chi
Chief Financial Officer 

Signed this **MAR 27 2025** _____

28 MAR 2025

SUBSCRIBED AND SWORN to before me _____ at _____
Philippines, affiant exhibiting to me her competent
evidence of identity TIN ID No. _____.

Doc No. 263
Page No. 37
Book No. 11
Series of 2025



ATTY. SHERLUCK JUN C. VILLEGAS

Notary Public for Makati City
Appt. No. M-118 until Dec. 31, 2026
Unit 3C LTA Building, 118 Perea St.
Legaspi Village, Makati City
Roll No. 70942

IBP No. 470006 / 10-02-2024 / Pasig City
PTR No. 10465768 / 01-02-2025 / Makati City
MCLE Compliance No. VII-0020869/April 14, 2025

Consolidated Financial Statements and
Independent Auditors' Report

Suntrust Resort Holdings, Inc.
and Subsidiaries

December 31, 2024, 2023 and 2022

Report of Independent Auditors

Punongbayan & Araullo

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

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The Board of Directors and Stockholders
Suntrust Resort Holdings, Inc. and Subsidiaries
(Formerly Suntrust Home Developers, Inc.)
(A Subsidiary of Fortune Noble Limited)

26th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City

Opinion

We have audited the consolidated financial statements of Suntrust Resort Holdings, Inc. and subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards).

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 17 to the financial statements, which indicates that the Group is in a deficit position as of December 31, 2024 and 2023 due to losses incurred in current and previous years. As stated in Note 17, management believes that this does not raise material uncertainty related to going concern as the Group expects to generate revenues in the foreseeable future upon completion of its five-star hotel and casino complex (Main Hotel Casino). Further, management was able to secure additional funding from a financial institution and certain related parties in 2024 and 2023; hence, management assessed that the funding is sufficient for the completion of the construction of the Main Hotel Casino. Our opinion is not modified in respect of this matter.

Key Audit Matter

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

Capitalization of Construction Costs of Main Hotel Casino***Description of the Matter***

As of December 31, 2024, the construction of the Group's Main Hotel Casino remains in progress. In 2024, the Group incurred and capitalized P11.7 billion of project costs in relation to the construction activities. This includes capitalized borrowing costs amounting to P3.8 billion. Additions to construction in progress are recorded as part of Property and Equipment account in the consolidated statement of financial position.

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

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

How the Matter was Addressed in the Audit

Our audit procedures, included among others, the following:

- Updating our understanding of the procurement, disbursement and financial reporting procedures and controls over the recognition and measurement of various expenditures, including those that are capitalizable costs under the Group's construction activities;
- Testing the recognition and measurement of capitalizable costs by inspecting transactions to source documents on a sampling basis to verify the nature of expenditures and accuracy of amount capitalized;
- Inspecting and reviewing loan agreements, promissory notes and monthly statement of accounts from the bank;
- Challenging the appropriateness of the judgments made by management in relation to the capitalized borrowing costs; and,
- Assessing the reasonableness of capitalized borrowing costs through recomputation and other analytical procedures.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

PUNONGBAYAN & ARAULLO



By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10465902, January 2, 2025, Makati City
BIR AN 08-002551-045-2023 (until January 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-017 (until August 12, 2027)

March 27, 2025

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Suntrust Home Developers, Inc. and Subsidiaries)
(A Subsidiary of Fortune Noble Limited)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	5	P 3,420,876,839	P 6,021,360,034
Prepayments and other current assets	6	<u>2,964,297,689</u>	<u>1,621,528,786</u>
Total Current Assets		<u>6,385,174,528</u>	<u>7,642,888,820</u>
NON-CURRENT ASSETS			
Prepayments and deposits for property and equipment	6	<u>1,703,019,407</u>	2,512,758,374
Property and equipment - net	7	<u>35,677,717,512</u>	23,712,622,347
Right-of-use assets - net	8	<u>10,445,524,298</u>	<u>11,268,682,211</u>
Total Non-current Assets		<u>47,826,261,217</u>	<u>37,494,062,932</u>
TOTAL ASSETS		<u>P 54,211,435,745</u>	<u>P 45,136,951,752</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Trade and other payables	9	P 1,799,497,123	P 729,687,023
Lease liabilities	8	<u>67,501,181</u>	<u>2,564,090</u>
Total Current Liabilities		<u>1,866,998,304</u>	<u>732,251,113</u>
NON-CURRENT LIABILITIES			
Bank borrowings	10	<u>10,576,547,188</u>	8,273,607,332
Convertible bonds payable	11, 15	<u>17,867,739,622</u>	16,407,921,500
Loans from related parties	15	<u>4,955,241,979</u>	1,696,682,693
Due to related parties	15	<u>2,337,258,498</u>	1,464,126,519
Lease liabilities	8	<u>6,577,561,779</u>	6,226,361,321
Retention payable	9	<u>1,472,127,097</u>	<u>794,690,921</u>
Total Non-current Liabilities		<u>43,786,476,163</u>	<u>34,863,390,286</u>
Total Liabilities		<u>45,653,474,467</u>	<u>35,595,641,399</u>
EQUITY			
Capital stock	17	<u>7,250,000,000</u>	7,250,000,000
Convertible bonds equity reserve	11	<u>5,752,006,144</u>	5,752,006,144
Exchange reserve		<u>185,220,510</u>	81,923,401
Deficit	17	<u>(4,629,265,376)</u>	<u>(3,542,619,192)</u>
Total Equity		<u>8,557,961,278</u>	<u>9,541,310,353</u>
TOTAL LIABILITIES AND EQUITY		<u>P 54,211,435,745</u>	<u>P 45,136,951,752</u>

See Notes to Consolidated Financial Statements.

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Suntrust Home Developers, Inc. and Subsidiaries)
(A Subsidiary of Fortune Noble Limited)
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
REVENUES AND INCOME				
Finance and other income	5	P 372,753	P 99,759	P 13,196
Foreign exchange gain - net	12	<u>-</u>	<u>53,342,699</u>	<u>-</u>
		<u>372,753</u>	<u>53,442,458</u>	<u>13,196</u>
COSTS AND EXPENSES				
Operating expenses	12	705,965,267	395,836,817	116,474,417
Foreign exchange loss - net	12	335,808,078	-	440,013,800
Tax expense	14	42,068,822	5,269,066	577,016
Finance costs	12	<u>3,176,770</u>	<u>387,635</u>	<u>-</u>
		<u>1,087,018,937</u>	<u>401,493,518</u>	<u>557,065,233</u>
NET LOSS		(P 1,086,646,184)	(P 348,051,060)	(P 557,052,037)
Loss Per Share -	16			
Basic and Diluted		(P 0.150)	(P 0.048)	(P 0.077)

See Notes to Consolidated Financial Statements.

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Suntrust Home Developers, Inc. and Subsidiaries)
(A Subsidiary of Fortune Noble Limited)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
NET LOSS	(P 1,086,646,184)	(P 348,051,060)	(P 557,052,037)
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will be reclassified subsequently to profit or loss			
Exchange difference on translating foreign operations	<u>103,297,109</u>	(<u>13,132,855</u>)	<u>24,071,678</u>
TOTAL COMPREHENSIVE LOSS	(<u><u>P 983,349,075</u></u>)	(<u><u>P 361,183,915</u></u>)	(<u><u>P 532,980,359</u></u>)

See Notes to Consolidated Financial Statements.

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Suntrust Home Developers, Inc. and Subsidiaries)
(A Subsidiary of Fortune Noble Limited)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

		Convertible Bonds			
	Capital Stock	Equity	Exchange	Deficit	Total
	(see Note 17)	Reserve	Reserve		Equity
		(see Note 11)			
Balance at January 1, 2024	P 7,250,000,000	P 5,752,006,144	P 81,923,401	(P 3,542,619,192)	P 9,541,310,353
Total comprehensive income (loss) for the year	-	-	103,297,109	(1,086,646,184)	(983,349,075)
Balance at December 31, 2024	<u>P 7,250,000,000</u>	<u>P 5,752,006,144</u>	<u>P 185,220,510</u>	<u>(P 4,629,265,376)</u>	<u>P 8,557,961,278</u>
Balance at January 1, 2023	P 5,862,500,010	P 5,752,006,144	P 95,056,256	(P 3,194,568,132)	P 8,514,994,278
Collection of subscriptions receivable	1,387,499,990	-	-	-	1,387,499,990
Total comprehensive loss for the year	-	-	(13,132,855)	(348,051,060)	(361,183,915)
Balance at December 31, 2023	<u>P 7,250,000,000</u>	<u>P 5,752,006,144</u>	<u>P 81,923,401</u>	<u>(P 3,542,619,192)</u>	<u>P 9,541,310,353</u>
Balance at January 1, 2022	P 5,862,500,010	P 4,592,867,070	P 70,984,578	(P 2,637,516,095)	P 7,888,835,563
Recognition of conversion options	-	1,159,139,074	-	-	1,159,139,074
Total comprehensive income (loss) for the year	-	-	24,071,678	(557,052,037)	(532,980,359)
Balance at December 31, 2022	<u>P 5,862,500,010</u>	<u>P 5,752,006,144</u>	<u>P 95,056,256</u>	<u>(P 3,194,568,132)</u>	<u>P 8,514,994,278</u>

See Notes to Consolidated Financial Statements.

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Suntrust Home Developers, Inc. and Subsidiaries)
(A Subsidiary of Fortune Noble Limited)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 and 2022
(Amounts in Philippine Pesos)

	Notes	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(P 1,044,577,362)	(P 342,781,994)	(P 556,475,021)
Adjustments for:				
Unrealized foreign exchange loss (gain) - net	12	333,763,016	(89,834,345)	438,024,353
Depreciation and amortization	12	31,491,822	7,176,011	730,329
Retirement benefit expense	12	10,429,550	-	-
Interest expense	12	3,176,770	387,635	-
Loss from sale of property and equipment	7	2,569,061	-	-
Finance and other income	5	(12,570)	(99,759)	(13,196)
Loss (gain) on lease termination	8	(360,183)	-	129,528
Operating loss before working capital changes		(663,519,896)	(425,152,452)	(117,604,007)
Increase in other current assets		(1,667,160,002)	(504,549,892)	(414,248,621)
Decrease in trade and other payables		(483,101,506)	(119,649,236)	(729,773,955)
Increase (decrease) in due to related parties		37,556,517	(189,248,089)	-
Cash used in operations		(2,776,224,887)	(1,238,599,669)	(1,261,626,583)
Interest received	7	244,956,008	41,425,136	4,483,885
Cash paid for taxes		(42,068,822)	(5,269,066)	(577,016)
Net Cash Used in Operating Activities		(2,573,337,701)	(1,202,443,599)	(1,257,719,714)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment	7	(4,008,808,995)	(3,704,866,542)	(2,353,033,168)
Additions to prepayments and deposits for property and equipment	6	(669,483,638)	(1,538,635,051)	(1,020,291,578)
Proceeds from sale of property and equipment		1,060,974	-	-
Net Cash Used in Investing Activities		(4,677,231,659)	(5,243,501,593)	(3,373,324,746)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from loan from related parties	15	3,180,363,320	1,731,947,011	-
Proceeds from bank borrowings	10	2,260,000,000	8,740,000,000	-
Payment of interest and financing costs	10, 15	(906,420,697)	(661,273,249)	(628,469,468)
Payments of lease liabilities	8	(27,575,241)	(2,418,750)	-
Collection of subscription receivable		-	1,387,499,990	-
Net Cash Generated from (Used in) Financing Activities		4,506,367,382	11,195,755,002	(628,469,468)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,744,201,979)	4,749,809,810	(5,259,513,928)
EFFECTS ON FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		143,718,784	(20,059,198)	396,280,494
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		6,021,360,034	1,291,609,422	6,154,842,856
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 3,420,876,839	P 6,021,360,034	P 1,291,609,422

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

See Notes to Consolidated Financial Statements.

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Suntrust Home Developers, Inc.)
(A Subsidiary of Fortune Noble Limited)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Company Background

Suntrust Resort Holdings, Inc., formerly known as Suntrust Home Developers, Inc., (the Parent Company, the Company or Suntrust) was incorporated in the Philippines on January 18, 1956. The Parent Company is a publicly listed entity in the Philippines. On October 25, 2019 and December 17, 2019, respectively, the Board of Directors (BOD) and stockholders approved the amendment of the Parent Company's primary and secondary purposes, as presented in the Articles of Incorporation, to allow the Parent Company to focus on tourism-related businesses. This change was subsequently approved by the Philippine Securities and Exchange Commission (SEC) on June 17, 2020. Further amendments were made in 2019 to increase the authorized capital stock (see Note 1.3).

As at December 31, 2024, the construction of structural works and major facade systems up to roof level has been completed. The mechanical, electrical, and plumbing and fire protection systems in major plantrooms have been substantially completed and part of the system has commenced testing and commissioning. Architectural builders and fit-out works, external civil and landscape works are in progress. Management aims to commence the operations of a 5-star hotel and casino establishment (Main Hotel Casino) in the fourth quarter of 2025.

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

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

The Parent Company's principal office is at the 26th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City.

The registered office and principal place of business of Fortune Noble is at 160 Main Street, 2nd Floor, Wattle Building, P.O. Box 3410, Road Town, Tortola VG1110, British Virgin Islands. LET Group's registered office is located at Citrus Grove, Ground Floor, 106 Goring Avenue, George Town, Grand Cayman, Cayman Islands and its principal place of business is at Unit 1705, 17/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. Major Success' registered office and principal place of business is located at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, VG1110, British Virgin Islands.

1.2 Subsidiaries

Suntrust holds ownership interests in the following subsidiaries:

	<u>Explanatory Notes</u>	<u>Percentage of Ownership</u>
Subsidiaries:		
SWC Project Management Limited (SWCPML)	(a)	100.00%
WC Project Management Limited (WCPML)	(b)	100.00%
Suntrust WC Hotel Inc. (WC Hotel)	(c)	100.00%
Explanatory Notes:		
(a) Incorporated in Hong Kong on January 20, 2020 to engage in provision of project management services.		
(b) Incorporated in Macau on February 17, 2020 to engage in provision of project management services.		
(c) Incorporated in the Philippines on January 4, 2021 to engage in the business of establishing, constructing, operating, managing, and/or maintaining hotels, health and wellness shops, cinema, car parks, entertainment centers, amusement centers and other tourism-related facilities and all its incidental and allied facilities and services, and to own (other than land), hold, lease or sublease any real and personal property, which may be necessary or convenient for the conduct of its businesses. On January 13, 2025, the Company received from the SEC the Certificate of Filing of Amended Articles of Incorporation dated November 26, 2024 on the approval of the change of the Company's name from "Suncity WC Hotel, Inc." to "Suntrust WC Hotel, Inc."		

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

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

1.4 Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the year ended December 31, 2024 (including the comparative consolidated financial statements as at December 31, 2023 and for the years ended December 31, 2023 and 2022) were authorized for issue by the Parent Company's BOD on March 27, 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Consolidated Financial Statements

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

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

(c) Functional and Presentation Currency

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

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

2.2 Adoption of New and Amended PFRS

(a) Effective in 2024 that are Relevant to the Group

The Group adopted for the first time the following amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024:

PAS 1 (Amendments) : Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants

PAS 7 and PFRS 7 (Amendments) : Statement of Cash Flow, and Financial Instruments: Disclosures – Supplier Finance Arrangements

PFRS 16 (Amendments) : Lease Liability in a Sale and Leaseback

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

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*. The amendments provide guidance on whether a liability should be classified as either current or non-current. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Group's consolidated financial statements.
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants*. The amendments specifies that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for the purposes of classifying a liability as current or non-current. For non-current liabilities subject to conditions, an entity is required to disclose information about the conditions, whether the entity would comply with the conditions based on its circumstances at the reporting date and whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested. The application of these amendments had no significant impact on the Group's consolidated financial statements.

- (iii) PAS 7 and PFRS 7 (Amendments), *Statement of Cash Flows, Financial Instruments: Disclosures – Supplier Finance Arrangements*. The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The application of these amendments had no significant impact on the Group's consolidated financial statements.
- (iv) PFRS 16 (Amendments), *Lease Liability in a Sale and Leaseback*. The amendments require the seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The application of these amendments had no significant impact on the Group's financial statements.

(b) *Effective Subsequent to 2024 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have significant impact on the Group's financial statements:

- (i) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)
- (ii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)
- (iii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.
- (iv) PFRS 19, *Subsidiaries without Public Accountability: Disclosures* (effective from January 1, 2027). The new standard reduces the disclosure requirements prescribed by other standards for subsidiaries without public accountability. It changes disclosure requirements prescribed by other standards as the reporting entity will instead refer to PFRS 19 for required disclosures.
- (v) PFRS 10 and PAS 28 (Amendments), *Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely).

2.3 Basis of Consolidation

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

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

2.4 Financial Instruments

(a) Financial Assets

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

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

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

(b) Financial Liabilities

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

2.5 Property and Equipment

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

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

2.6 Revenue and Expense Recognition

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

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

2.7 Group as Lessee

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

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

2.8 Impairment of Non-financial Assets

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

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

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

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

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

(b) *Recognition of Provisions and Contingencies*

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

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

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

Management exercised judgment in determining the relationship between a borrowing and a qualifying asset. Management considers the usage of funds and whether the asset acquired is not yet readily available for its intended use. Based on management's assessment, the borrowing related to the construction of the Group's Main Hotel Casino are considered specific borrowings (see Notes 8.2, 10, 11, 12.2, and 15.5).

3.2 Key Sources of Estimation Uncertainty

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

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

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

(b) *Determination of Timing of Lease Payments*

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

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

Details of such remeasurement is disclosed in Note 8.

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

The assessment of ECL on financial assets at amortized cost requires the use of assumptions about the future economic conditions and credit behavior (e.g., likelihood of counterparty defaulting and the resulting losses) and involves correlation between historical observed default rates, forecast economic conditions. Such ECL assessment is sensitive to changes in circumstances and of forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the counterparties' actual default in the future. No ECL is assessed on existing financial assets at amortized cost as at December 31, 2024 and 2023. The Group's accounting policy with respect to ECL is described in Note 2.4.

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

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

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

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

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

The carrying amounts of property and equipment, and ROUA are analyzed in Notes 7 and 8, respectively. Based on management's assessment as at December 31, 2024 and 2023, there are no changes in the estimated useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

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

The Group reviews its deferred tax assets (DTA) at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Based on management's assessment, the Group has assessed that the unrecognized deferred tax assets arising from net operating loss carry over (NOLCO) and unrealized foreign exchange losses as at December 31, 2024 and 2023 may not be utilized within the prescribed periods required by law. The unrecognized deferred tax assets as of those dates is disclosed in Note 14.

(g) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations. No impairment losses were recognized on the Group's non-financial assets in 2024 and 2023.

4. **SEGMENT REPORTING**

4.1 *Business Segments*

The Group operates in a single business segment: tourism related business, as the Group's activities are solely related to tourism, with a specific emphasis on the development of the Main Hotel Casino. All financial reports and performance metrics are consolidated under this single segment. This streamlined structure allows the Group to concentrate its resources effectively within this segment to maximize performance and value. The Group's management regularly reviews the performance of this business segment to ensure alignment with the overall business strategy and objective.

Since the Group operates in a single business segment, all segment information directly mirrors the Group's consolidated statement of financial position and consolidated statement of comprehensive income. This alignment simplifies financial reporting and reflects the performance of the Group within its focused operational area. As such, there are no separate disclosure necessary, as financial metrics pertains to the Group as a whole.

5. CASH AND CASH EQUIVALENTS

The composition of this account is as follows:

	<u>2024</u>	<u>2023</u>
Cash on hand	P 100,000	P 100,000
Cash in bank	498,680,658	285,699,994
Short-term placements	<u>2,922,096,181</u>	<u>5,735,560,040</u>
	<u>P 3,420,876,839</u>	<u>P 6,021,360,034</u>

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

The Company maintains an interest-bearing Construction Reserve Account (CRA) intended to hold funds to cover cost overruns that may arise in relation to the construction of the Main Hotel Casino. CRA funds are classified as unrestricted cash and included as part of Cash and Cash Equivalents in the consolidated statements of financial position. Additionally, any interest earned from funds deposited in the CRA is fully recorded within the CRA account.

In 2024 and 2023, the Parent Company holds short-term placements which were made for varying periods from 5 to 92 days and earned effective interest of 2.25% to 5.00% in 2024 and 1.50% to 5.00% in 2023. Interest earned from cash in banks and short-term placements are netted against borrowing costs which were capitalized as part of Construction-in progress (see Notes 7 and 12.2).

Total realized foreign exchange gain and loss related to cash and cash equivalents in 2024 and 2023 are presented as part of Foreign Exchange Loss - net in the 2024 and Foreign Exchange Gain – net in the 2023 consolidated statements of income, respectively (see Note 12.2).

6. PREPAYMENTS AND OTHER ASSETS

The composition of this account is as follows:

	<u>2024</u>	<u>2023</u>
Current:		
Input value-added tax	P 2,216,013,251	P 1,559,362,776
Refundable deposits	537,189,131	29,410,057
Prepaid insurance and other costs	<u>211,095,307</u>	<u>32,755,953</u>
	<u>P 2,964,297,689</u>	<u>P 1,621,528,786</u>

	2024	2023
Non-current:		
Deposits for property and equipment	P 1,691,510,576	P 2,487,383,143
Prepaid insurance and other costs	11,508,831	25,375,231
	<u>1,703,019,407</u>	<u>2,512,758,374</u>
	<u>P 4,667,317,096</u>	<u>P 4,134,287,160</u>

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

7. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation of property and equipment at the beginning and end of 2024 and 2023 are shown below.

	Office and Communications Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvement	Construction in Progress	Total
December 31, 2024						
Cost	P 322,716,066	P 5,766,071	P 10,179,488	P 7,796,547	P 35,345,504,383	P 35,691,962,555
Accumulated depreciation and amortization	(8,914,557)	(459,404)	(408,095)	(4,462,987)	-	(14,245,043)
Net carrying amount	<u>P 313,801,509</u>	<u>P 5,306,667</u>	<u>P 9,771,393</u>	<u>P 3,333,560</u>	<u>P 35,345,504,383</u>	<u>P 35,677,717,512</u>
December 31, 2023						
Cost	P 13,118,765	P -	P 189,473	P 9,318,559	P 23,694,951,540	P 23,717,578,337
Accumulated depreciation and amortization	(2,409,365)	-	(29,460)	(2,517,165)	-	(4,955,990)
Net carrying amount	<u>P 10,709,400</u>	<u>P -</u>	<u>P 160,013</u>	<u>P 6,801,394</u>	<u>P 23,694,951,540</u>	<u>P 23,712,622,347</u>
January 1, 2023						
Cost	P 4,242,760	P -	P -	P -	P 15,292,440,822	P 15,296,683,582
Accumulated depreciation and amortization	(2,235,049)	-	-	-	-	(2,235,049)
Net carrying amount	<u>P 2,007,711</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 15,292,440,822</u>	<u>P 15,294,448,533</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and the reporting periods of 2024 and 2023 are shown below and in the succeeding page.

	Office and Communications Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvement	Construction in Progress	Total
Balance at January 1, 2024, net of accumulated depreciation and amortization	P 10,709,400	P -	P 160,013	P 6,801,394	P 23,694,951,540	P 23,712,622,347
Additions	309,610,160	5,766,071	9,990,014	7,048,120	11,650,552,843	11,982,967,208
Disposals	(4,288)	-	-	(3,625,747)	-	(3,630,035)
Depreciation and amortization charges for the year	(6,513,763)	(459,404)	(378,634)	(6,890,207)	-	(14,242,008)
Balance at December 31, 2024, net of accumulated depreciation and amortization	<u>P 313,801,509</u>	<u>P 5,306,667</u>	<u>P 9,771,393</u>	<u>P 3,333,560</u>	<u>P 35,345,504,383</u>	<u>P 35,677,717,512</u>

	Office and Communications Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvement	Construction in Progress	Total
Balance at January 1, 2023, net of accumulated depreciation and amortization	P 2,007,711	P -	P -	P -	P 15,292,440,822	P 15,294,448,533
Additions	10,990,017	-	189,473	9,318,559	8,402,510,718	8,423,008,767
Depreciation and amortization charges for the year	(2,288,328)	-	(29,460)	(2,517,165)	-	(4,834,953)
Balance at December 31, 2023, net of accumulated depreciation and amortization	P 10,709,400	P -	P 160,013	P 6,801,394	P 23,694,951,540	P 23,712,622,347
Balance at January 1, 2022, net of accumulated depreciation and amortization	P 2,059,831	P -	P 2,008,993	P 905,418	P 8,849,557,574	P 8,854,531,816
Additions	2,128,749	-	-	-	6,442,883,248	6,445,011,997
Disposals	(1,720,915)	-	(1,875,937)	(768,099)	-	(4,364,951)
Depreciation and amortization charges for the year	(459,954)	-	133,056)	(137,319)	-	(730,329)
Balance at December 31, 2022, net of accumulated depreciation and amortization	P 2,007,711	P -	P -	P -	P 15,292,440,822	P 15,294,448,533

Construction in progress (CIP) pertains to the accumulated costs incurred on properties under development in the Entertainment City, Manila in accordance with the Co-Development Agreement (CDA) with a related party under common ownership (see Note 15.7).

Total interest capitalized as CIP in 2024 and 2023 amounted to P3,756.6 million (net of P244.9 million interest income) and P2,671.9 million (net of P41.4 million interest income), respectively (see Notes 5, 8, 10, 11, 12.2, and 15.2). Capitalization rates used in determining the amount of interest charges for capitalization of specific borrowings ranges from 5.59% to 14.17% in 2024 and 2023.

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

In 2024, the Parent Company sold in cash certain furniture and equipment for a total consideration of P1.1 million and incurred loss from sale amounting to P2.6 million. There are no similar transactions in 2023 and 2022.

8. LEASES

On February 21, 2020, and in relation to the CDA (see Note 15.7), 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 under the same terms and conditions. The parties have the option of further renewing for at most another 25 years, subject to applicable laws and upon agreement by both parties.

The related Annual rental is set at US\$10.6 million which is payable starting from the latter of the first day of commencement of the operation of the Main Hotel Casino and the fulfilment of the conditions precedent (see Note 15.7) or such other dates as may be mutually agreed upon by both parties.

In 2024 and 2023, management remeasured its lease liabilities and made a corresponding adjustment to its ROUA amounting to P170.0 million and P115.4 million, respectively, to reflect the change in the timing of the estimated date of operations of the Main Hotel Casino, consistent with the original provisions of the lease agreement [see Note 3.2(b)].

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

In 2024, the Parent Company pre-terminated its lease of its office space effective October 9, 2024 with remaining period of one year and three months as of termination date. The pretermination resulted in a gain amounting to P0.4 million recorded in the 2024 consolidated statement of income.

On February 22, 2024, the Parent Company also entered into lease agreements for employee dormitory and training rooms with a third party. The lease agreements provide for an original term from June 1, 2024, until May 31, 2027 (3 years) and April 1, 2024 until March 31, 2026 (2 years), respectively, and are renewable subject to mutually acceptable terms and conditions by both parties. The related monthly rental is set at P2.4 million and P0.5 million, respectively, and subject to annual escalation rates.

As of December 31, 2024 and 2023, the lease agreements are reflected in the consolidated statements of financial position as ROUA and lease liabilities in accordance with PFRS 16.

8.1 Right-of-use Asset

The carrying amount of the Group's ROUA as at December 31, 2024 and 2023 and the movements during the year are shown below.

	2024	2023
Cost:		
Balance at beginning of the year	P 13,496,663,177	P 13,604,499,319
Remeasurement	(170,014,136)	(115,403,416)
Termination	(7,567,275)	-
Additions	82,700,103	7,567,274
Balance at end of the year	<u>13,401,781,869</u>	<u>13,496,663,177</u>
Accumulated amortization:		
Balance at beginning of the year	2,227,980,966	1,499,329,733
Amortization	732,627,592	728,651,233
Termination	(4,350,987)	-
Balance at end of the year	<u>2,956,257,571</u>	<u>2,227,980,966</u>
	<u>P 10,445,524,298</u>	<u>P 11,268,682,211</u>

The Group capitalized the amortization of ROUA that is directly attributable to the completion of the Main Hotel Casino amounting to P714.6 million in 2024 and P726.3 million in 2023, as part of CIP under Property and Equipment account in the consolidated statements of financial position (see Note 7).

8.2 Lease Liabilities

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

	2024	2023
Current	P 67,501,181	P 2,564,090
Non-current	6,577,561,779	6,226,361,321
	<u>P 6,645,062,960</u>	<u>P 6,228,925,411</u>

The carrying amounts of the Group's lease liabilities as at December 31, 2024 and 2023 is presented below.

	Note	2024	2023
Balance at beginning of the year		P 6,228,925,411	P 6,150,461,454
Exchange difference		270,027,968	(61,058,870)
Interest expense	12.2	264,575,324	249,777,719
Remeasurement		(170,014,136)	(115,403,416)
Addition		82,700,103	7,567,274
Payment		(27,575,241)	(2,418,750)
Termination		(3,576,469)	-
Balance at the end of the year		<u>P 6,645,062,960</u>	<u>P 6,228,925,411</u>

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

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	10 to 19 years	Total
December 31, 2024								
Lease payments	P 339,226,361	P 641,737,713	P 621,777,041	P 614,948,400	P 614,948,400	P 3,074,742,000	P 3,074,742,000	P 8,982,121,915
Finance charges	(271,725,180)	(260,741,953)	(244,768,090)	(229,589,301)	(213,836,843)	(809,416,017)	(306,981,571)	(2,337,058,955)
Net present value	<u>P 67,501,181</u>	<u>P 380,995,760</u>	<u>P 377,008,951</u>	<u>P 385,359,099</u>	<u>P 401,111,557</u>	<u>P 2,265,325,983</u>	<u>P 2,767,760,429</u>	<u>P 6,645,062,960</u>
December 31, 2023								
Lease payments	P 2,564,090	P 592,072,000	P 589,010,200	P 589,010,200	P 589,010,200	P 2,945,051,000	P 3,239,556,100	P 8,546,273,790
Finance charges	(254,395,656)	(252,936,252)	(239,105,040)	(224,801,845)	(209,913,973)	(804,059,252)	(332,136,361)	(2,317,348,379)
Net present value	<u>(P 251,831,566)</u>	<u>P 339,135,748</u>	<u>P 349,905,160</u>	<u>P 364,208,355</u>	<u>P 379,096,227</u>	<u>P 2,140,991,748</u>	<u>P 2,907,419,739</u>	<u>P 6,228,925,411</u>

8.3 Lease Payments Not Recognized as Liabilities

On February 22, 2024, the Parent Company entered into a short-term lease agreement for an office space with a third party. The lease agreement provides for an original term until December 31, 2024 (1 year) and is renewable subject to mutually acceptable terms and condition by both parties.

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

The expenses relating to short-term leases amounted to P51.1 million in 2024 and is presented as Rentals under Operating Expenses in the 2024 consolidated statement of income (see Note 12.1). There was no similar transaction in 2023 and 2022.

8.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P27.6 million and P2.4 million in 2024 and 2023, respectively. No similar payment was made in 2022.

Certain interest expense incurred on lease amounting to P261.4 million in 2024 and P249.4 million in 2023 is capitalized as part of CIP under Property and Equipment account in the statements of financial position [see Notes 3.1(c) and 7].

Total unrealized foreign exchange loss incurred in related to the lease in 2024 and 2023 are presented as part of Foreign Exchange Loss - net in the 2024 and Foreign Exchange Gain – net in 2023 consolidated statements of income, respectively (see Note 12.2).

9. TRADE AND OTHER PAYABLES

The details of this account are as follows:

	Note	2024	2023
Current:			
Construction costs payable		P 1,266,075,828	P 240,833,543
Government payables		307,242,695	250,801,759
Accrued interest payable	10	147,581,117	120,385,440
Accrued expenses		16,966,563	58,153,086
Others		61,630,920	59,513,195
		1,799,497,123	729,687,023
Non-current –			
Retention payable		1,472,127,097	794,690,921
		P 3,271,624,220	P 1,524,377,944

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

Retention payables are typically a percentage of the total contract value which are withheld from the contractors until the completion of a contract or specified defect liability period. These amounts are held as security to ensure satisfactory completion of projects and to address any potential defects or deficiencies. These retention amounts are released upon satisfactory completion of the contract subject to the verification of project deliverables and warranties.

10. BANK BORROWINGS

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

As of December 31, 2024, the Company had drawn P11.0 billion from the Loan Facility after completion of certain project milestones required by the Omnibus Loan and Security Agreement.

The Loan Facility is subject to interest based on a 5-year BVAL reference rate plus an agreed interest premium factor subject to repricing after 5 years. The Company is required to maintain certain financial ratios including maintenance debt-to-equity ratio and maintenance debt service coverage ratio starting 2026 and project debt-to-equity ratio after the initial loan drawdown. As of December 31, 2024 and 2023, the Company is compliant with the project debt-to-equity ratio. All assets of the Company as of December 31, 2024 and 2023 and material contracts entered into by the Company in relation to the construction of the Main Hotel Casino are being held as security.

The outstanding loans as of December 31, 2024 and 2023, net of related discounts, are presented as Bank Borrowings in the 2024 consolidated statement of financial position. Total accrued interest as of December 31, 2024 and 2023 (see Note 9) amounts to P147.6 million and P120.4 million, respectively.

Total interest capitalized for the year ended December 31, 2024 and 2023 (see Note 12.2) amounts to P860.8 million and P194.9 million, respectively.

11. CONVERTIBLE BONDS PAYABLE

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

On June 1, 2020, the Parent Company also entered into a subscription agreement with SA Investments, a wholly-owned subsidiary of Summit Ascent Holdings Limited and a fellow subsidiary of the Parent Company, for the issuance of 6.0% CB at a total subscription price of P5,600.0 million. The CB were issued on December 30, 2020 and is convertible into 3,111,111,111 shares at the conversion price of P1.80 per share, subject to antidilutive adjustments.

At the time of the issuance of the bonds, both CB are payable up to 2025, which may subject to agreement by Fortune Noble and SA Investments, upon request of the Parent Company, be extended up to 2030.

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

- The conversion right in favor of Fortune Noble shall not be exercised for as long as the loans under the Loan Facility remain outstanding, except when the written consent of China Bank is secured or at least seventy-five percent (75%) of the outstanding loans under the Loan Facility have been repaid;
- Subordination of the payment of the loan under the Fortune Noble - P7.3B CB to the payment of the loans under the Omnibus Loan and Security Agreement;
- Undertaking not to dispose nor create any lien or encumbrance on the bonds until the loans under the Loan Facility are fully paid, except when expressly allowed under the Omnibus Loan and Security Agreement; and
- Undertaking on the part of Fortune Noble to extend the maturity of the Fortune Noble - P7.3B CB to 2030, as allowed thereunder.

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

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

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

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

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

The 2023 SA Investments Convertible Bond shall be issued upon the satisfaction or waiver of certain conditions precedent on or before April 30, 2024, such as obtaining regulatory approvals for the issuance of the 2023 SA Investments Convertible Bond, securing shareholder approval, the set-off, and other transactions contemplated therein, and obtaining approval for the interest waiver, among others. If any of the conditions precedent is not satisfied or (as the case may be) not waived by SA Investments on or before the April 30, 2024, the 2023 Subscription Agreement shall be terminated and the parties to the same shall be released and discharged from their respective obligations therein. Otherwise, the 2023 Subscription Agreement and 2023 SA Investments Convertible Bond shall supersede subscription agreements entered into by the Company with SA Investments in 2021 and 2020 and the SA Investments Convertible Bonds. On April 30, 2024, the Parent Company and SA Investments entered into a supplemental agreement to the 2023 Subscription Agreement extending the deadline for the issuance of the P13.5 billion convertible bond from April 30, 2024 to April 30, 2025. Other terms and conditions of the 2023 Subscription Agreement remain unchanged.

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

As of December 31, 2024, the Parent Company has yet to receive SEC approval or confirmation of exempt transaction for the 2023 SA Investments Convertible Bond.

The fair values at initial recognition and the carrying amounts of the financial liability components, calculated based on the fair value of the principal less any directly attributable transaction costs are presented below and in the succeeding page.

	Fortune Noble – P7.3B CB		SA Investments – P5.6B CB		SA Investments – P6.4B CB		Total
Balance at January 1, 2024	P	5,910,916,595	P	4,769,744,639	P	5,727,260,266	P 16,407,921,500
Amortized interest for the year ended December 31, 2024		<u>657,925,856</u>		<u>385,922,159</u>		<u>415,970,107</u>	<u>1,459,818,122</u>
Carrying amount of liability at December 31, 2024	P	<u>6,568,842,451</u>	P	<u>5,155,666,798</u>	P	<u>6,143,230,373</u>	<u>P 17,867,739,622</u>
Balance at January 1, 2023	P	5,318,887,653	P	4,434,554,939	P	5,362,056,494	P 15,115,499,086
Amortized interest for the year ended December 31, 2023		<u>592,028,942</u>		<u>335,189,700</u>		<u>365,203,772</u>	<u>1,292,422,414</u>
Carrying amount of liability at December 31, 2023	P	<u>5,910,916,595</u>	P	<u>4,769,744,639</u>	P	<u>5,727,260,266</u>	<u>P 16,407,921,500</u>

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

In 2024 and 2023, the Group capitalized the interest expense as part of CIP under Property and Equipment account in the consolidated statements of financial position [see Notes 3.1(c), 7, and 12.2]. Outstanding interest payables amounting to P1,989.3 million and P1,336.5 million as of December 31, 2024 and 2023 are recorded as part of Due to Related Parties accounts in the consolidated statements of financial position (see Note 15.4).

Conversion options, which represents the residual amount after deducting the financial liability component from the fair value of the instruments amounted to P5,752.0 million as of December 31, 2024 and 2023, respectively, is presented as Convertible Bonds Equity Reserve under the Equity section of the consolidated statements of financial position.

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

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

	Fortune Noble - <u>P7.3B CB</u>	SA Investments - <u>P5.6B CB</u>	SA Investments - <u>P6.4B CB</u>
Enterprise value (in millions)	P 25,825.00	P 25,825.00	P 25,825.00
Conversion price	1.10	1.80	1.65
Expected option life	6 years	1 year	1 year
Risk-free rate	6.04%	5.98%	5.98%

12. COSTS AND EXPENSES

12.1 Operating Expenses

The details of operating expenses are shown below.

	Notes	2024	2023	2022
Salaries and employee benefits	13.1	P 478,441,298	P 232,109,120	P 35,010,888
Rentals		51,135,589	-	-
Professional fees		45,129,040	16,016,640	10,771,634
Depreciation and amortization	7, 8	31,491,822	7,176,011	730,329
Transportation and travel		20,636,083	30,428,822	4,665,733
Taxes, licenses, and other fees		14,566,477	35,811,404	181,040
Outsourced services		11,554,112	36,234,029	50,322,418
Utilities and supplies		11,183,788	3,357,111	719,403
Representation and entertainment		575,990	1,585,944	7,932,796
Trainings and conferences		192,160	579,365	166,997
Others		41,058,908	32,538,371	5,973,179
		<u>P 705,965,267</u>	<u>P 395,836,817</u>	<u>P 116,474,417</u>

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

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

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

	Notes	2024	2023	2022
Interest on:				
Convertible bonds	11	P 1,459,818,122	P 1,292,422,414	P 999,518,157
Bank borrowings	10	860,756,759	194,880,581	-
Coupon CBs	11	900,000,000	900,000,000	616,533,333
Lease liabilities	8.2, 8.4	264,575,324	249,777,719	235,410,607
Loan from related parties	15.2	274,624,728	35,220,480	-
Short term borrowings	15.5	-	-	259,667,284
Other financing costs		-	-	63,568,582
		<u>3,759,774,933</u>	<u>2,672,301,194</u>	<u>2,174,697,963</u>
Less: Capitalized interest	7	<u>(3,756,598,163)</u>	<u>(2,671,913,559)</u>	<u>(2,174,697,963)</u>
		<u>P 3,176,770</u>	<u>P 387,635</u>	<u>P -</u>
Foreign exchange loss (gain) - net:				
Unrealized foreign exchange loss (gain) - net	8.4	P 333,763,016	(P 89,834,345)	P 438,024,353
Realized foreign exchange loss	5	9,633,848	42,648,868	289,408,920
Realized foreign exchange gain	5	<u>(7,588,786)</u>	<u>(6,157,222)</u>	<u>(287,419,473)</u>
		<u>P 335,808,078</u>	<u>(P 53,342,699)</u>	<u>P 440,013,800</u>

13. EMPLOYEE BENEFITS

13.1 Salaries and Employee Benefits Expense

Expenses recognized as salaries and employee benefits are presented below.

	Note	2024	2023	2022
Salaries and wages		P 336,556,730	P 184,539,299	P 29,087,296
Short-term benefit		136,888,598	45,110,914	5,861,068
Mandatory provident fund		-	-	62,524
Social security costs		<u>4,995,970</u>	<u>2,458,907</u>	<u>-</u>
	12.1	<u>P 478,441,298</u>	<u>P 232,109,120</u>	<u>P 35,010,888</u>

Salaries and employee benefits amounting to P96.3 million and P54.6 million were capitalized in 2024 and 2023 as part of CIP under Property and Equipment account in the consolidated statements of financial position (see Note 7).

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

14. TAXES

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

	2024	2023	2022
Tax on pretax loss (25%)	(P 261,237,529)	(P 82,938,972)	(P 167,175,207)
Adjustment for income subjected to lower income tax rates	42,068,822	5,266,135	574,655
Tax effects of:			
Unrecognized DTA on NOLCO	174,709,013	106,574,867	25,665,259
Changes in unrecognized net DTA	85,668,582	(24,538,254)	140,335,299
Non-deductible expenses	859,934	905,290	1,177,010
	<u>P 42,068,822</u>	<u>P 5,269,066</u>	<u>P 577,016</u>

The Parent Company is subject to Minimum Corporate Income Tax (MCIT) while its local subsidiary is not yet subject to MCIT as it was only incorporated in 2021. It is computed at 2% in 2024 and 1.5% in 2023 of gross income, as defined under the tax regulations or Regular Corporate Income Tax (RCIT), whichever is higher. The Parent Company and WC Hotel did not report MCIT or RCIT in 2024, 2023 and 2022 as they are in a gross loss position during the taxable years.

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

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

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

As of the December 31, 2024 and 2023, the total unrecognized net deferred tax assets – net relate to the items presented below.

	2024		2023	
	Amount	Tax Effect	Amount	Tax Effect
NOLCO	P 1,313,016,109	P 328,254,027	P 614,180,057	P 153,545,014
Unrealized foreign currency losses – net	333,763,017	83,440,754	643,608,365	160,902,092
Retirement benefit obligation	10,429,550	2,607,388	-	-
Lease obligation	(6,725,344)	(1,681,336)	-	-
Provision on employee benefits	5,207,104	1,301,776	-	-
	<u>P 1,655,690,436</u>	<u>P 413,922,609</u>	<u>P 1,257,788,422</u>	<u>P 314,447,106</u>

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

<u>Year Incurred</u>		<u>Original Amount</u>	<u>Expired Amount</u>		<u>Remaining Balance</u>	<u>Valid Until</u>
2024	P	698,836,052	P -	P	698,836,052	2027
2023		426,299,468	-		426,299,468	2026
2022		102,294,647	-		102,294,647	2025
2021		7,365,170	-		7,365,170	2026
2020		78,220,772	-		78,220,772	2025
		<u>P 1,313,016,109</u>	<u>P -</u>		<u>P 1,313,016,109</u>	

15. RELATED PARTY TRANSACTIONS

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

Related Party Category	Notes	Amount of Transactions			Outstanding Payables	
		2024	2023	2022	2024	2023
Stockholders:						
Interest on convertible bonds	12.2	P 657,925,856	P 592,028,942	532,732,172	P -	P -
Subscription of shares	15.3	-	1,387,499,990	-	-	-
Issuance of convertible bonds	11,15.1	-	-	-	(6,568,842,451)	(5,910,916,595)
Shareholder's interest	15.6	-	-	-	(93,706,314)	(93,706,314)
Related Parties:						
Ultimate Parent						
Loan	15.2	-	331,149,897	-	(346,293,676)	(331,149,897)
Interest on Loan	15.2,12.2	24,216,775	11,602,847	-	(30,312,316)	(10,696,648)
Intermediate Parent:						
Loan	15.2	3,190,770,000	262,522,102	-	(3,456,346,980)	(262,522,102)
Interest on Loan	15.2,12.2	163,043,829	4,224,414	-	(134,072,252)	(4,145,205)
Under Common Ownership:						
Interest on convertible bonds	11, 15.1	1,701,892,267	1,600,393,472	1,083,319,318	(1,989,333,333)	(1,336,533,334)
Interest on Loan	15.2, 15.5	87,364,124	19,393,219	259,667,284	(89,834,283)	(19,045,018)
Lease	8	2,418,750	2,194,839	-	-	(5,536,159)
Issuance of convertible bonds	11, 15.1	-	-	5,186,396,926	(11,298,897,171)	(10,497,004,905)
Loan	15.2, 15.5	-	1,103,010,694	6,353,400,000	(1,152,601,323)	(1,103,010,694)
Key Management Personnel -						
Compensation	15.9	76,125,366	76,325,388	54,518,713	-	-

Under the Omnibus Loan and Security Agreement, the Company's related parties, Fortune Noble, the intermediate parent of the Parent Company; and SA Investments, an entity under common ownership, act as Security Guarantors (see Note 10). As of and for the year ended December 31, 2024, the Parent Company has no transactions, outstanding balances, or commitments with these related parties in relation to such guarantee.

15.1 Issuance of Convertible Bonds

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

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

On June 10, 2022, the Parent Company issued the CB upon completion of all conditions precedents and secured regulatory approval from a related party (see Note 11). As at such date, the loan from a related party (see Note 15.5) has been effectively fully paid including the balance of the accrued interest in excess of the maximum amount of CB approved for issuance amounting to US\$6.8 million.

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

15.2 Loans from Related Parties

On May 25, 2023, Major Success and the Parent Company entered into a Loan Agreement amounting US\$6.0 million to fund the design, development and construction of Main Hotel Casino to be erected and located at Entertainment City, Manila. The loan shall be subject to 5.50% per annum and payable within 5 years from drawdown, extendible by another 5 years.

On July 26, 2023, SA Investments entered into a loan agreement with the Parent Company, pursuant to which SA Investments conditionally agreed to extend a US\$20.0 million loan to the Company payable within 10 years from drawdown unless extended by SA Investments or is shortened due to the happening of an event of default. The loan shall be subject to interest at the rate of six percent (6.00%) per annum. The loan proceeds was used to fund the construction reserve account as required by the Omnibus Loan and Security Agreement.

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

On April 19, 2024 and June 19, 2024, LET Group and the Parent Company entered into interest-bearing Loan Agreements amounting to US\$38.0 million (P2,204.53 million) and US\$17.0 million (P986.24 million), respectively, to fund the design, development, and construction of the Main Hotel Casino to be erected and located at Entertainment City, Manila. The loans shall be subject to 5.50% interest per annum and payable in 10 years.

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

The outstanding balance related to these loans amounted to P5.0 billion and P1.7 billion as of December 31, 2024 and 2023, respectively, and is presented as part of Loans from Related Parties account in the 2024 and 2023 consolidated statement of financial position. Interest expense incurred in 2024 and 2023 amounted to P274.6 million and P35.2 million, respectively, and is capitalized as part of CIP under Property and Equipment in the 2024 consolidated statement of financial position (see Note 7). Accrued interest as of December 31, 2024 amounted to P254.2 million and P33.9 million, respectively, and is presented as part of Due to Related Parties account in the 2024 and 2023 consolidated statement of financial position.

15.3 Subscription Receivable

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

15.4 Due to Related Parties

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

	Note	2024	2023
Balance at beginning of the year		P 1,464,126,519	P 710,239,648
Accrual of interest	11	940,331,979	753,886,871
Payment of interest		(67,200,000)	-
Balance at end of the year		<u>P 2,337,258,498</u>	<u>P 1,464,126,519</u>

In 2023, following the Omnibus Loan and Security Agreement of the Parent Company (see Note 10), the convertible bonds and loans from related parties became subordinated to the bank borrowing (see Note 10). Accordingly, the unpaid principal and related accrued interests are classified as non-current liabilities in the consolidated statements of financial position.

The interest payment related to the subordinated loans from related party pertains to accrued interest accumulated prior to execution of the Omnibus Loan and Security Agreement.

15.5 Loan Agreement with SA Investments

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

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

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

Total unrealized foreign exchange gain and loss related to the loan in 2024 and 2023 are presented as part of foreign exchange loss - net in 2024 and foreign exchange gain - net in the 2023 consolidated statements of income, respectively (see Note 12.2).

15.6 Shareholder's Loan Agreement with Fortune Noble

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

15.7 Co-Development Agreement

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

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

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

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

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

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

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

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

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

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

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

15.9 Key Management Personnel Compensation

Total key management compensation including those arising from service arrangements with key management personnel of the Parent Company amounted to P76.1 million in 2024, P76.3 million in 2023, and P54.5 million in 2022. There are no unpaid compensation to members of key management as of December 31, 2024 and 2023.

16. LOSS PER SHARE

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

	2024	2023	2022
Net loss	(P 1,086,646,184)	(P 348,051,060)	(P 557,052,037)
Divided by the weighted average number of outstanding shares	<u>7,250,000,000</u>	<u>7,250,000,000</u>	<u>7,250,000,000</u>
Basic and diluted EPS	<u>(P 0.150)</u>	<u>(P 0.048)</u>	<u>(P 0.077)</u>

On December 30, 2020, the Parent Company issued convertible bonds to Fortune Noble and SA Investments, which are convertible to 6,636,363,636 and 3,111,111,111 shares, respectively. On June 10, 2022, SA Investments issued additional convertible bonds, which are convertible to 3,878,787,878 shares (see Note 11). There is no conversion yet as of December 31, 2024.

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

17. EQUITY

17.1 Capital Stock

The details of the Parent Company's capital stock as of December 31, 2024 and 2023 are as follows:

	Shares	Amount
Common shares – P1.00 par value		
Authorized	<u>23,000,000,000</u>	<u>P 23,000,000,000</u>
Subscribed	<u>7,250,000,000</u>	<u>P 7,250,000,000</u>

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

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

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

As of December 31, 2024, and 2023, there are 1,582 and 1,584 holders of the listed shares, which closed at P0.90 and P0.85 per share, respectively.

17.2 Status of Operations

The Group incurred net losses from its operations in prior years which resulted in a deficit of P4,629.3 million and P3,542.6 million as of December 31, 2024 and 2023, respectively. Management believes that this does not raise material uncertainty related to going concern as the Company expects to generate revenues in the foreseeable future upon completion of its Main Hotel Casino. Further, management is able to secure additional funding from a financial institution and certain related parties in 2024 and 2023 (see Notes 10 and 15.2) and hence management assessed that the funding is sufficient for its completion of the construction of the Main Hotel Casino.

18. COMMITMENTS AND CONTINGENCIES

18.1 Co-Development Agreement with a Related Party Under Common Ownership

In 2019, the Parent Company entered into a CDA with a related party under common ownership, with respect to the development of Main Hotel Casino. Under this agreement, the Parent Company is to raise funds of not less than US\$300.0 million within 5 months (as further extended to December 31, 2020 by five supplemental agreements to the CDA), US\$200.0 million (P9,853.7 million) of which is payment for the initial cost of the project.

On February 21, 2020, and in relation to the (CDA) (see Note 15.7), 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 under the same terms and conditions. The parties have the option of further renewing for at most another 25 years, subject to applicable laws and upon agreement by both parties.

The related annual rental is set at US\$10.6 million which is payable starting from the latter of the first day of commencement of the operation of the Main Hotel Casino and the fulfilment of the conditions precedent or such other dates as may mutually agreed upon by both parties. Management estimated that the operation shall commence in the fourth quarter of 2025 (see Notes 1.1 and 8).

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

On May 4, 2020, the Parent Company entered into an Operation and Management Agreement with a related party under common ownership whereby the Parent Company shall operate and manage the Main Hotel Casino (which is expected to commence operation in the fourth quarter of 2025). The agreement is effective upon the execution date of May 4, 2020 until July 11, 2033 and may be extended or renewed as mutually agreed upon by both parties (see Note 15.7).

18.3 Capital Commitments

As of December 31, 2024, the Group has commitments of approximately P14,149.2 million for the construction and pre-opening of the Main Hotel Casino.

18.4 Others

In relation to the Omnibus Loan and Security Agreement, the Parent Company is granted by a domestic bank a loan facility amounting to P25.0 billion, subject to certain conditions. As of December 31, 2024, the undrawn portion of the facility amounted to P14.0 billion (see Note 10).

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

19. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. The Group conducts regular risk assessments to identify potential risks across the business. The Group's risk assessment policies are overseen by the BOD.

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, assess, monitor, minimize, and investigate those risks that may impact the Group's strategic objectives.

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

19.1 Foreign Currency Risk

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

To mitigate the Group's exposure to foreign currency risk, the Group closely monitors currency exchange rates and regularly assesses its response to foreign exchange fluctuations.

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

	US\$	PHP Equivalent	HK\$	PHP Equivalent
December 31, 2024				
Financial assets	\$ 23,597,641	P 1,368,993,546	\$ -	P -
Financial liabilities	(203,885,686)	(11,828,224,211)	-	-
	(\$ 180,288,045)	(P 10,459,230,665)	\$ -	P -
December 31, 2023				
Financial assets	\$ 20,639,308	P 1,146,864,428	\$ 580,984	P 4,132,018
Financial liabilities	(144,834,769)	(8,048,033,609)	-	-
	(\$ 124,195,461)	(P 6,901,169,181)	\$ 580,984	P 4,132,018

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

	December 31, 2024			December 31, 2023		
	Reasonably possible change in rate	Effect in loss before tax	Effect in Equity after tax	Reasonably possible change in rate	Effect in loss before tax	Effect in Equity after tax
PhP – US\$	14.19%	(P 1,483,671,307)	(P 1,112,753,480)	16.02%	(P 1,105,882,283)	(P 829,411,712)
PhP – HK\$	-	-	-	16.20%	669,309	501,982
		(P 1,483,671,307)	(P 1,112,753,480)		(P 1,105,212,974)	(P 828,909,730)

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

19.2 Interest Rate Risk

As at December 31, 2024 and 2023, the Group is exposed to changes in market interest rates through its cash and cash equivalents which are subject to variable interest rates (see Note 5). The Company has secured fixed interest rates on its bank borrowings and loans from related parties, thereby mitigating the impact of interest rate fluctuations. Management believes that the impact of the fluctuations in interest rates would not materially impact the Group's consolidated financial statements since the interest rates have shown insignificant changes during the years and the Group's interest income amounts only to P244.9 million, P41.4 million and P4.5 million in 2024, 2023 and 2022, respectively. In 2024, 2023, and 2022 interest income amounting to P246.4 million, P41.4 million, and P4.5 million, respectively, was deducted from the capitalized borrowing costs as it serves as an investment income on the temporary investment of those borrowings.

19.3 Credit Risk

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

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

	Notes	2024	2023
Cash and cash equivalents	5	P 3,420,876,839	P 6,021,360,034
Refundable deposits	6	537,189,131	29,410,057
		<u>P 3,958,065,970</u>	<u>P 6,050,770,091</u>

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

(a) Cash and Cash Equivalents

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

(b) Refundable Deposits

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

19.4 Liquidity Risk

The Group manages liquidity risks through a variety of strategies and practices aimed at maintaining sufficient cash flow and access to funds. The Group regularly prepares cash flow forecasts, projecting anticipated cash inflows and outflows both short term and long-term periods. These forecasts help identify potential liquidity shortages and allow proactive management of available cash resources. Any excess cash are invested in short term placements. The Group also monitors cash balances daily and identifies thresholds for maintaining adequate liquidity.

The Group maintains credit facilities and banking relationships to ensure access to additional funds when necessary. As of December 31, 2024, the Parent Company has available undrawn facilities under the Omnibus Loan and Security Agreement of P14.0 billion.

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

			Current		Non-current	
	Notes		Less than 1 Year		2 to 5 Years	6 to 10 Years
December 31, 2024:						
Bank borrowings	10	P	903,914,940	P	7,603,266,330	P 7,497,871,079
Trade and other payables	9		1,492,254,428		1,472,127,097	-
Due to related parties	15.4		-		-	2,337,258,498
Loans from related parties	15.2		-		-	7,440,051,523
Convertible bonds payable	11		-		19,804,460,274	-
			P 2,396,169,368		P 28,879,853,701	P 17,275,181,100
December 31, 2023						
Bank borrowings	10	P	722,312,640	P	5,078,404,199	P 7,661,101,082
Trade and other payables	9		478,885,264		794,690,921	-
Due to related parties	15.4		-		-	1,464,126,519
Loans from related parties	15.2		-		-	2,670,102,655
Convertible bonds payable	11		-		-	23,220,000,000
			P 1,201,197,904		P 5,873,095,120	P 35,015,330,256

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

20. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

20.1 Carrying Amounts and Fair Values by Category

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

		December 31, 2024		December 31, 2023	
	Notes	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets:					
Financial assets at amortized cost:					
Cash and cash equivalents	5	P 3,420,876,839	P 3,420,876,839	P 6,021,360,034	P 6,021,360,034
Refundable deposits	6	537,189,131	537,189,131	29,410,057	29,410,057
		P 3,958,065,970	P 3,958,065,970	P 6,050,770,091	P 6,050,770,091
Financial Liabilities:					
Financial liabilities at amortized cost:					
Bank borrowings	10	P 10,576,547,188	P 11,977,739,086	P 8,273,607,332	P 10,265,052,705
Trade and other payables	9	2,964,381,525	2,964,381,525	1,273,576,183	1,273,576,183
Due to related parties	15.4	2,337,258,498	2,337,258,498	1,464,126,519	1,464,126,519
Lease liabilities	8.2	6,645,062,960	6,645,062,959	6,228,925,411	6,228,925,411
Convertible bonds	11	17,867,739,622	16,080,688,934	16,407,921,500	18,637,101,257
Loans from related parties	15.2	4,955,241,979	4,767,898,033	1,696,682,693	1,923,512,348
		P 45,346,231,772	P 44,773,029,035	P 35,344,839,638	P 39,792,294,423

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

20.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set off financial instruments in 2024 and 2023 and does not have relevant offsetting arrangements, except as disclosed in Note 15. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and shareholders. As such, the Group's outstanding receivables from and payables to the same related parties as presented in Note 15 can be potentially offset to the extent of their corresponding outstanding balances.

21. FAIR VALUE MEASUREMENT AND DISCLOSURES

21.1 Fair Value Hierarchy

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

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

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

The fair values of the financial assets and financial liabilities included in Level 3 above, which are not traded in an active market, is determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data. There were no transfers into or out of Level 3 fair value hierarchy in 2024 and 2023.

21.3 Financial Instruments at Initial Recognition - Convertible Bonds

In relation to its convertible bonds, the fair value is determined closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The fair value of convertible bonds at initial recognition is determined based on option pricing method whereby the enterprise value, conversion price, expected option life, risk-free rate, and volatility were considered as principal inputs [see Notes 3.2(d) and 11].

22. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

The Parent Company's primary objective in managing its capital is to ensure a robust and sustainable financial structure that supports its growth and operational requirements during the ongoing construction phase of its Main Hotel Casino. The Parent Company aims to maintain an optimal capital structure that balances risk and return, enables it to meet both short and long-term obligations.

The Parent Company is dedicated to maintaining a balanced mix of debt and equity financing to support the construction of the Main Hotel Casino while minimizing the cost of capital. Assessment of debt levels in relation to equity is regularly monitored to ensure financial stability and compliance with existing loan covenants.

The Parent Company utilizes a combination of project financing and debt instruments to fund its capital expenditures and operational requirements during the construction and pre-opening phase of the Main Hotel Casino. The Parent Company also employs a rigorous budgeting and financial forecasting process to identify capital requirements for construction and pre-opening of the Main Hotel Casino.

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

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

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

(a) 2024

- The Parent Company's capitalized borrowing costs arising specific borrowings as part of CIP from finance charges of convertible bonds, loans from related parties and lease liabilities amounting to P3,756.6 million, net of P244.9 million interest income (see Notes 7, 8, 10, 11 and 12.2).
- The Parent Company's capitalized amortization of ROUA amounts to P714.6 million as of December 31, 2024 (see Note 8.1).
- The Parent Company has unpaid capitalized construction costs amounting to P1,266.1 million as of December 31, 2024 (see Note 7 and 9).
- The Parent Company's management revised its previous estimate as to the commencement of operation of its Main Hotel Casino. This resulted to a remeasurement in the related lease liability and ROUA amounting to P170.0 million (see Note 8).
- The Parent Company pre-terminated its lease of its office space effective October 9, 2024 with remaining period of one year and three months as of termination date. The pretermination resulted in a gain amounting to P0.4 million recorded in the 2024 consolidated statement of income

(b) 2023

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

(c) 2022

- The Parent Company issued a P6.4 billion convertible bond to a related party and set off such to the loan indebtedness to the same related party (see Notes 11 and 15.6).
- The Parent Company's management revised its previous estimate as to the commencement of operation of its Main Hotel Casino. This resulted to a remeasurement in the related lease liability and ROUA amounting to P825.2 million (see Note 8).
- SWCPML terminated its existing lease and derecognized the related ROUA and lease liabilities amounting to P26.2 million and P24.3 million, respectively (see Note 8).

- The Parent Company's capitalized borrowing costs arising specific borrowings as part of CIP from finance charges of convertible bonds, loan from a related party and lease liabilities amounting to P2.2 billion, net of P4.5 million interest income (see Notes 7, 8, 10, 11, 12.2 and 15.5).
- The Parent Company has unpaid capitalized construction costs amounting to P494.3 million as of December 31, 2022 (see Note 7 and 9).

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

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**The Board of Directors and Stockholders
Suntrust Resort Holdings, Inc. and Subsidiaries
(Formerly Suntrust Home Developers, Inc.)
(A Subsidiary of Fortune Noble Limited)**

26th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Suntrust Resort Holdings, Inc. and Subsidiaries (the Group) for the year ended December 31, 2024, on which we have rendered our report dated March 27, 2025. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO



By: Edcel U. Costales
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10465902, January 2, 2025, Makati City
BIR AN 08-002551-045-2023 (until January 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-017 (until August 12, 2027)

March 27, 2025

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
List of Supplementary Information
December 31, 2024

<u>Schedule</u>	<u>Contents</u>	<u>Page No.</u>
Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68		
A	Financial Assets	1
B	Amounts Receivables from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	N/A
C	Amounts Receivable/ Payable from/to Related Parties which are Eliminated during the Consolidation of Financial Statements	2
D	Long-term Debt	3
E	Indebtedness to Related Parties (Long-term Loans from Related Companies)	4
F	Guarantees of Securities of Other Issuers	N/A
G	Capital Stock	5
Other Required Information		
	Reconciliation of Retained Earnings Available for Dividend Declaration Map Showing the Relationship Between the Company and its Related Entities External Auditor Fee-Related Information	N/A

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
Schedule A - Financial Assets - Fair Value Through Profit or Loss, Fair Value Through Other Comprehensive Income
and Amortized Cost
During the Consolidation of Financial Statements
December 31, 2024

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds or Notes	Amount Shown in the Statement Financial Position as of Reporting Period	Valued Based on Market Quotation at End of Reporting Period	Income Received and Accrued (iii)
<i>Fair Value through Profit of Loss</i>				
	N/A	N/A	N/A	N/A
<i>Fair Value through Other Comprehensive Income</i>				
	N/A	N/A	N/A	N/A
<i>Financial Assets at Amortized Cost</i>				
Cash and cash equivalents	N/A	P 3,420,876,839	P 3,420,876,839	-
Refundable deposits	N/A	<u>537,189,131</u>	<u>537,189,131</u>	-
TOTAL		<u>P 3,958,065,970</u>	<u>P 3,958,065,970</u>	-

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
Schedule D - Long term debt
During the Consolidation of Financial Statements
December 31, 2024

<i>Title of Issue and Type of Obligation</i>	<i>Amount Authorized by Indenture</i>	<i>Amount shown under Caption "Current Portion of Long Term Debt" in related Statement of Financial Position</i>	<i>Amount shown under Caption "of Long Term Debt" in related Statement of Financial Position</i>
8-year non-syndicated Omnibus Loan and Security Agreement	P 25,000,000,000	P -	P 10,576,547,188

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
Schedule E - Indebtedness to Related Parties
December 31, 2024

<i>Name of related party</i>	<i>Balance at the beginning of year</i>	<i>Balance at the end of year</i>
Convertible bonds		
Fortune Noble Limited	P 5,910,916,595	P 6,568,842,451
Summit Ascent Invesments Limited	<u>10,497,004,905</u>	<u>11,298,897,171</u>
	<u>P 16,407,921,500</u>	<u>P 17,867,739,622</u>
Loan from a related party		
Major Success Group Limited	P 331,149,897	P 346,293,676
LET Group Holdings Limited	262,522,102	3,456,346,980
Summit Ascent Invesments Limited	<u>1,103,010,694</u>	<u>1,152,601,323</u>
	<u>P 1,696,682,693</u>	<u>P 4,955,241,979</u>
Lease		
Travellers International Hotel Group, Inc.	<u>P 5,536,159</u>	<u>P -</u>
	<u>P 18,110,140,352</u>	<u>P 22,822,981,601</u>

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES

Schedule G - Capital Stock

December 31, 2024

<i>Title of Issue</i>	<i>Number of shares authorized</i>	<i>Number of shares issued and outstanding as shown under related balance sheet caption</i>	<i>Number of shares reserved for options, warrants, conversion and other rights</i>	<i>Number of shares held by</i>		
				<i>Related parties</i>	<i>Directors, officers and employees</i>	<i>Others</i>
Common	23,000,000,000	7,250,000,000	-	6,211,194,000	1,006	1,038,804,994

Note: The Company's stockholders subscribed to a total of 7.25 billion shares, all of which was fully paid.

LET GROUP HOLDINGS LIMITED
Map Showing The Relationship Between LET
Group Holdings Limited and its Related Parties
December 31, 2024

Legend

Relationship with *LET Group Holdings Limited*

(1)

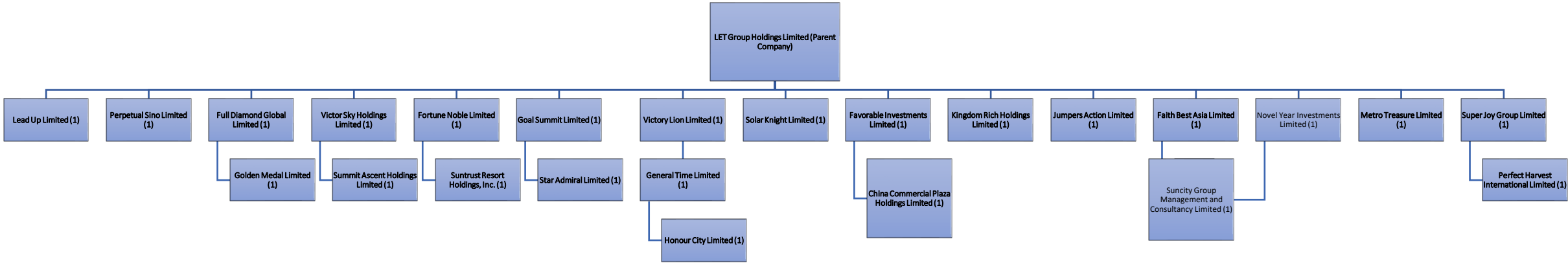
Subsidiary

(2)

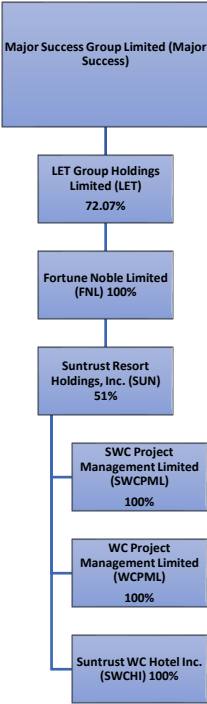
Associate

(3)

Joint Venture



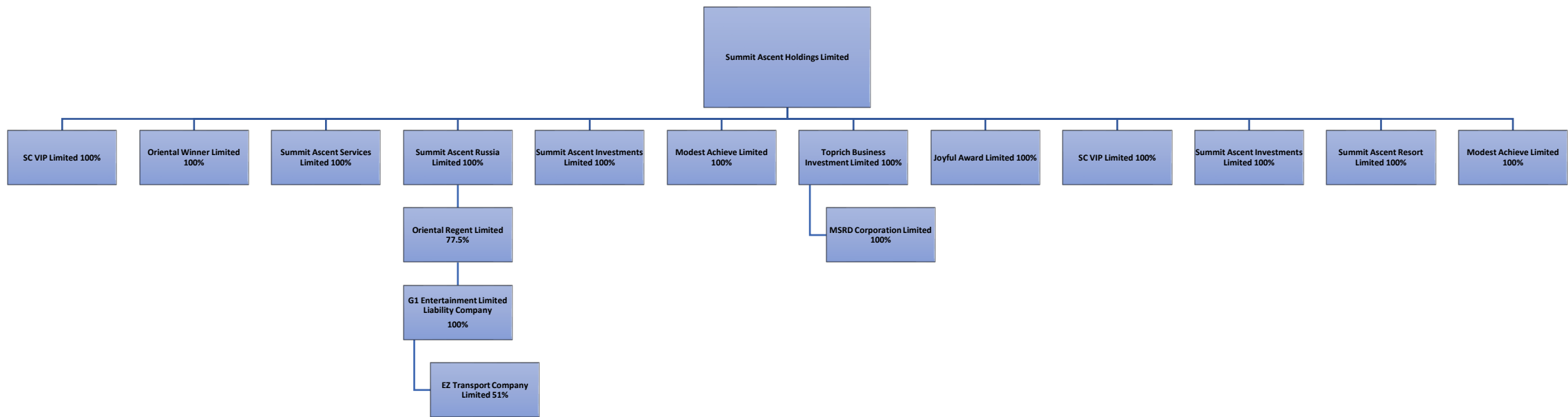
SUNTRUST RESORT HOLDINGS, INC.
Mapping of Related Parties
December 31, 2024



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

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

LET GROUP HOLDINGS LIMITED
Mapping of Related Parties
December 31, 2024



SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Suntrust Home Developers, Inc. and Subsidiaries)
(A Subsidiary of Fortune Noble Limited)
Supplementary Schedule of External Auditor Fee-Related Information
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Total Audit Fees	<u>P 1,660,000</u>	<u>P 1,610,000</u>
Non-audit service fees:		
Other assurance service	275,000	265,000
Tax service	820,000	434,100
All other service	<u>455,000</u>	<u>440,000</u>
Total Non-Audit Fees	<u>1,550,000</u>	<u>1,139,100</u>
 Total Audit and Non-audit Fees	 <u><u>P 3,210,000</u></u>	 <u><u>P 2,749,100</u></u>

Report of Independent Auditors on Components of Financial Soundness Indicators

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

T +63 2 8988 2288

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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Suntrust Resort Holdings, Inc. and Subsidiaries (the Group) for the years ended December 31, 2024 and 2023, on which we have rendered our report dated March 27, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, is the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS Accounting Standards) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for the years then ended and no material exceptions were noted.

PUNONGBAYAN & ARAULLO



By: Edcel U. Costales
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10465902, January 2, 2025, Makati City
BIR AN 08-002551-045-2023 (until January 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-017 (until August 12, 2027)

March 27, 2025

SUNTRUST RESORT HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Suntrust Home Developers, Inc. and Subsidiaries)
(A Subsidiary of Fortune Noble Limited)
ANNEX 68-E - SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
December 31, 2024 and December 31, 2023

Ratio	Formula	December 31, 2024	December 31, 2023
Current ratio	Current assets / Current liabilities	3.42	10.44
Acid test ratio	Quick assets / Current liabilities (Quick assets include current assets less other current assets)	1.83	8.22
Solvency ratio	Total liabilities / Total assets	1.19	1.27
Debt-to-equity ratio	Total liabilities / Total stockholders' equity	5.33	3.73
Asset-to-equity ratio	Total assets / Total stockholders' equity	6.33	4.73
Interest rate coverage ratio	EBIT / Total interest	n/a	n/a
Return on equity	Net income (loss) / Average total equity	-12.01%	-3.86%
Return on assets	Net income (loss) / Average total assets	-2.19%	-0.91%
Net profit margin	Net income (loss) / Total revenues	-	-