

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended: 31 December 2011
2. SEC Identification Number: 145490
3. BIR Tax Identification No. 000-144-386
4. Exact name of Issuer as specified in its charter: SHANG PROPERTIES, INC.
5. Philippines
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. Level 5, Shangri-La Plaza Mall
EDSA cor. Shaw Boulevard, Mandaluyong City 1552
Address of principal office Postal Code
8. (632) 635-83-00
Issuer's telephone number, including area code
9. N/A
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
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Common Stock	4,764,056,287 common shares (* not included are the Issuer's 2,695 treasury shares)
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11. Are any or all of these securities listed on a Stock Exchange.

Yes ☒ No ☐

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange Common Shares

12. Check whether the Issuer:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

13. State the aggregate market value of the voting stock held by non-affiliates of the Issuer. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

The aggregate market value of the voting stock held by non-affiliates of the Issuer as of 31 March 2012:
P3,628,338,410.000.

Assumptions:

- | | | |
|--|---|--------------------|
| (a) Total no. of shares held by non-affiliates
as of 31 March 2012 | : | 1,451,335,364 |
| (b) Closing price of the Issuer's shares
on the Exchange on 31 March 2012 | : | P2.50 |
| (c) Aggregate market price of (a) as of
31 March 2012 | : | P3,628,338,410.000 |

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the Issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes ☐ No ☐

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

- (a) Any annual report to security holders;
- (b) Any information statement filed pursuant to SRC Rule 20;
- (c) Any prospectus filed pursuant to SRC Rule 8.1.

None of the above documents are incorporated herein by reference.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Furnish the information required by Part I, Paragraph (A) of "Annex C, as amended".

(a) Description of Business

(1) Business Development

The Issuer was first incorporated on 21 October 1987. It was initially named the Shangri-La Properties, Inc., then MUI Resources Philippines, Inc., then Edsa Properties Holdings Inc. [EPHI], before its present name Shang Properties, Inc. Since its incorporation, it has not been the subject of any bankruptcy, receivership or

similar proceedings. For the last three years prior to the submission of this 2010 Annual Report and to date, Issuer has not also undergone any material reclassification, or purchase or sale of a significant amount of assets not classified as ordinary.

In the three (3) years prior to its 2011 Annual Report, the significant developments in Issuer's business are as follows:

On 28 May 2008, Shang Global City Properties, Inc., of which Issuer's subsidiary Shang Global City Holdings, Inc., is an equity holder to the extent of 40%, entered into a Deed of Absolute Sale with Fort Bonifacio Development Corporation ("FBDC"), for the purchase of a 15,120 sqm. parcel of land within the development in Taguig City, Philippines, known as the Bonifacio Global City. A luxury hotel and condominium development is envisioned to be constructed on this property.

On 30 June 2008, the Issuer and its wholly-owned subsidiary, Shang Fort Bonifacio Holdings, Inc. (SFBHI), entered into a Shareholders' Agreement (Agreement) with Oceans Growth Limited (OGL), a subsidiary of Shangri-La Asia Limited (SA), and Alphaland Corporation (AC). Under the Agreement, SFBHI shall cause its wholly-owned subsidiary, Fort Bonifacio Shangri-La Hotel, Inc. (FBSHI) to issue 5,000 common shares to OGL and 2,500 common shares to AC such that upon completion of the issuance to, and, subscription by OGL and AC, FBSHI shall become a joint venture company with the following ownerships structure:

SFBHI	-	40%
OGL	-	40%
AL	-	<u>20%</u>
		100%

On 09 November 2009, the Issuer entered into a Memorandum of Agreement with its subsidiary Shang Properties Realty Corporation ("SPRC") (formerly, The Shang Grand Tower Corporation), wherein Issuer agreed with SPRC to develop a portion of Issuer's Property located at Edsa cor. Shaw Blvd., Mandaluyong City, into another commercial / retail building ("Project") comprised of a shopping mall, parking facilities, and high-rise residential condominium building to be known as "One Shangri-La Place". Under the MOA, Issuer commits to transfer a portion of its Property where the Project will be constructed, and to contribute up to PHP TWO BILLION FIVE HUNDRED MILLION and 00/100 (PHP2,500,000,000.00) to partially fund the construction of the Project. SPRC, for its part, will put up the rest of the funding required for the construction of the Project. Issuer and SPRC also agreed to allocate the Project as follows: (i) the mall area, together with its facilities and amenities, shall be allocated exclusively to Issuer; (ii) the residential portion of the Project will be allocated exclusively to SPRC; (iii) all the parking slots that will be built beneath the mall area (basement parking) and 8% of the podium parking slots, shall be allocated to the Issuer; (iv) 92% of the podium parking slots will be allocated to SPRC.

On 31 March 2011, Issuer's subsidiary, Shang Property Developers, Inc. executed a Deed of Absolute Sale with Asian Plaza I Condominium Corporation and Asian Plaza, Inc. (both are Filipino corporations), for the purchase of the mixed use condominium project known as the Asian Plaza I and the parcel of land of which said project stands, for a consideration of PHP SIX HUNDRED FIFTEEN MILLION and 00/100 (PHP615,000,000.00). The Asian Plaza I is located at the corner of Gil Puyat Ave., Tordesillas St. and H. V. de la Costa St., Salcedo village, Makati City.

On 27 June 2011, Issuer purchased L'hirondelle Holdings, Inc.'s 50million common shares and 270million preferred shares in Shangri-La Plaza Corporation ("SLPC") (representing 21.28% equity in SLPC), for a total consideration of P450,000,000.00. Said sale increased Issuer's equity in SLPC from 78.72 % previously to 100%, making SLPC a wholly-owned subsidiary of Issuer. SLPC owns and operates the mall establishment known as the Shangri-La Plaza which is located in Mandaluyong City.

The Issuer's subsidiaries have not undergone any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets not classified as ordinary.

Business of Issuer

(A) Description of Issuer

- (i) The Issuer is a property development, real estate management and investment holding company. It is publicly subscribed and was listed in the Philippine Stock Exchange in April 1999. Its significant and active subsidiaries are as follows:

- Shangri-La Plaza Corporation (100% owned by Issuer);
- SPI Parking Services, Inc. (formerly EDSA Parking Services, Inc.) (100 % owned by Issuer); and
- Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation (100 % owned by Issuer)
- EPHI Logistics Holdings, Inc. (60% owned by Issuer)
- Shang Global City Holdings, Inc. (100% owned by Issuer)
- Shang Fort Bonifacio Holdings, Inc. (100% owned by Issuer)
- Shang Property Management Services Corporation (formerly EPHI Project Management Services Corporation) (100% owned by Issuer)
- KSA Realty Corporation (52.90% owned by Issuer)
- Shang Property Developers, Inc. (100% owned by Issuer)

The Shangri-La Plaza Corporation was incorporated on 06 January 1993 to invest in, purchase, own, hold, lease and operate the Shangri-La Plaza Shopping Complex located at Mandaluyong City, Philippines. Its primary business is leasing. The Shangri-La Plaza Shopping Complex houses two department stores (Rustan's and Crossings), theater, cinema, restaurants, fast-food outlets, boutiques and specialty stores. Its tenants are leading international and local retailers such as Marks & Spencer, Escada, Hugo Boss, Rustan's, Zara, Debenhams, Armani, etc., which caters to the upscale market.

SPI Parking Services, Inc. ("SPSI") was incorporated on 14 November 2001 to own and/or manage and operate carpark facilities including those surrounding the Shangri-La Plaza Shopping Complex, and to render such other services as may be related or incidental to the management and operation of said carpark facilities.

The Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation) was incorporated on August 20, 2003 as a realty development company. It constructed The Shang Grand Tower, a high rise luxury condominium at the heart of the Makati Commercial Business District. It is also the owner and developer of The St. Francis – Shangri-La Place, a two-tower high rise residential condominium located in Ortigas, Mandaluyong City.

EPHI Logistics Holdings, Inc., was incorporated on August 20, 2002 as a holding company.

Shang Global City Holdings, Inc., was incorporated on 11 December 2007 as a holding company.

Shang Fort Bonifacio Holdings, Inc., was incorporated on 11 December 2007 as a holding company.

Shang Property Management Services Corporation was incorporated on 10 October 2006 for the purpose, among others, of acting as managing agents or administrators of Philippine corporations with respect to their business or properties.

KSA Realty Corporation was incorporated on 03 August 1990 as a realty development company. It owns The Enterprise Center, one of the most modern and luxurious office buildings in the country which is located at the heart of the Makati Central Business District.

Shang Property Developers, Inc. which was recently incorporated on 17 December 2010 as a realty development company.

- (ii) Issuer's subsidiary, Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation) sold units of the condominium development The St. Francis – Shangri-La Place to non-resident Filipinos and foreigners, but not exceeding 40% of the total no. of units. It has been selling units of the One-Shangri-La Place, its latest condominium development, but subject to the limitation that not more than 40% of the total number of units shall be sold to foreigners.
- (iii) This is not applicable to the Issuer. It is primarily a holding company and therefore has no direct distribution methods of products and services.
- (iv) Neither the Issuer nor its subsidiaries have new products or services which may be described as requested in this particular section.
- (v) Insofar as the Issuer's competitors are concerned, the Issuer's competitors are upper middle to high end real estate companies who are involved in property development such as Ayala Land and Megaworld. Issuer can and will be able to compete in the property development industry because of its strong financial position, international expertise and strong brand position. For the Shangri-La Plaza Corporation, its competitors are entities operating similar upscale malls such as Rockwell, Podium, and Greenbelt 3. The Shangri-La Plaza Corporation is not threatened by competition where it is the only truly upscale commercial complex in its geographic location, and where it is continuously upgrading its facilities in order to cater to its upscale market. SPSI's competitors are those entities who are into carpark management and operation. SPSI is in a healthy financial position and has the expertise to efficiently and viably operate its carpark facilities.
- (vi) This section on raw materials and suppliers is not applicable to the Issuer nor to its subsidiaries by reason of the nature of their businesses as herein described.
- (vii) Neither the Issuer nor its subsidiaries operations and businesses are dependent on a single customer, the loss of which would have a material adverse effect on the Issuer and its subsidiaries taken as a whole, by reason of the nature of their businesses as described herein.
- (viii) On transactions with and/or dependence on related parties:

With Issuer's subsidiaries:

a. With Shangri-La Plaza Corporation (SLPC)

A portion of the Issuer's land where the Shangri-La Plaza Mall is located is being leased to SLPC. The lease is for a period of twenty five (25) years from 6 January 1993. Rental income is calculated at 10% of SLPC's annual rental income from mall operations plus a certain percentage of the carpark's net income.

b. With SPI Parking Services, Inc. (SPSI)

On 16 January 2002, the Issuer entered into an agreement with SLPC and SPSI. Under the terms and conditions of the agreement, SPSI will be granted limited usufructuary rights over the Issuer's parking spaces for a consideration equivalent to a certain percentage of SPSI's gross income less direct and indirect expenses. The agreement is effective until 31 December 2002 and shall be renewed automatically for another year unless a notice of non-renewal is served by the Issuer or SPSI.

c. With Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation)

On May 8, 2005, the Issuer entered into a Memorandum of Agreement ("MOA") with Shang Properties Realty Corporation ("SPRC") whereby Issuer, as registered owner of a parcel of land located along St. Francis Road cor. Internal Road, Shangri-La Complex, Mandaluyong City ("Property"), agreed with SPRC for the latter to develop the Property into a two-tower high rise residential condominium to be known as The St. Francis – a Shangri-La Place ("Project"). SPRC shall provide the funding for the Project which was completed in 2009.

The MOA, among others, provides that Issuer, as the owner of the Property, commits to transfer the same, free from all liens and encumbrances, in favor of the Condominium Corporation that will be incorporated upon the completion of the Project. Pending the transfer of the Property to the Condominium Corporation, Issuer shall allow the use of the Property for the construction of the Project, subject to the terms and conditions hereinafter stipulated. SPRC shall provide funding for the construction of the Project. It is the intention of the Parties to allocate the resulting units in the Project between them, with each party taking ownership and possession of its respective allocated units ("Allocated Units"), with full power and discretion on the disposition of the same, subject only the pertinent conditions hereunder contained. The allocation between the Parties of the Net Saleable Area shall be at the ratio of twenty percent (20%) to Issuer and eighty percent (80%) to SPRC subject to adjustment based on mutual agreement of the Parties. The actual designation of the Parties' respective Allocated Units shall be determined upon completion of the final plans and shall be incorporated in a supplemental agreement to be executed by the Parties. The Parties also agreed that Seventy Five (75) contiguous parking slots shall be allocated to the Issuer. The allocation of the remaining parking slots net of the 75 slots allocated to Issuer, shall be eighty percent (80%) to SPRC and twenty percent (20%) to Issuer subject to adjustment based on mutual agreement of the Parties. The actual designation of the parking slots shall be determined upon completion of the final plans and shall be incorporated in a supplemental agreement to be executed by the Parties.

On 09 November 2009, the Issuer entered into a Memorandum of Agreement with its subsidiary Shang Properties Realty Corporation ("SPRC") (formerly, The Shang Grand Tower Corporation), wherein Issuer agreed with SPRC to develop a portion of Issuer's Property located at Edsa cor. Shaw Blvd., Mandaluyong City, into another commercial / retail building ("Project") comprised of a shopping mall, parking facilities, and high-rise residential condominium building to be known as "One Shangri-La Place". Under the MOA, Issuer commits to transfer a portion of its Property where the Project will be constructed, and to contribute up to PHP TWO BILLION FIVE HUNDRED MILLION and 00/100 (PHP2,500,000,000.00) to partially fund the construction of the Project. SPRC, for its part, will put up the rest of the funding required for the construction of the Project. Issuer and SPRC also agreed to allocate the Project as follows: (i) the mall area, together with its facilities and amenities, shall be allocated exclusively to Issuer; (ii) the residential portion of the Project will be allocated exclusively to SPRC; (iii) all the parking slots that will be built beneath the mall area (basement parking) and 8% of the podium parking slots, shall be allocated to the Issuer; (iv) 92% of the podium parking slots will be allocated to SPRC.

With Issuer's affiliates:

a. Edsa Shangri-La Hotel & Resort, Inc.

The Issuer leased a portion of its land to an affiliate, Edsa Shangri-La Hotel and Resort, Inc., where the latter's Edsa Shangri-La Hotel is located. The lease is for a period of twenty five (25) years commencing on 28 August 1992, renewable for another twenty five years at the option of the lessee. Rental income is computed on a fixed percentage of the Hotel's room, food and beverage, dry goods and other service payments.

- b. With other affiliates:

On 1 January 2001, the Issuer entered into a cost sharing agreement with SLPC and other related companies for the services rendered by the officers of the Company to its related companies. Other transactions with related companies substantially consist of reimbursement of expenses paid for by the Issuer in behalf of its affiliates and vice-versa.

Between Issuer's Affiliates:

- a. Shang Property Management Corporation entered into a Memorandum of Agreement with KSA Realty Corporation, pursuant to which the former shall assist the latter in managing and administering the leasing operations of The Enterprise Center.
- b. Shang Property Management Corporation entered into a Memorandum of Agreement with The Enterprise Center Condominium Corporation pursuant to which the former shall assist the latter in managing and administering the condominium development known as The Enterprise Center , specifically with respect to the common areas thereof.
- c. Neither the Issuer's or any of its subsidiaries' businesses are dependent upon or expected to depend upon any patent, trademark, copyright, license, franchise, concession, or royalty agreement.
- d. Neither the Issuer or any of its subsidiaries have products or services requiring governmental approval.
- e. There are no existing governmental regulations which affect or may affect significantly or adversely the Issuer's or any of its subsidiaries' businesses or operations.
- f. Neither the Issuer or any of its subsidiaries have allotted any significant amount or portion of their revenues for research and development activities where the same are not highly necessary given the nature of their businesses.
- g. The Issuer, as with the SPI Parking Services, Inc., by the nature of their businesses have no direct obligation to comply with environmental laws. As for the Shangri-La Plaza Corporation and Shang Properties Realty Corporation (for its developments, The Shang Grand Tower and The St. Francis-Shangri-La Place) the costs of its compliance with environmental laws is not significant given the overall operational costs.
- h. The Issuer has 75 employees to date and does not anticipate adding to said number significantly in the next 12 months. The breakdown as to type is as follows:
 - a. Rank and file - 19
 - b. Supervisory - 22
 - c. Managerial - 17
 - d. Executive - 8
 - e. Project based - 9

SPI Parking Services, Inc. (formerly Edsa Parking Services, Inc.) has 21 employees. The breakdown as to type is as follows:

- a. Rank and file - 14
- b. Supervisory - 5
- c. Managerial - 2

Shangri-La Plaza Corporation has 84 employees. The breakdown as to type is as follows:

- a. Rank and file - 28
- b. Supervisory - 42
- c. Managerial - 13
- d. Executive - 1

The Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation) has 48 employees. The breakdown as to type is as follows:

- a. Rank and file - 12
- b. Supervisory - 7
- c. Managerial - 15
- d. Project based - 14

Shang Property Management Services Corporation has 18 employees. The breakdown as to type is as follows:

- a. Rank and file - 3
- b. Supervisory - 3
- c. Managerial - 12

None of the Issuer's nor its subsidiaries' employees are covered by Collective Bargaining Agreements.

- (xv) The major risks faced by Issuer and its subsidiaries in its different lines of businesses are as follows:

- a. Mall operations (of SLPC)

The Shangri-La Plaza Mall faces competition from adjoining malls in the Ortigas area, as well as other high-end malls in Makati. The Mall staff keeps a close eye on the developments and marketing programs of these other malls to ensure that they can respond quickly. A lot of emphasis is placed on maintaining the facilities of the Mall and improving these to ensure that patrons have an enjoyable stay at the Mall. In addition, the Mall's tenant mix is constantly being reviewed to ensure that customers have a wide variety of choices.

- b. Office leasing operations (of KSA Realty Corporation, 52.90% owned by Issuer)

KSA Realty Corporation owns and operates The Enterprise Center (TEC). TEC faces competition in the office leasing market from adjoining buildings in Makati. However, because of its superior facilities, TEC has been able to maintain its premium image in the market. TEC occupancy level remains high despite stiff competition.

- c. Leasing to the Edsa Shangri-La Hotel (by the Issuer)

The Issuer receives regular rental income based on sales from the Edsa Shangri-La Hotel. At times, this income is affected if the Hotel's occupancy goes down due to events affecting worldwide travel and tourism. The Hotel has shown resiliency, however, and has been able to bounce back quickly from these situations. The recent renovation of the Hotel's rooms and restaurants should further improve the Issuer's income.

d. **Parking Operations (by SPI Parking Services Inc.)**

The major risk to the parking operations is the proposal, which is being pushed off and on in the Philippine Congress, to prevent commercial establishments from charging parking fees. This will result in chaos and confusion in the parking operations since nothing will prevent car owners in adjoining buildings from using the car park facilities in the complex to the detriment of legitimate mall and hotel patrons. The Company is making representations against this measure in coordination with other mall operators.

e. **Residential Condominium Sales**

The residential condominium projects of the Issuer's subsidiary, Shang Properties Realty Corporation ("SPRC"), face competition from other major developers such as Ayala Land and Megaworld. The Issuer is able to compete effectively by offering condominium units that are superior to the other projects in terms of their amenities, design and layout, finishes and professional building management. To date, all of the units in The Shang Grand Tower Project in Makati have been sold, while The St. Francis – Shangri-La Place is more than 98% sold. The latest condominium development of SPRC which will feature two towers, known as the One Shangri-La Place, for which construction was commenced late 2010, has also opened sales for two towers. To date, 638 units out of 664 units of the North tower have been sold, while 95 out of the 640 units of the south tower have been sold.

Item 2. Properties

Furnish the information required by Part I, Paragraph (B) of "Annex C, as amended".

On properties owned by Issuer:

- (a) An 8.6 hectare property at the heart of Ortigas Center, portions of which are being leased out to the Edsa Shangri-La Hotel and the Shangri-La Plaza Corporation for the operation of the Shangri-La Plaza Mall, while some portions are being utilized as carpark areas.
- (i) Shangri-La Plaza Corporation's lease of the land on which the Shangri-La Plaza Mall stands is for a period of 25 years. Rental therefore is an amount equivalent to 10% of Shangri-La Plaza Corporation's gross rental income. Shangri-La Plaza Corporation has no option to renew the lease.
- (ii) The Edsa Shangri-La Hotel's lease of the land on which it stands is for a period of 25 years. Rental arrangement is as follows:
- from hotel operations: 3% of room sales revenue
 - from retail/restaurant and other hotel operations: 5% of sales revenue from food and beverage; 3% of sales revenue from dry goods/ services
 - from subleasing operations: 5% of sales revenue from food and beverage; 3% of sales revenue from dry goods/ services
- The hotel has an option to renew the lease for another 25 years.
- (b) A carpark building also within the 8.6 hectare area, abutting the Shangri-La Plaza Complex, with a gross floor area of 23,625.72 sqm. and 681 slots.
- (c) The Mall area and 8% of the parking slots of the mixed-use development project known as the One Shangri-La Place which is a joint venture of the Issuer with its subsidiary Shang Properties Realty Corporation, and which is currently undergoing construction. Completion is targeted to be four years from commencement of construction. (Please refer to the disclosure on related party transactions in the previous pages).

On Properties owned by Issuer's subsidiaries:

- (a) Properties owned by the Shangri-La Plaza Corporation:

- (i) Shangri-La Plaza Mall, an upscale shopping center at EDSA cor. Shaw Blvd., Mandaluyong City, with a gross floor area of approximately 136,552 sqm.
- (b) Properties owned by the SPI Parking Services, Inc.
 - (i) None. It only manages and operates the carpark facilities described above to be owned by the Issuer.
- (c) Properties owned by Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation)
 - (i) The St. Francis – a Shangri-La Place, a two-tower high rise residential condominium located along St. Francis Road cor. Internal Road, Shangri-La Complex, Mandaluyong City which was completed in late 2009. About 98% of the units of said development have been sold to date.
 - (ii) The residential portion and 92% of the parking slots of the mixed-use development project known as the One Shangri-La Place which is a joint venture of the Issuer with its subsidiary Shang Properties Realty Corporation, and which is currently undergoing construction. Completion is targeted to be four years from commencement of construction. (Please refer to the disclosure on related party transactions in the previous pages).
- (d) Properties owned by EPHI Logistics Holdings, Inc.
 - None.
- (e) Properties owned by Shang Global City Holdings, Inc.
 - Shang Global City Holdings, Inc., does not directly own any property. However, Shang Global City Properties, Inc., which is 100% owned by Shang Global City Holdings, Inc., has purchased from Fort Bonifacio Development Corporation ("FBDC"), a 15,120 sqm. parcel of land within the development in Taguig City, Philippines, known as the Bonifacio Global City.
- (f) Properties owned by Shang Fort Bonifacio Holdings, Inc.
 - None.
- (g) Properties owned by KSA Realty Corporation
 - The Enterprise Center, an office condominium along Ayala Avenue, Makati City.
- (h) Properties owned by Shang Property Developers, Inc.
 - (i) The residential condominium known as Asian Plaza I and the parcel of land on which it stands located at the corner of Gil Puyat Ave., Tordesillas St. and H. V. de la Costa St., Salcedo village, Makati City.

On 12 February 2008, the Issuer entered into a Long Term Loan Agreement with the Bank of the Philippine Islands and the Metropolitan Bank & Trust Company for the amount of P3,500,000,000.00, payable over ten (10) years. Under this Agreement, Issuer has, while the loan is outstanding, among others, undertaken not to create any lien on any of its assets to secure any indebtedness of the Issuer, others than those agreed upon with the Lenders as expressly provided in the Agreement.

The Issuer and its subsidiaries are not currently leasing any real property. As at the time of the filing of this report, neither the Issuer nor its subsidiaries intend to acquire any property in the next twelve (12) months.

Item 3. Legal Proceedings

- (a) Furnish the information required by Part I, Paragraph (C) of "Annex C, as amended".
 - (i) On 14 July 1993, a complaint was initially filed before the Pasig Regional Trial Court (RTC-Pasig) by the principal contractor of the Shangri-La Plaza Mall against the Issuer and its Board of Directors for the recovery of the balance of alleged unpaid construction work, compensatory and moral damages, legal fees,

and litigation costs. On 27 October 1998, the RTC-Pasig issued an order directing the parties to arbitrate their dispute under the Arbitration Law. On July 31, 2006, the Arbitral Tribunal that was constituted by the Parties, ordered BF Corporation to file its Statement of Claims, and the Issuer and the other defendants to file their respective Answers thereafter. BF had increased its claims for unpaid billings, change orders, damages, etc., to a total of about P228.6 million. Issuer and the other defendants have put forth counterclaims in the total amount of about P380 million. After due hearings on arbitration and the submission by the Parties of their respective memoranda, the Arbitral Tribunal, in its Decision dated 31 July 2007, ruled that BF is entitled to an award of only P46,905,987.79, while Issuer is entitled to an award of P8,387,484.06. Both Parties have appealed the Decision of the Arbitral Tribunal to the Court of Appeals. The Court of Appeals having issued its Decision on 12 August 2008, both parties have filed petitions for review on certiorari with the Supreme Court. The Supreme Court has yet to release its decision on the case to date.

(ii) On November 23, 2005, Issuer together with The Shang Grand Tower Corporation (a subsidiary of Issuer) (now the Shang Properties Realty Corporation), were named respondents in a case before the Bureau of Legal Affairs of the Intellectual Property Office of the Philippines (BLA-IPPHIL), entitled "ASB Development Corporation v. The Shang Grand Tower Corporation and Edsa Properties Holdings, Inc., for unfair competition, false and fraudulent declaration and damages with application for issuance of a Temporary Restraining Order and Writ of Preliminary Injunction." Complainant ASB alleges that Respondents committed acts of unfair competition and false and fraudulent declaration by the Respondents' use of the terms "St. Francis" for their residential condominium project located along St. Francis St. cor Shaw Blvd., Mandaluyong City. Issuer is the project owner, while TSGTC is the project developer. On December 19, 2006, the BLA-IPPHIL rendered its decision and ruled that Respondents cannot use the name "St. Francis Towers", but they can use the name "St. Francis – Shangri-La Place". The BLA, however, did not award any damages to ASB stating that no evidence was presented by ASB as to the amount of damages it suffered. Respondents and ASB have both partially appealed the BLA Decision. The Office of the Director General promulgated its Decision on 03 September 2008. ASB appealed said Decision before the Court of Appeals. The Court of Appeals having issued its Decision on 18 December 2009 favoring ASB's position, TSGTC (now SPRC), appealed the same to the Supreme Court. The Supreme Court has yet to decide on this case.

- (b) As to any proceeding that was terminated during the fourth quarter of the fiscal year covered by this report, furnish information similar to that required by Part I, Paragraph (C) of "Annex C, as amended", including the date of termination and a description of the disposition thereof with respect to the Issuer and its subsidiaries.

There are none.

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

If any matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.
- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting. Note whether such director was elected as an "independent director" under Section 38 of the Code and SRC Rule 38 thereunder.
- (c) A brief description of each matter voted upon at the meeting and state the number of votes cast for, against or withheld, as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

During the Annual Meeting of the Stockholders of the Issuer held on 22 June 2011, the stockholders approved and ratified the following:

1. Minutes of the Annual Stockholders Meeting held on 23 June 2010;

2. Annual Report of the Company as of 31 December 2010, together with its audited financial statements and accompanying explanatory notes;
3. The acts of the Board of Directors and the Management disclosed in the corporate records since the 23 June 2010 Annual Stockholders Meeting to the date of the Annual Stockholders Meeting on 22 June 2011;
4. Election of the following members of the Board of Directors for the period 2011-2012:

- 1) Edward Kuok Khoon Loong
- 2) Alfredo C. Ramos
- 3) Louis Chi Kong Wong
- 4) Maureen Alexandra R. Padilla
- 5) Benjamin I. Ramos
- 6) Wilkie Lee
- 7) Cynthia R. Del Castillo
- 8) Danila Regina I. Fojas
- 9) Ho Shut Kan
- 10) Johnny O. Cobankiat
- 11) Antonio O. Cojuangco
- 12) George L. Go
- 13) Vicente P. Formoso
- 14) Kin Sun Ng
- 15) Federico G. Noel, Jr.

6. Appointment of Sycip Gorres & Velayo as the Issuer's external auditors.

All of the above matters were voted upon and carried by the stockholders of the Issuer by a *unanimous vote*.

- (d) If any matter has been submitted to a vote of security holders otherwise than at a meeting of such security holders, corresponding information with respect to such submission shall be furnished. The solicitation of any authorization or consent (other than a proxy to vote at a stockholders' meeting) with respect to any matter shall be deemed a submission of such matter to a vote of security holders within the meaning of this item.

No matter has been submitted by the Issuer to a vote of its security holders other than at the Annual Stockholders Meeting held on 22 June 2011.

- (e) If the issuer has published a report containing all of the information called for by this item, the item may be answered by a reference to the information contained in such report.

The Issuer has not published any such report.

Instructions to Item 4

1. Paragraph (a) need be answered only if paragraph (b) or (c) is required to be answered.
2. Paragraph (b) need not be answered if proxies for the meeting were solicited pursuant to SRC Rule 20, there was no solicitation in opposition to management's nominees as listed in the proxy statement and all of such nominees were elected. If the issuer did not solicit proxies and the board of directors as previously reported to the Commission was reelected in its entirety, a statement to that effect in answer to paragraph (b) will suffice.
3. Paragraph (c) must be answered for all matters voted upon at the meeting, including both contested and uncontested elections.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Furnish the information required by Part II, Paragraph (A)(1) through (4) of "Annex C, as amended".

(A) Market Price of and Dividends on Issuer's Common Equity and Related Stockholder Matters

(1) Market Information

- (a) The shares of the Issuer are listed and traded on the Philippine Stock Exchange. The high and low sales prices for each quarter within the last two (2) fiscal years of the Issuer's shares are as follows:

Year	High	Low
2011		
First Quarter	P2.13	P1.10
Second Quarter	2.00	1.70
Third Quarter	2.00	1.80
Fourth Quarter	2.19	1.86
2010		
First Quarter	P1.98	P1.66
Second Quarter	1.88	1.74
Third Quarter	1.86	1.70
Fourth Quarter	2.12	1.73
2009		
First Quarter	P1.00	P0.70
Second Quarter	1.60	1.00
Third Quarter	1.78	1.28
Fourth Quarter	1.80	1.68

The high and low of Issuer's shares for the period 01 January 2012 to 31 March 2012 are as follows:

High: 2.70

Low: 1.96

Close: 2.50

The closing price for the Issuer's shares on 31 March 2012 is P2.50

Part II, paragraph (A) (1) (b) and (A) (1) (c) are not applicable to the Issuer this report not being presented in a registration statement or an information statement.

(2) Holders

- (a) Issuer has common shares only. As of 31 March 2012 the Issuer has 5,849 stockholders. Common shares outstanding as of said date is 4,764,056,287.

The top 20 stockholders of the Issuer as of 31 March 2012 are:

Name of Stockholders	Number of Shares Held	Percent to Total Outstanding
1. PCD Nominee Corporation (Filipino)	1,918,266,849	40.26%
2. Travel Aim Investment B.V.	1,648,869,372	34.61%
3. National Book Store, Inc.	481,558,562	10.11%
4. Anglo Philippine Holdings Corp.	214,145,742	4.50%
5. PCD Nominee Corporation (NF)	59,053,302	1.24%

6. KGMPP Holdings, Incorporated	52,925,445	1.11%
7. CCS Holdings Incorporated	47,633,492	1.00%
8. Pecanola Company Limited	43,175,495	0.91%
9. National Book Store, Inc.	41,391,389	0.87%
10. Kuok Brothers SDN. BHD	37,023,839	0.78%
11. Kuok Foundation Overseas Limited	37,023,839	0.78%
12. GGC Holdings, Incorporated	26,224,322	0.55%
13. Kerry Holdings Limited	26,090,624	0.55%
14. Kuok (Singapore) Limited	24,848,214	0.52%
15. Kerry (1989) Limited	12,424,107	0.26%
16. Kuok Traders (Hong Kong) Ltd.	11,407,363	0.24%
17. Federal Homes, Inc.	4,808,478	0.10%
18. Luxhart Assets, Ltd.	3,975,714	0.08%
19. Yan Lucio W. Yan & /or Clara	3,142,857	0.07%
20. Antonio D. Cojuangco	3,026,964	0.06%
	4,696,975,969	98.59%

Ideal Sites and Properties, Inc. (Ideal) is the owner of record of 1,465,615,626 shares. These shares serve as underlying securities to the Philippine Deposit Receipts (PDRs) issued by Ideal. Ideal is a member of the Kuok Group of Companies.

We are not aware as to the identity of the owners/holders of the other shares.

Travel Aim Investment B.V. (Travel Aim) is the owner of record of 27,150,327 shares held thru a broker, Deutsche Regis Partners, Inc. Travel Aim which also directly owns 1,621,719,045 shares is a subsidiary of Kerry Properties Limited which is a member of the Kuok Group of Companies. We are not aware as to the identity of the owners/holders of the other shares.

Part II, paragraphs (A) (2) (b), (A) (2) (c), and (A) (2) (d) are not applicable to the Issuer, this report not being presented in a registration statement or an information statement.

(3) Dividends

1. Issuer only has common shares on which were declared the following dividends in the two (2) most recent fiscal years:

Cash dividends

2012

- (a) During the regular meeting of the Issuer's Board held on 17 February 2012, the Board approved the declaration of P.0042 per share cash dividend to all shareholders of record as of 05 March 2012, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2011, to be paid on or before 16 March 2012.

2011

- (a) During the regular meeting of the Issuer's Board of Directors held on 23 February 2011, the Board approved the declaration of P0.03852 per share cash dividend to all shareholders of record as of 15 March 2011, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2010, to be paid on or before 31 March 2011.
- (b) During the regular meeting of the Issuer's Board of Directors held on 23 August 2011, the issuer declared cash dividends of P.035 per share cash dividend to all shareholders of record as of 15 September 2011, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 30 June 2011, to be paid on or before 30 September 2011.

2010

- (b) During the regular meeting of the Issuer's Board of Directors held on 24 February 2010, the Board approved the declaration of P0.055 per share cash dividend to all shareholders of record as of 17 March 2010, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2009, to be paid on or before 31 March 2010.
- (c) During the regular meeting of the Issuer's Board of Directors held on 26 August 2010, the Board approved the declaration of P0.035 per share cash dividend to all shareholders of record as of 15 September 2010, to be taken from the unrestricted retained earnings as reflected in the unaudited financial statements of the Issuer as of 30 June 2010, to be paid on or before 30 September 2010.

2009

- (a) During the regular meeting of the Issuer's Board of Directors held on 25 February 2009, the Board approved the declaration of P0.03 per share cash dividend to all shareholders of record as of 15 March 2009, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2008, to be paid on or before 31 March 2009.
- (b) During the regular meeting of the Issuer's Board of Directors held on 17 August 2009, the Board approved the declaration of P0.0310 per share cash dividend to all shareholders of record as of 02 September 2009, to be taken from the unrestricted retained earnings as reflected in the unaudited financial statements of the Issuer as of 30 June 2009, to be paid on or before 15 September 2009.

Stock dividends

No stock dividends were declared by the Issuer during the last 2 fiscal years.

- 2. Apart from the restrictions imposed by statutes and regulations, there are none internal to the Issuer which hamper or may hamper any declaration of dividends by the Issuer, and for as long as said declarations can be supported by the Issuer's financial position.
- 3. Recent Sales of Unregistered Securities

No sales of unregistered securities were undertaken by the Issuer during the last three (3) years. Neither have there been sales of reacquired securities as well as new issues, securities issued in exchange for property, services, or other securities, and new securities resulting from the modification of outstanding securities. Thus, the succeeding requested disclosures under this specific item are not applicable to the Issuer.

Management's Discussion and Analysis (MD & A) or Plan of Operation

Furnish the information required by Part III, Paragraph (A) of "Annex C, as amended" for the most recent fiscal year and for the immediately preceding fiscal year.

(A) Management's Discussion and Analysis (MD&A) or Plan of Operation

- (1) Plan of Operation – N/A (SPI has revenue in each of the last two fiscal years)
- (2) Management's Discussion and Analysis

(a) Full Fiscal Years

Key Performance Indicators

		31-Dec		%
		2011	2010	Change
Turnover	(Php M)	3,589	2,798	28.3%
Profit Attributable to shareholders	(Php M)	1,057	1,001	5.6%
Earnings per share	(Php Ctv)	0.222	0.210	5.6%
Net Asset Value per share	(Php)	3.987	3.917	1.8%
Price Earnings Ratio	(Times)	9.865	10.041	-1.8%

- Turnover consists of Rental Revenue, Condominium Sales, Interest Income and Other Income. For the fiscal year ended December 31, 2011, Shang Properties generated consolidated revenues of ₱3.6B, higher by ₱791.7M from ₱2.8B of total revenues for fiscal year 2010. Rental revenue accounted for ₱1.8B or 50% of the total revenues. Significant rental increment was contributed mainly by Shangri-La Plaza Mall and KSA Realty Corporation' office leasing operation. The condominium sales reported revenues of ₱623.6M as against last year's ₱ 666.6M. The 6.5% decrease was primarily due to lower sales of The St. Francis Shangri-La Place.
- Profit attributable to shareholders represents net income from operations after tax of the Group. It went up by ₱56M mainly due to the increase in net income of leasing operations and gain on revaluation of investment properties.
- Earnings per share of ₱0.222 were higher by 5.6% from last year's ₱0.210.
- Net Asset value per share is calculated by dividing the total net asset of the company (Total asset – Total liabilities) by the number of shares outstanding. Net asset value per share increased by 1.8% mainly due to income generated during the year.
- Price Earnings ratio is a valuation of the company's current share price compared to it's per share earnings. It is computed by dividing the market value per share by the earnings per share. Price earnings ratio is lower by 1.8% to 9.87 this year from 10.04 last year. The Group' year-end share price however increase to ₱2.19 in 2011 from ₱2.11 in 2010.

Financial Condition

Calendar Year 2011 Compared to Calendar Year 2010

The Company's total assets amounted to ₱34.4B, an increase of ₱681.6M from total assets of ₱33.8B in 2010.

Cash and cash equivalents decreased by ₱2.5B mainly due to the payments for the construction of the on-going projects.

Receivables increased by ₱860.4M due to launch of One-Shangri-La Place and higher advances to contractors and suppliers representing downpayment to them and these are liquidated through progress billing for the ongoing construction of OSP.

Real estate properties held decreased by ₱440K represents the memorial lots sold during the year.

Construction in progress significantly increased by ₱1.0B due to disbursements related to the construction of the ongoing and new projects.

Prepayments and other current assets increased by ₱289.7M due higher prepaid commission and other deposits.

₱75.9M installment contracts receivable in 2010 represent the long term portion of receivables from sale of condominium units of One Shangri-La Place.

Investment in associates is higher by ₱646.8M due to additional investment for the construction of Fort Bonifacio Shangri-La Hotel project.

Property and equipment increased by ₱28.4M due to building improvement.

Increase in refundable deposits by ₱6.8M significantly pertains to deposits made for security services provided by a contractor.

Increase in deferred income tax assets by ₱93.7M due to the difference in profit recognized from installment method versus percentage of completion.

Decrease in goodwill due to provision for impairment loss amounting to ₱394.9M.

Increase in accounts payable and other current liabilities by ₱533.9M pertains to customer' deposit for the downpayments made by condominium unit buyers with executed contracts which are to be applied against receivables upon recognition of revenue.

The decrease in bank loans by ₱369.5M was due to the repayment of the principal amount during the year.

Dividends payable decreased by ₱1.6M due to the lower dividend per share declared in 2011 to an aggregate amount of ₱350.1M from ₱428.6M in 2010.

Increase in income tax payable by ₱4.4M represents higher income generated by a subsidiary during the year.

Decrease in accrued employee benefits by ₱3.8M was due to the payments made during the year.

Calendar Year 2010 Compared to Calendar Year 2009

Total assets of the Company amounted to ₱33.8B in 2010, an increase of ₱823.6M from total assets of ₱32.9B in 2009. This was mainly due to the cash inflows from the collection of receivables from the sale of The St. Francis Towers and the successful pre-sales launch of One Shangri-La Place.

Cash and cash equivalents increased by ₱1.1B mainly due to the collection of installment receivables from the sales of The St. Francis Shangri-La Place and the down payment from the pre selling of One Shangri-La Place North Tower.

Financial assets at fair value thru profit or loss increased by ₱3.9M mainly to the fair value adjustments recognize during the year on marketable securities.

Receivables decreased by ₱1.2B mainly due to the collection of installment contract receivables from sale of condominium units at The St. Francis Shangri-La Place.

Decrease in real estate properties held by ₱1.5M represents the memorial lots sold during the year.

Increase in construction in progress by ₱527.9M mainly due to the ongoing construction of One Shangri-La Place.

Decrease in prepayments and other current assets by ₱21.5M were due to creditable withholding tax claimed for income tax due during the year.

₱75.9M installment contracts receivable in 2010 represent the long term portion of receivables from sale of condominium units of One Shangri-La Place.

Increase in investment in associates by ₱91.6M was primarily due to the recognition of fair value of investment property at Fort Bonifacio Shangri-La Hotel project.

Increase in deferred income tax assets by ₱99.4M was mainly due to the difference in profit recognized from installment method versus percentage of completion.

Increase in accounts payable and other current liabilities by ₱318.9M represents payables for the construction of new project and advances from condominium unit buyers for the expenses incurred for utilities and titling fees.

Increase in income tax payable by ₱24.1M represents income tax due of Shangri-La Plaza and KSA Realty Corp.

Dividends payable increased by ₱4.4M due to declaration of cash dividends during the year, aggregate amount of ₱428.6M.

The decrease in bank loans by ₱369.5M was due to the repayment of the principal amount during the year.

Increase in deposit from tenants by ₱74.3M represents deposit of new tenants and accretion of deposits during the year.

Decrease in accrued employee benefits by ₱14.5M was due to the payments made during the year.

Calendar Year 2009 Compared to Calendar Year 2008

In 2009, the company's total assets increased by ₱720.6M to end the year at ₱32.9B. This is mainly due to the increase in total current assets by ₱1.1B brought about by collection of receivables from sale of condominium units.

Increase in Cash and Cash equivalents by ₱1.4B or 92.3% is mainly due to the collections from the sale of condominium units of The St. Francis Shangri-La Place.

Financial Assets at fair value thru profit or loss decreased by ₱10.6M or 31.0% mainly due to the sale of the remaining two (2) million San Miguel Brewery shares and redemption of Meralco preferred stocks.

Receivables increased by ₱272.1M or 17.9% due to the increase installment receivables from the sale of condominium units of St. Francis Shangri-La Place.

Decrease in properties held for sale represents the heritage memorial lots sold during the year.

Construction in progress consists of construction cost and other related cost of The St. Francis Shangri-La Place project. It decreased by ₱603.5M or 39.3% due to the recognition of cost of condominium units sold during the year based on percentage of completion.

Prepayments and other current assets increased by ₱22.5M or 5.5% representing prepaid taxes withheld from the buyers of the condominium units.

Installment contracts receivable represent the long term portion of the sales receivable from The St. Francis Shangri-La Place project. In 2009 receivables from the sale of the condominium units are already current and reported under current receivables account.

Investment in associates increased by ₱5.7M or 0.3%, mainly due to the recognition of equity in investment in Fort Bonifacio Hotel project.

Investment properties pertain to the fair market values of land, carpark and mall building and various lots. The decreased of ₱202.4M was mainly due to the sale of various lots located at Mactan, Cebu.

Real estate development projects for which development are temporarily suspended pertains mainly to various projects that have undergone initial development activities. Costs incurred for these projects include initial construction costs, architect and professional fees and project management costs and interest expense. In 2009, impairment loss amounting to ₱182M was recognized. The recoverable amount of the real estate development projects was estimated based on the value-in-use computation using cash flow projections approved by management covering a four year period. As of December 31, 2009, the carrying value of real estate development projects amounted to ₱281.0M from ₱463.0M in 2008.

Available-for-sale financial assets consist of investment in various golf club shares and unquoted equity securities. Unquoted equity shares include unlisted shares of stocks which the Company will continue to carry as part of its investments. The increased of ₱487.9M in 2009 was mainly due to additional investments in unquoted equity securities.

Property and Equipment decreased by ₱47.9M or 59.4% mainly due to the reclassification to fair value of investment property in Profit and Loss account the cost of improvements to mall building capitalized in 2008 in accordance with the accounting standards on Investment Properties.

Refundable Deposits increased by ₱14.9M mainly due to payment of refundable utility deposits in 2009.

Deferred income tax assets decreased by ₱52.7M or 26.8% mainly due to the recognition of income tax liability during the year.

Accounts payable and accrued expenses decreased by ₱168.4M or 11.7%. This is mainly due to the decrease in construction costs and payables to contractors and suppliers of the St. Francis Shangri-La Place project.

Income tax payable decreased by ₱74.7M or 87.1%. This is mainly due to the availment of KSA and SLPC of the Optional Standard Deduction for the computation of net taxable income in 2009.

Bank loans decreased by ₱69.5, mainly due to the payment of the principal amount due during the year.

Deposit from tenants decreased by ₱12.4M or 1.9%. This is mainly due to the decrease in deposit from tenants of KSA in 2009 due to lower occupancy rate.

Deferred tax liability decreased by ₱10.2M mainly due deferred tax effect of the sale of various land investments.

Changes in Financial Condition

Net Cash used in operations in 2011 amounted to ₱232.1M. The Group spent ₱2.3B for projects in 2011. In 2010 cashflows from operations came from the collection of installment contract receivable from the sale of St. Francis Shangri-La Place, the pre selling of One-Shangri-La Place and collection of rental income from leasing operation. In 2009 cash flows from operations came from the sales of the St. Francis Shangri-La Place and the collection of rental income from leasing operation.

Net Cash used in investing activities in 2011 amounted to ₱694.1M mainly for the construction of Fort Bonifacio Shangri-La Hotel project. In 2010 investing activities utilized ₱66.9M. In 2009, the non-cash increase in investing activities came from sale of shares of stocks of Mactan Beach Resources, Inc.

Net Cash used in financing activities in 2011 amounted to ₱1.6B for the acquisition of non-controlling interest of Shangri-La Plaza Corporation, payment of bank loans and interests and cash dividends. Cash used in financing activities in 2010 and 2009 of ₱1.2B and ₱832.2M, respectively was used in payment of bank loans and interest and cash dividends.

Results of Operations

Calendar Year 2011 Compared to Calendar Year 2010

Shang Properties posted a ₱1.1B net income for the year 2011, ₱56M or 5.6% higher from ₱1.0B recorded the previous year.

The Group' consolidated revenues amounted to ₱2.5B, an increase of ₱56.7M or 2.3% from ₱2.4B recorded last year.

1. Shangri-La Plaza Corporation (SLPC) posted ₱69M or 7.7% increase in revenues from ₱893.9M in 2010 to ₱962.8M in 2011 mainly due to rental escalations and sustained growth in tenants' sales on percentage rental structure. This year's share in net income from SLPC is higher compared with last year also because of the buyout of non-controlling interest in June 2011.
2. KSA Realty Corporation' office leasing operation increased by ₱16.5M due to higher occupancy rate of 88% in 2011 against 81% in 2010.
3. Revenues from condominium projects decrease by ₱43M or 6.5% mainly due to lower condominium sales of St. Francis Shangri-La Place. As of end - 2011, this project is 99% sold.

The Group's total cost and expenses increased by P587M or 63%, from P932M in 2010 to P1.5B in 2011. This was mainly due to the following:

1. The recognition of provision for impairment of goodwill amounting to P394.9M. In 2011, the recoverable amount of the cash generating unit to which goodwill is allocated approximates the carrying amount of the cash generating unit because of the increase in the discount rate to 18.37% in 2011, while in 2010, the recoverable amount of the cash generating units to which goodwill is allocated is higher than its carrying amount, thus no impairment loss was recognized in 2010.
2. Increase in cost of condominium sales of One Shangri-La Place as a result higher revenues realized in 2011.
3. Increase in depreciation by P2.9M due to the purchase of company vehicles.
4. Increase in insurance by P3.3M due to higher premium paid this year.

The Group's Other Income (Expense) account went up by P734.9M mainly due to the following:

1. Increase in gain on revaluation of Investment Properties amounting to P610.5M due to the higher market value of land as per appraisal report of an independent appraiser.
2. Increase in interest income by P108.2M due to interest on accretion of installment contracts receivables from sales of condominium units.
3. Increase in other miscellaneous income by P15.4M mainly due to dividend income received from Mactan Shangri-La Hotel.

Calendar Year 2010 Compared to Calendar Year 2009

The Group reported a P1.0B net income for the year 2010, lower by P170.3M from last year's P1.2B

The gross revenue in 2010 decreased by P1.1B mainly due to:

1. Decrease in condominium sales of The St. Francis Shangri-La Place by P1.1B from P1.8B in 2009 to P0.6B in 2010. There were few units available for sale in 2010 and remaining units are Penthouse and Simplex special units which are bigger and more expensive. In 2010, pre launch sales of One Shangri-La Place amounted to P50.3M.
2. Rental revenue from The Enterprise Center decrease by P47.5M due to lower occupancy rate.
3. Increase in rental revenue of Shangri-La Plaza by P48M due to rental escalation and improved tenants' sales on percentage rental structure.
4. Rental revenue from Edsa Shangri-La Hotel increased by P4.9M due to improved occupancy rate.
5. Cinema income increased by P11.9M due to higher occupancy this year.

The Group's total cost and expenses decreased by P960.9M or 50.8%, from P1.9B in 2009 to P0.9B in 2010. This is mainly due to the following:

1. Decrease in cost of condominium sales of The St. Francis Shangri-La Place by P911.9M due to the combined effect of lower sales turnout and the percentage of completion method in recognizing cost. One Shangri-La Place recognized cost of sales amounted to P35.6M as of December 31, 2010.
2. Increase in staff cost by P14.8M was mainly due payment of benefits to employees.
3. Increase in general and administrative expenses by P75.2M were mainly due to the increase in advertising expenses incurred for the sale One Shangri-La Place and the payment of condominium dues of The St. Francis Shangri-La Place for units not yet handed over to buyer.

4. Increase in depreciation by P1.9M due to the purchase of company vehicles.
5. Increase in insurance by P0.9M due to higher premium paid this year.
6. The Group did not recognize impairment loss on real estate development projects this year; however, an impairment loss of P182M was recognized in 2009.

The Group's Other Income (Expense) account decreased by P143.5M mainly due to the following:

1. Increase in interest income by P29.25M due to interest in cash in banks and short-term placements.
2. Decrease in gain on fair value of investment properties by P114.8M, due to no movement in appraised value of mall building this year.
3. In 2009, the Group recognized non cash gain on sale of subsidiary of P85M from the sale of shares of stocks to Mactan Beach Resources, Inc.
4. Increase in other miscellaneous income by P28M was mainly due to pylon signage income and interest income from overdue installment receivable from sale of condominium units.

Calendar Year 2009 Compared to Calendar Year 2008

For the year ended December 31, 2009, the consolidated net income amounted to P1.2B, higher by 33.2% from last year's P879.8M.

The Group's Gross Revenue slightly decreased by P65.4M or 1.8% to P3.5B in 2009 from P3.6B in 2008. This is mainly due to:

1. Decrease in condominium sales by P140.4M or 7.4%, from P1.9B in 2008 to P1.8B in 2009 due to lesser number of units was sold in 2009 as most of the remaining units were large units with a higher price.
2. Rental income increased by P70.9M or 4.3% mainly due to rental escalation and higher rental rate.
3. Cineplex income increased by P4.1M or 12.9% to P36.2M in 2009 from P32.0M in 2008 due to higher cinema occupancy rate in 2009.

The Group's total cost and expenses increased by P42.9M or 2.2%, from P1.8B in 2008 to P1.9B in 2009. This is mainly due to the following:

1. Increase in staff cost by P4.7M or 2.5% to P194.4M in 2009 from P189.7M in 2008.
2. Increase in general and administrative expenses by P4.2M or 3.2%.
3. Recognition of impairment loss on real estate development amounting to P181.9M.
4. Cost of condominium sales decreased by P136.8M or 9.8% mainly due to lower sales this year.

The Group's Other Income (Expense) account increased by P340.3 mainly due to the following:

1. Increase in interest income by P64.2M or 50.6% due to interest in cash in banks and short-term placements and accretion of installment receivables.
2. Recognition of gain on fair value adjustments of investment properties amounting to P180.6M.
3. Gain on sale of subsidiary company amounting to P85.0M.

Information required by Part 111, Paragraph (A) (2) (b) of "Annex C" of SRC Rule 12

- (i) There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely result in the registrant's liquidity increasing or decreasing in any material way.
- (ii) There are no known events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of obligation.
- (iii) There are no off balance sheet material transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- (iv) There are no material commitments for capital expenditures.
- (v) There are no known trends, events or uncertainties that have had or that are reasonably expected to have material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- (vi) There are no significant elements of income or loss that did not arise from the Registrant's continuing operations.
- (vii) Causes of material changes from period to period of FS including vertical and horizontal analysis of material item. Please see discussion under financial condition.
- (viii) There are no seasonal aspects that had a material effect on the financial statements.

(b) Information of Independent Accountant and other relater matters

1. External audit fee and services

	<u>2010</u>	<u>2009</u>
a. Audit and audit related fees	1,820,000	1,654,400
b. Tax fees	1,087,625	1,080,000
c. All other fees	-	-

Item 7. Financial Statements

Financial Statements and, if applicable, Pro forma Financial Statements meeting the requirements of SRC Rule 68, as amended, Form and Content of Financial Statements, shall be furnished as specified therein.

The consolidated financial statements and schedules listed in the accompanying index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

Item 8. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

Furnish the information required by Part III, Paragraph (B) of "Annex C, as amended".

The Issuer has had no disagreements with its Accountants SGV & Co. The Issuer is compliant with the SRC rule 68, as amended, par 3(b)(iv), and has observed the rotation of signing partners for its Independent Public Accountants, SGV. With respect to SGV, the signing partner starting FY 2011 is Arnel de Jesus. SGV is a SEC-accredited external auditing firm for the period 04 February 2010 to 03 February 2013.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Furnish the information required by Part IV, Paragraph (A) of "Annex C, as amended".

(A) Directors, Executive Officers, Promoters and Control Persons

(1) Directors, including Independent Directors, and Executive Officers

The Directors, Independent Directors and Executive Officers of the Issuer are as follows:

Name	Citizenship	Director/ No. of Years	Age	Office Held	Directorship in other reporting (Listed) Companies
Edward Kuok Khoon Loong	Malaysian	Yes /18	59	Chairman	None
Alfredo C. Ramos***	Filipino	Yes /22	68	Vice Chairman	Anglo Philippine Holdings Corp., The Philodrill Corp., Vulcan and Industrial Mining and Development Corp., Penta Capital Holdings Corp., Philippine Seven Corp.
Cynthia R. Del Castillo***	Filipino	Yes /9	59		Sanitary Wares & Mfg. Corp.
Vicente P. Formoso	Filipino	Yes / 12	58	Treasurer	None
Alexandra Ramos - Padilla***	Filipino	Yes / 5	38		None
Benjamin I. Ramos ***	Filipino	Yes /2	44		None
Wong Chi Kong, Louis	Australian	Yes /4	51		None
Danila Regina I. Fojas	Filipino	Yes/ 9	58		None
Kin Sun Ng	British Hong Kong	Yes/6	56	Group Financial Controller	None
Federico G. Noel, Jr.	Filipino	Yes /12	50	Corporate Secretary	None
Ma. Myla Rae M. Santos- Orden	Filipino	(No)	46	Asst. Corp. Secretary	None
Wilkie Lee		Yes / 3	54		None
Johnny O. Cobankiat	Filipino	Yes /4	61		
Antonio O. Cojuangco	Filipino	Yes / 4	60		
George L. Go	Filipino	Yes / 4	69		Crown Equities, Inc.
Ho Shut Kan	-	Yes / 4	63		None

Edward Kuok Khoon Loong is the Chairman of the Company and also Vice Chairman of Kerry Holdings Limited. He has been with the Kuok Group since 1978. He has a Master's degree in Economics from the University of Wales in the United Kingdom.

Alfredo C. Ramos is the Vice Chairman of the Company. He is the Chairman of the Board of Anglo Philippine Holdings, Inc., Anvil Publishing, Inc., Carmen Copper Corporation, NBS Express, Inc. and Vulcan Materials Corporation. He is the Chairman and President of Atlas Consolidated Mining & Development Corporation, The Philodrill Corporation, National Book Store, Inc., Vulcan Industrial & Mining Corporation and United Paragon Mining Corporation. He is also the President of Abacus Book & Card Corporation, Crossings Department Store Corp., Power Books, Inc., and MRT Holdings Inc. He is Vice Chairman of Shangri-La Plaza Corporation, MRT Development Corporation, Metro Rail Transit Corporation and LR Publications, Inc.

Johnny O. Cobankiat is President of Co Ban Kiat Hardware, Inc., Ace Hardware, Philippines, and Coby's Marketing Corp. He is Vice Chairman of the Federation of Filipino-Chinese Chamber of Commerce, Director of R. Nubla Securities, Inc. and of the Philippine Hardware Association.

Antonio O. Cojuangco is the Chairman of Ballet Philippines, CAP Life Insurance Corporation, Cinemalaya Foundation, Mantrade Development Corporation, Nabasan Subic Development Corporation, Radio Veritas, Tanghalang Pilipino, Air Asia Phil. Inc. and Directories Philippines Corporation. He is the President and Director of Calatagan Golf Club Inc. and Canlubang Golf and Country Club.

Cynthia Roxas Del Castillo is a Partner at Romulo, Mabanta, Buenaventura, Sayoc & de los Angeles and has been with the firm for over 30 years. She served as Dean of the Ateneo Law School from 1990 to 2000 and as a Professor of Civil Law and Securities Regulation. She holds an LL.B from Ateneo, graduated Valedictorian in 1976

and placed 11th in the 1976 Bar Examinations. She currently serves as Corporate Secretary and Director of other various Philippine corporations.

George L. Go is the Chairman of Crown Equities, Inc., Healthcare Systems of Asia Philippines, Inc., Skoal Advertising, Inc., and of Asian Alliance Holdings and Dev. Corp. He finished the Advanced Management Program of Harvard Business School, USA and is a graduate of Youngstown University, USA (Bachelor of Economics).

Alexandra Ramos – Padilla is the General Manager of Crossings Department Store, Corporate Secretary and Director of Alakor Securities Corporation and Director of Music One Corporation. She previously worked with Wal-Mart Stores, Inc. in Shenzhen, China and has an MBA from the Kellogg Graduate School of Management.

Benjamin I. Ramos is the President of Powerbooks since 2009 and is the Special Assistant to the Vice President at National Book Store. He was previously the President of Tokyo, Tokyo, Inc., the largest Japanese fast food chain in the Philippines from 1990 to 2008 and has an MBA from the Stanford Graduate School of Business.

Ho Shut Kan is an executive director of Kerry Properties (H.K.) Limited, the principal Hong Kong property company of the Group, and is responsible for the Group's property developments and infrastructure investments. He is also responsible for overseeing the operation of the project companies and the projects of the Group in Shenzhen, Chengdu and Nanchang. He is a non-executive director of Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust, which is listed in Hong Kong.

Wong Chi Kong, Louis is the Chief Financial Officer of Kerry Properties Limited. He was trained and qualified as Chartered Accountant with KPMG Peat Marwick, London, England. He had about 10 years of experience in auditing in the United Kingdom and Hong Kong before joining the Kerry Group in 1994. He is a graduate of University of Cambridge, England.

Wilkie Lee is a Project Director of Kerry Properties Ltd. with extensive experience in the real estate business in Australia and Hong Kong. He obtained his Bachelor's Degree in Civil Engineering from the University of Saskatchewan, Canada and a Masters Degrees in Business Administration from the University of Notre Dame, USA and the London Business School.

Danila Regina I. Fojas is the Executive Vice President and General Manager of Shangri-La Plaza Corporation. Her core expertise is in general and marketing management. In her previous capacity as a corporate officer of San Miguel Corporation and its subsidiaries, she assumed various marketing positions in the Philippines, Indonesia and the international beer operations based in Hong Kong. She is the first female to graduate with honors at the Asian Institute of Management, where she also held two concurrent positions as core faculty member and Executive Managing Director for Marketing and Customer Relations. She completed her Masters in Business Management with Distinction in 1978 and participated in the one-year advanced top management course in economics and business development at the University of the Asia and the Pacific in 1993. She is also a Director of KSA Realty Corporation.

Vicente P. Formoso is the Chief Finance Officer of the Company. He is also the President of The Shang Grand Tower Condominium Corporation, The Enterprise Center Condominium Corporation and The St. Francis Shangri-La Place Condominium Corporation. He is a director of Shangri-La Plaza Corporation, KSA Realty Corporation and Treasurer of Shangri-La Hotels in the Philippines. He holds an MBA from the Asian Institute of Management.

Kinsun Ng is a Director and Group Financial Controller. He also serves as Director on the various boards of Shang Properties affiliates and subsidiaries. Prior to joining the Kerry Group in Hong Kong in 1993, he worked for one of the largest audit firms in Hong Kong, handling audit, taxation and accounting. He is an associate member of the Hong Kong Society of Accountants and a fellow member of the Association of Chartered Certified Accountants in the U.K. He graduated from the Hong Kong Shue Yan University with a degree in Accounting.

Federico G. Noel, Jr. is the General Counsel of the Company. He is also the Corporate Secretary and Legal Counsel for the other Kuok Group companies in the Philippines including the Shangri-La Plaza Corporation and the Shangri-La Hotels. He graduated from the Ateneo Law School in 1991 with a Juris Doctor degree.

Ma. Myla Rae M. Santos – Orden is Assistant Corporate Secretary and has been the Assistant Legal Counsel of the Company for the past 11 years.

*** Messrs. Johnny Cobankiat, Antonio Cojuangco and George L. Go were elected independent directors. All of the foregoing independent directors have no relationship with Ideal Sites and Properties, Inc., either as directors or officers.

The Directors of the Company are elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

(2) Significant Employees

Issuer does not have an employee who is not an executive officer who is expected to make a significant contribution to the business of Issuer. There are also no key personnel on whom the business of the Issuer is highly dependent such as to merit any special arrangement.

(3) Family Relationships

Mr. Alfredo Ramos and Ms. Alexandra Padilla are father and daughter. Mr. A. Ramos and Ms. Padilla are related by affinity to Mr. Sunico. Mr. Benjamin Ramos is the nephew of Mr. Alfredo Ramos.

(4) Involvement in Certain Legal Proceedings

(A) None of the directors or executive officers of the Issuer has had any bankruptcy petition filed by or against any business of which such director or executive officer was a general partner or executive officer either at the time of bankruptcy or within two years to that time;

(B) None of the directors or executive officers of the Issuer has had any conviction by final judgment in a criminal proceedings, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(C) None of the directors or executive officers of the Issuer has been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;

(D) None of the directors or executive officers of the Issuer has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Item 10. Executive Compensation

Furnish the information required by Part IV, Paragraph (B) of "Annex C, as amended".

The following is a summary of the aggregate compensation paid or accrued during the last two (2) fiscal years, i.e. 2010 and 2011 and to be paid in the ensuing fiscal year 2012 to the Company's Chief Executive Officer and four (4) other most highly compensated executive officers who are individually named, and to all other officers and directors of the Company as a group:

OFFICERS/DIRECTORS	FISCAL YEAR	AGGREGATE COMPENSATION (In P)		
		Basic	Bonus	Total
2012	2012	40,145,105.00	13,373,163.00	53,518,268.00
Kinsun Ng, Group Financial Controller				
Vicente P. Formoso, Vice President, Chief Financial Officer/Treasurer				

Federico G. Noel, Jr., Corporate Legal Counsel				
Eden Lin, Project Manager				
Danila Regina I. Fojas, Executive Vice President				
2011	2011	40,145,105.00	13,373,163.00	53,518,268.00
Kinsun Ng, Group Financial Controller				
Vicente P. Formoso, Vice President, Chief Financial Officer/Treasurer				
Federico G. Noel, Jr., Corporate Legal Counsel				
Eden Lin, Project Manager				
Danila Regina I. Fojas, Executive Vice President				
2010	2010	43,834,869	18,345,023	62,179,892
Juan Andres D. Bautista, President/Chairman of the Executive Committee				
Kinsun Ng, Group Financial Controller				
Vicente P. Formoso, Vice President, Chief Financial Officer/Treasurer				
Federico G. Noel, Jr., Corporate Legal Counsel				
Ma. Myla Rae Santos-Orden Assistant Corporate Secretary				

Compensation of Directors

The members of the Board are not compensated in any form or under any arrangement. There are no per diem payments being made to the members of the Board.

Other arrangements with Directors

Apart from what has been described above, there are no other arrangements or consulting contracts pursuant to which any director of the Issuer is or was or is to be compensated, directly or indirectly, during the Issuer's last completed fiscal year and the ensuing year for any service provided as a director, stating the amount paid and the name of the Director.

Warrants and options

There are, as of date, no outstanding warrants or options being held by any executive officer of the Issuer, and all officers and directors as a group.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Furnish the information required by Part IV, Paragraph (C) of "Annex C, as amended".

(1) Security Ownership of Certain Record and Beneficial Owners and Management

Following are the stockholders who are known to the Issuer to be directly or indirectly the record and/or beneficial owner of more than 5% of any class of the Issuer's voting shares as of 31 March 2012.

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation (Filipino) G/F, MSE Building 6767 Ayala Avenue Makati City	R	Filipino	1,918,226,849	40.26%
Common	Travel Aim Investment B. V. 7/F Atrium Bldg., Strawinskylaan 3105 1077Z, Amsterdam, Netherlands	R	Foreign	1,648,869,372	34.61%
Common	National Bookstore, Inc. 9/F Quad Alpha Centrum, 123 Pioneer St., Mandaluyong City	R	Filipino	481,558,562	10.11%
Common	Ideal Sites & Properties, Inc.	R	Filipino	1,465,615,626	30.76%

Travel Aim Investments B. V. is a wholly-owned subsidiary of Kerry Properties Limited. Kerry Properties Limited is a Bermuda company incorporated in 1996 and listed on the Hong Kong Stock Exchange. It is controlled by the Kuok Group, and was formed to hold the Hong Kong and Mainland China property investments and developments and infrastructure interests of the Kuok Group. In the Philippines, the interests of the Kuok Group are chaired by Mr. Edward Kuok who is also the Chairman and Director of the Issuer.

Ideal Sites and Properties, Inc. (Ideal) is the owner of record of 1,465,615,626 shares. These shares serve as underlying securities to the Philippine Deposit Receipts (PDRs) issued by Ideal. Ideal is a member of the Kuok Group of Companies.

PCD Nominee Corporation is a wholly-owned subsidiary of the Philippine Depository & Trust Co. (formerly Philippine Central Depository, Inc.) The PCD Nominee Corporation is the registered owner of the shares in the books of the Company's transfer agent in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on their behalf or on behalf of their clients and/or principals. PCD is a private company organized by the major institutions actively participating in the Philippine capital market.

National Bookstore, Inc., is a private Philippine company which owns the Philippines' biggest chain of bookstores.

National Bookstore, Inc. is chaired by Mr. Alfredo Ramos.

(2) Security Ownership of Management (as of 31 March 2012)

Title of Class	Name of Beneficial Owner	Amount and Nature of beneficial ownership	Citizenship	Percent of Class
Common	Edward <u>Kuok</u> Khoon Loong	808,007(I) 1(D)	Malaysian	0.000%
Common	Alfredo C. Ramos	157 (D)	Filipino	0.000%
Common	Ho Shut Kan	1,570 (D)	New Zealand	0.000%
Common	Cynthia Del Castillo	1(D)	Filipino	0.000%
Common	Benjamin I. Ramos	2 (D)	Filipino	0.000%
Common	Maureen Alexandra S. Ramos	1(D)	Filipino	0.000%
Common	Vicente P. Formoso	1(D)	Filipino	0.000%
Common	Federico G. Noel, Jr.	1(D)	Filipino	0.000%
Common	Danila Regina I. Fojas	10 (D)	Filipino	0.000%

Common	Kin Sun Ng	10 (D) 430,000 (I)	British Hong Kong	0.000%
Common	Wilkie Lee	40,000(D)	Australian	0.000%
Common	Johnny O. Cobankiat	32,302(D)	Filipino	0.000%
Common	Antonio O. Cojuangco	3,026,964(D)	Filipino	0.063%
Common	George L. Go	571,428(D)	Filipino	0.000%

As of the reporting of SEC Form 17-A for 2012, the aggregate ownership of all directors and officers as a group unnamed is 4,910,455 shares or 0.001% of the outstanding shares of Issuer.-

(3) Voting trust holders of 5% or more

None of the shareholders of Issuer have entered into a voting trust agreement, so that all questions relating to the same are irrelevant to the Issuer.

(4) Changes in Control

There have not been any arrangements or transactions entered into nor will any be entered into such as to effect a change in the control of the Issuer.

Item 12. Certain Relationships and Related Transactions

Furnish the information required by Part IV, Paragraph (D) of "Annex C, as amended".

- As to the disclosures required in Item 1 of Part IV, Paragraph (D), there are no disclosable transactions as regards the requested disclosures in this item given that Issuer has no transaction or proposed transactions to which Issuer was or is to be a party, in which any of the following persons had or is to have a direct or indirect material interest: (i) any director or executive officer of the Issuer; (ii) any nominee for election as a director; (iii) any security holder named in response to Part IV, paragraph (C), or (iv) any member of the immediate family of the persons aforementioned.

- Item 2 of Part IV, Paragraph (D) is not relevant to the Issuer.

- Travel Aim Investments B.V. is a wholly-owned subsidiary of Kerry Properties Limited (KPL). KPL is a Bermuda Company incorporated in 1996 and listed on the Hong Kong Stock Exchange. The Company was formed to hold the Hong Kong and Mainland China property investments and developments and infrastructure interests of the Kuok Group. KPL has the power to vote the shares of Travel Aim.

Ideal Sites and Properties Inc. is a Philippine company incorporated in 1989 and is listed on the Philippine Stock Exchange. It is affiliated with the Kuok Group and was formed to primarily engage in property development and investments. Shang Properties Inc. and Oro Group Ventures, Inc. are the major shareholders of Ideal.

The interests of National Bookstore, Inc., are chaired by Mr. Alfredo Ramos.

- Item 4 of Part IV, Paragraph (D) is not relevant to the Issuer.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

Furnish the information required by Part V of "Annex C, as amended".

The Issuer's compliance with SEC Memorandum Circular No. 2 dated April 5, 2002, as well as all relevant Circulars on Corporate Governance has been monitored.

The Issuer, its directors, officers and employees complied with the leading practices and principles on good corporate governance as embodied in the Issuer's Corporate Governance Manual. The Issuer, its directors and

officers have substantially followed the provisions of its Corporate Governance Manual and have not adopted deviations from the same.

The Issuer also complied with the appropriate performance self-rating assessment and performance evaluation system to determine and measure compliance with the Corporate Governance Manual.

The Corporate Secretary acts as Issuer's compliance officer.

CORPORATE GOVERNANCE MANUAL

In August 2002, the Board of Directors of the Issuer adopted its Corporate Governance Manual which it submitted to the Securities and Exchange Commission. The Manual includes provisions on:

- Compliance System
- Duties and responsibilities of Compliance Officer
- Plan for Compliance including the general responsibilities and qualifications of:
 - Board of Directors
 - Board Committees
 - Corporate Secretary
 - External Auditor
 - Internal Auditor
- Communication Process
- Training Process
- Reportorial/Disclosure System
- Monitoring Assessment

On August 3, 2005, the Board of Directors of Issuer approved the amendment of Issuer's Manual of Corporate Governance such as to add thereto provisions for the creation of a nomination committee for both regular and independent directors of Issuer, in compliance with the relevant provision of the Securities and Regulation Code.

On 17 August 2009, the Issuer's Board of Directors approved further revisions to the Issuer's Manual on Corporate Governance such as to render the same compliant with SEC Memorandum Circular No. 6, Series of 2009.

On 23 February 2011, this Issuer's Board of Directors approved the latest revisions to the Corporation's Manual on Corporate Governance following the missive of the SEC to ensure the Manual's faithful conformity with the SEC's Memorandum Circular No. 6 Series of 2009.

Internal Control

In performing their duties, the Issuer's Board of Directors also acknowledge their responsibility for the Issuer's system of internal financial control. The system is designed with a view to provide reasonable assurance against any material misstatement or loss. This aims to ensure that assets of the Issuer are safeguarded, proper accounting records are maintained and that the financial information used within the business and for publication is reliable. The control system also includes clearly drawn lines of accountability and delegation of authority and comprehensive reporting and analysis against approved annual budgets.

Regular reports are also be prepared for the Board to ensure that Directors are supplied with all the information they require in timely and appropriate manner.

Audit Committee

Pursuant to its Corporate Governance Manual, the Board created an Audit Committee in August 2002. The membership in said committee is compliant with the composition set forth in the Issuer's Manual of Corporate Governance. The Committee acts in an advisory capacity and makes recommendation to the Board. It also review the findings and plans of the internal and external auditors of the Issuer and liaises, on behalf of the Board, with the auditors. The Committee meets regularly to review audit reports, status of the Issuer's audits, internal controls, interim and final financial statements prior to recommending them to the Board for approval.

The Audit Committee is scheduled to meet at least three times a year.

Nomination Committee

Pursuant to its Corporate Governance Manual, the Board created a Nomination Committee. The Nomination Committee shall have at least three (3) members, one of whom is an independent director. The procedure for the nomination of regular and independent directors is detailed in the Issuer's amended Manual on Corporate Governance as well as in Issuer's amended By-Laws.

Nomination of Independent Director/s

The nomination of independent directors shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominee.

The Nomination Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.

DISCLOSURE OF THE LEVEL OF PUBLIC OWNERSHIP OF THE ISSUER (PER PSE MEMO NO. 2010-0505, DATED 28 OCTOBER 2010)

In compliance with PSE Memorandum No. 2010-0505 which requires the disclosure of the level of public ownership of the Issuer, as of 31 March 2012, is 54.31% of the Issuer's total issued and outstanding shares is publicly owned in accordance with the PSE's guidelines for the computation of public ownership.

PART V — EXHIBITS AND SCHEDULES

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

(a) Exhibits

Furnish the exhibits required by Part VII of "Annex C, as amended". Where any financial statement or exhibit is incorporated by reference, the incorporation by reference shall be set forth in the list required by this item. Identify in the list each management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form.

	Description	12-1	17-C	17-Q	17-A
1	Publication of Notice re: Filing	x			
2	Underwriting Agreement	x	x		
3	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	x	x	x	n/a
4	(A) Articles of Incorporation (B) By-laws	x	x		
5	Instruments Defining the Rights of Security Holders, Including Indentures	x	x	x	n/a
6	Opinion re: Legality	x			
7	Opinion re: Tax Matters	x			
8	Voting Trust Agreement	x	x		n/a
9	Material Contracts	x	x		
10	Annual Report to Security Holders, FORM 17-Q or Quarterly Report to Security Holders—n1	x			n/a
11	Material Foreign Patents	x			
12	Letter re: Unaudited Interim Financial Information	x		x	
13	Letter re: Change in Certifying Accountant—n2	x	x		n/a
14	Letter re: Director Resignation		x		
15	Letter re: Change in Accounting Principles				n/a

16	Report Furnished to Security Holders			x	n/a
17	Other Documents or Statements to Security Holders			x	
18	Subsidiaries of the Issuer	x			x
19	Published Report Regarding Matters Submitted to Vote of Security Holders	x			n/a
20	Consents of Experts and Independent Counsel	x	x-n3	x-n3	x-n3
21	(a) Power of Attorney (b) Power of Attorney—Foreign Issuer	x	x	x	n/a
22	Statement of Eligibility of Trustee	x			
23	Exhibits To Be Filed With Commercial Papers/Bond Issues	x			
24	Exhibits To Be Filed With Stock Options Issues	x			
25	Exhibits To Be Filed By Investment Companies	x			
26	Notarized Curriculum Vitae and Photographs of Officers and Members of the Board of Directors	x			
27	Copy of the BOI Certificate for BOI Registered Companies	x			
28	Authorization re: Issuer's Bank Accounts.	X			
29	Additional Exhibits	x	x	x	n/a
30	Copy of Board Resolution approving the securities offering and authorizing the filing of the Registration Statement	x			
31	Duly verified resolution of the issuer's Board of Directors approving the disclosures contained in the registration statement and assuming liability for the information contained therein	x			
32	Secretary's Certificate as to adoption by the Board of certain corporate governance principles	x			
33	Exhibits to be filed for proprietary or non-proprietary shares issues	x			
34	Exhibits to be filed for Warrants Issues	x			

(b) Reports on SEC Form 17-C

State whether any reports on SEC Form 17-C, as amended were filed during the last six month period covered by this report, listing the items reported, any financial statements filed and the dates of such.

Following are the reports, in SEC Form 17-C, which were filed during the fiscal year ended 31 December 2011:

- 23 February 2011 – Reports that Issuer's Board of Directors (i) approved the declaration of P.03852 per share cash dividend to all shareholders of record as of 15 March 2011, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2010, to be paid on or before 31 March 2011; and (ii) the issuer will hold its Annual Stockholders Meeting on 22 June 2011 at 10:00 am at Edsa Shangri-La, Manila. Record date set for the meeting is 23 May 2011.
- 31 March 2011 – Reports that the Issuer's subsidiary, Shang Property Developers, Inc. has agreed with Asian Plaza, Inc. ("API") and Asian Plaza I Condominium Corporation ("APICC") to acquire API's and APICC's real properties consisting of a condominium project including building and parcels of land located at the corner of Gil Puyat Ave., Tordesillas St., HV de la Costa St., Makati City.

3. 09 May 2011 – Reports that the Issuer will hold its Annual Shareholders' Meeting on 22 June 2011 at 9:00 am at Edsa Shangri-La, Manila.
4. 22 June 2011 Reports that:
 - i) During the Issuer's Annual Stockholders' Meeting held on 22 June 2011, the following matters were taken up:

ELECTION OF DIRECTORS (REGULAR AND INDEPENDENT)

The following were elected to serve as regular and independent members of the Board of Directors for the year 2010-2011, namely:

- 1) Edward Kuok Khoon Loong
- 2) Alfredo C. Ramos
- 3) Louis Chi Kong Wong
- 4) Maureen Alexandra R. Padilla
- 5) Benjamin Ramos
- 6) Wilkie Lee
- 7) Cynthia R. Del Castillo
- 8) Danila Regina I. Fojas
- 9) Ho Shut Kan
- 10) Johnny O. Cobankiat
- 11) Antonio O. Cojuangco
- 12) George L. Go
- 13) Vicente P. Formoso
- 14) Kin Sun Ng
- 15) Federico G. Noel, Jr.

APPOINTMENT OF ACCOUNTANTS

Sycip Gorres Velayo & Co. was reappointed as external auditors for the year 2011-2012.

- iii) During the Issuer's Organizational Meeting held immediately after the Stockholders' Meeting, the following matters were discussed and approved:

ELECTION OF OFFICERS

- | | | |
|------------------------------|---|-------------------------------|
| 1) Edward Kuok Khoon Loong | - | Chairman |
| 2) Alfredo C. Ramos | - | Vice Chairman |
| 3) Vicente P. Formoso | - | Treasurer |
| 4) Kin Sun Ng, Andrew | - | Group Financial Controller |
| 5) Federico G. Noel, Jr. | - | Corporate Secretary |
| 6) Ma. Myla Rae Santos-Orden | - | Assistant Corporate Secretary |

EXECUTIVE COMMITTEE

- 1) Edward Kuok Khoon Loong
- 2) Vicente P. Formoso
- 3) Kin Sun Ng, Andrew
- 4) Federico G. Noel, Jr.
- 5) Danila Regina I. Fojas

AUDIT COMMITTEE

- | | | |
|------------------------|---|-----------|
| 1) Alfredo C. Ramos | - | Chairman |
| 2) Johnny O. Cobankiat | - | Member |
| 3) George L. Go | - | Member |
| 4) Vicente P. Formoso | - | Secretary |

NOMINATION COMMITTEE

- | | | |
|----------------------------|---|----------|
| 1) Edward Kuok Khoon Loong | - | Chairman |
| 2) Antonio O. Cojuangco | - | Member |
| 3) Cynthia R. Del Castillo | - | Member |

4) Federico G. Noel, Jr.

Secretary

5. 27 June 2011 – Reports that the Issuer has agreed to acquire the 21.28% equity of L'Hirondelle Holdings, Inc. in Shangri-La Plaza Corporation. Upon completion of this transaction, SLPC will become a wholly-owned subsidiary of the Issuer.
6. 13 July 2011 – Issuer submitted a revised 17-C report for 27 June 2011 to disclose that with respect to the chairmanship of the Audit Committee, it will be co-chaired by Mr. Johnny Cobankiat who is an independent director and by Mr. Alfredo Ramos.
7. 23 August 2011 – Reports that:
 - (i) Mr. Louis Wong Chi Kong formally tendered his resignation as Director of the Issuer effective 23 August 2011 and upon approval by the Board of Directors.
 - (ii) Mr. Wilfred Woo was appointed as member of the Board to replace Mr. Louis Wong Chi Kong and serve as such for the remainder of Mr. Wong's term and until his successor is duly elected and qualified. Mr. Woo was also elected as member of the Executive Committee to replace Mr. Edward Kuok Khoon Loong.
 - (iii) The issuer declared cash dividends of P.035 per share cash dividend to all shareholders of record as of 15 September 2011, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 30 June 2011, to be paid on or before 30 September 2011.

Following are the reports, in SEC Form 17-C, which have been filed thus far this year of 2012:

1. 17 February 2012 Reports that:
 - (i) During the regular meeting of the Issuer's Board of on said date, the Board approved the declaration of P.0042 per share cash dividend to all shareholders of record as of 05 march 2012, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2011, to be paid on or before 16 March 2012.
 - (ii) The Board passed resolutions to authorize the Issuer to guarantee in part, to the maximum extent of 50%, the term loan of its affiliate, Fort Bonifacio Shangri-La Hotel, Inc. from Banco de Oro to partially finance the construction of a mixed hotel and residential/service apartments a the Bonifacio Global City in Taguig City.
 - (iii) The Board passed resolutions to approve the audited financial statements of the Issuer for the period ended 31 December 2011.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong on this _____ 2012.

By: 6 APR 2012

By:


VICENTE P. FORMOSO

Vice President/Treasurer / Executive Committee Member



KINSUN NG

Group Financial Controller / Executive Committee Member



FEDERICO G. NOEL, JR.

Corporate Secretary / Executive Committee Member

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MANDALUYONG) S.S.

APR 16 2012

SUBSCRIBED AND SWORN to before me in the City of Mandaluyong this _____ by:

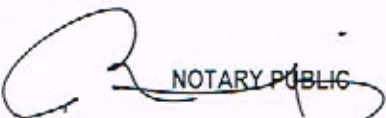
	<u>Passport/ID Details</u>	<u>Expiry/Place of Issue</u>
Andrew Kinsun Ng	P GBR 790116899	28 June 2004 / 28 June 2014 Hong Kong
Vicente P. Formoso	Passport No. XX 5194150	23 Dec. 2009 to 22 Dec. 2014, Mla.
Federico G. Noel, Jr.	Passport No. XX 1575170	08 Jul 2008 to 07 Jul 2013, Mla.

each having satisfactorily proven to me their respective identities through the documents above identified, and known to me to be same persons who executed and voluntarily signed the foregoing **SEC 17-A Report of Shang Properties, Inc.** and which they acknowledged before me as their voluntary act and deed, that they are acting as representatives of the corporation aforementioned and that they each have the authority to sign in such capacity.

The foregoing **SEC 17-A Report of Shang Properties, Inc.** consists of _____ pages including the page on which this acknowledgment is written.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of my office on the date and place first above written.

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Book No. DLIX
Series of 2012


NOTARY PUBLIC
ATTY. RAMON L. CARDO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2012
ROLL No. 22 / 172 JIN 106-910-897
MCLE No. III-100-4306
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