

The Manila Times

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

AFFIDAVIT OF PUBLICATION

NOTICE TO SHAREHOLDERS OF SHANG PROPERTIES, INC.

Pursuant to the Amended By-Laws of Shang Properties, Inc. (the "Corporation"), all interested shareholders of the Corporation may now submit the names of their nominees for independent and regular members of the Corporation's Board of Directors who shall be elected during the Annual Shareholders' Meeting to be scheduled on **June 21, 2016**. All nominations should be submitted on or before **May 20, 2016** to the Corporate Secretary at the following address:

FEDERICO G. NOEL, JR.
Shang Properties, Inc.
Level 5, Shangri-La Plaza Mall
Edsa cor. Shaw Blvd., Mandaluyong City

All nominations should contain at least the following information:

- Names, ages, and citizenship of all nominees;
- Positions and offices that each nominee has held, or will hold if known;
- Term of office and the period during which the nominee has served as director;
- Business experience during the past five (5) years;
- Other directorships held in SEC reporting companies, naming each company;
- Family relationships, up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, or persons chosen by the company to become directors or executive officers;
- Involvement in legal proceedings, i.e., a description of any of the following events that occurred during the past five (5) years up to the latest date that are material to an evaluation of the ability of integrity of any director, any nominee for election as director, executive officer, underwriter or control person of the company;
- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- Any conviction by final judgment, including the nature of the offense, 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;
- Being 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; and
- Being found by a domestic or foreign of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self regulatory organization, to have violated securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.
- Disclose if owning directly or indirectly as record and/or beneficial owner of any class of the company's voting securities;
- Disclosure if owning voting trust of more than 5% of the company's securities; and

All nominations shall be subject to pre-screening by the Corporation's Nomination Committee which shall prepare the final list of nominees.

By Order of the Nomination Committee.

(SGD.) **FEDERICO G. NOEL, JR.**
Corporate Secretary

MT - Apr. 29, 2016

I, **S. Arevalo**, of legal age, married, a resident of Sampaguita Compound Iago Imus Cavite in the Philippines, after duly sworn according to law, do hereby state:

I am the Accounting Supervisor of **The Times**, a newspaper which is published Printed in English and Edited in Metro Manila, circulated nationwide daily from Monday to Sunday, with postal address at 2/F Sitio Grande, 409 A. Ave., Intramuros, Manila


I am attached **NOTICE TO SHAREHOLDERS OF SHANG PROPERTIES, INC.**

This notice was published in **The Manila Times** newspaper in **APRIL 29, 2016**

whereof, I signed this Affidavit in Manila, this 29 day of APR 29 2016, 2016


EVELYN S. AREVALO
Affiant

I have read and sworn to before me this 29 day of APR 29 2016, 2016 in MANILA, Philippines, affiant to me her **Driver's License No. N03-00-00000000** issued at Imus Cavite on November 19, 2015 with ID No. **03-918-996-16**


ATTY. EDUARDO A. SALINAS
Notary Public
Until December 31, 2017
PTR No. 4923842-2016
pd. 12-20-15 Manila
Roll No. 19819
IBP No. 06010 - Lifetime
MCLE Compliance No. V-0010376

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Series of 2016

THE MANILA TIMES PUBLISHING CORPORATION
2/F Sitio Grande, 409 A. Soriano Ave., Intramuros Manila

COVER SHEET

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SEC Registration Number

S H A N G P R O P E R T I E S , I N C .

(Company's Full Name)

A D M I N I S T R A T I O N O F F I C E S H A N G R I - L A
P L A Z A M A L L , E D S A C O R . S H A W B L V D .
M A N D A L U Y O N G C I T Y

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

ATTY. FEDERICO G. NOEL, JR.

(Contract Person)

370-2700

(Company Telephone Number)

1 2 3 1
Month Day
(Fiscal Year)

1 7 - Q
(Form Type)

Month Day
(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

7
Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION



SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE

- 1. For the quarterly period ended : 31 March 2016
- 2. Commission Identification Number : 145490
- 3. BIR Tax Identification Number : 000-144-386

SHANG PROPERTIES, INC.

- 4. Exact name of the Issuer as specified in this charter: _____
- 5. Province, country or other jurisdiction of incorporation or organization: Not Applicable
- 6. Industry Classification Code: (SEC Use Only)
- 7. Address of issuer's principal office: Level 5, Shangri-La Plaza Mall, EDSA cor Shaw Boulevard, Mandaluyong City Postal Code 1550
(632) 370-2700
- 8. Issuer's telephone number, including area code _____
- 9. 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 Sections 4 and 8 of the RSA.

Title of each Class
Common Stock

Number of shares of common stock
outstanding and amount of debt outstanding
4,764,056,287 common shares

- 11. Are any or all of the securities listed on a Stock Exchange?
Yes No

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

Philippine Stock Exchange

- 12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached.

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

Please see attached.

SIGNATURES

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

SHANG PROPERTIES, INC.
Issuer

By:


KIN SUN ANDREW NG
Group Financial Comptroller


FEDERICO G. NOEL, JR.
Corporate Secretary

Date of Signing: 11 May 2016

COVER SHEET

1 4 4 5 9 0

SEC Registration Number

SHANG PROPERTIES, INC.

(Company's Full Name)

5TH LEVEL SHANGRI-LA PLAZA MALL
EDSA CORNER SHAW BOULEVARD
MANDALUYONG CITY

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

ATTY. FEDERICO G. NOEL, JR.

(Contract Person)

3702700

(Company Telephone Number)

1 2 3 1
Month Day
(Fiscal Year)

1 7 Q 1 A
(Form Type)

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(Annual Meeting)

(Secondary License Type, If Applicable)

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Domestic Foreign

To be accomplished by SEC Personnel concerned

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PART 1 – FINANCIAL INFORMATION

Item 1. Management Discussion and Analysis of Financial Condition and Results of Operations

Key Performance Indicators

		March 31 2016	March 31 2015	Change
Turnover	(Php M)	1,996.0	2,264.1	-11.8%
Profit attributable to shareholders	(Php M)	528.9	767.2	-31.1%
Earnings per share	(Php Ctv)	0.111	0.161	-31.1%
Net asset value per share	(Php)	5.461	5.076	7.6%
Debt to equity ratio	(Ratio)	0.866:1	0.975:1	-11.3%

- Turnover consists of condominium sales, rental revenue, hotel revenue, interest income and other income. For the three (3) months ended March 31, 2016, the Group's consolidated revenues amounted to P1,996 million, lower by P268.1 million or 11.8% from P2,264.1 million reported during the same period in 2015. The condominium sales posted a net decrease of P339.9 million mainly due to fewer available units for sale of One Shangri-La Place this year, most units already sold in 2015 and other condominium projects are still ongoing. Rental revenue increased by P6.6 million mainly due to rental escalation and higher rental yields of The Enterprise Center this year. Shangri-La at the Fort commenced its hotel operations and contributed P68.6 million revenue for three months ended March 31, 2016.
- Profit attributable to equity holders of Parent Company amounted to P528.9 million, lower by P238.3 million or 31.1% compared with the same period in 2015.
- Earnings per share showed a negative variance of 31.1% to P0.111 from last year's P0.161.
- Net asset value per share is calculated by dividing the total net asset of the Group (Total asset – Total liabilities and minority interest) by the number of shares outstanding. Net asset value per share increased by 7.6% mainly due to the higher equity during the period.
- Debt to equity measures the exposure of creditors to that of the stockholders. It gives an indication of how leveraged the group is. It is determined by dividing total debt by stockholder's equity. The Group's financial position remains strong with debt to equity ratio of 0.866:1 as of March 31, 2016 and 0.975:1 as of March 31, 2015.

Financial Condition

Total assets of the Company amounted to P60.6 billion, an increase of P1.3 billion from total assets of P59.3 billion in December 31, 2015. The following are significant movements in the assets:

- Increase in cash and cash equivalents by P416.5 million mainly due to collection from sales of condominium projects.
- Decrease in receivables by P249.5 million mainly due to collection of installment contracts receivable from sale of condominium units.
- Increase in input tax and other current assets by P140.1 million mainly due to higher prepaid assets during the first quarter of 2016 as compared to the end of 2015 as most of these prepayments were already amortized.
- Decrease in real estate development projects by P3,207.4 million mainly due to transfer of constructions costs of hotel to property and equipment upon completion of Shangri-La at the Fort project.
- Increase in property and equipment by P4,447.4 million mainly due the transfer of construction cost of the hotel portion that has been completed.
- Current ratio is 1.86:1 as of March 31, 2016 from 2.05:1 as of December 31, 2015.

Total liabilities increased by P1.1 billion from P27.0 billion in 2015 to P28.1 billion in 2016 due to the following:

- Increase in accounts payable and other current liabilities by P282.6 million due to higher payable to contractors for the construction of various projects.
- Increase in income tax payable by P77.9 million due to the taxable income generated during the period.
- Increase in dividends payable by P452.5 million due to the declaration of cash dividend on March 7, 2016 amounting to P452.6 million to all shareholders of record as of March 21, 2016.
- Decrease in accrued employee benefits by P2.5 million due to the payments made during the period.
- Increase in bank loans due to additional availment during the first quarter of 2016.
- Decrease in deferred lease income by P1.5 million mainly due to amortization using a straight-line basis over the lease term.

Results of Operation

Consolidated net income for the period ended March 31, 2016 amounted to P528.9 million lower by 31.1% from last year's P767.2 million due to the following:

- Decrease in condominium sales by ₱339.9 million mainly due to lesser percentage of completion was recognized during the period compared to the same period last year.
- Leasing operations improved by ₱6.6 million mainly due to higher rental yields of The Enterprise Center.
- Shangri-la at the Fort commenced its operations during the first quarter of 2016 and contributed income from its hotel services amounting to ₱68.6 million.
- Interest income and other income decrease by ₱3.4 million mainly due to the decrease in interest on installment contract receivables.

Total expenses of the Group amounted to ₱1.2 billion, higher by ₱35.1 million compared with last year's ₱1.1 billion. This was mainly due to the following:

- Decrease in cost of condominium sales by ₱178.9 million mainly due to lesser sales recognized for the period.
- Cost of hotel services amounted to ₱262.1 million mainly due to the opening expenses of the hotel.
- Decrease in taxes and licenses by ₱17.2M mainly due to lower real property taxes paid for One Shangri-La Place.
- Recovery of reimbursable expenses improved by ₱12.5 million mainly due to lower utility cost incurred during the period compared to the same period in 2015.
- Decrease in depreciation by ₱0.1 million mainly due to certain assets have been fully depreciated.
- Increase in insurance expense by ₱0.1 million mainly due to the additional insurance coverage of the properties during the period.
- Decrease in interest and bank charges by ₱23.0 million mainly due to lower outstanding bank loans as compared to the same period in 2015.

Provision for income tax is lower by ₱59.7 million mainly due to lower taxable income generated during the period against the same period last year.

Financial Soundness Indicators

	End of March 2016	End of December 2015
Current Ratio ¹	1.86:1	2.05:1
Debt-to-equity ratio ²	0.87:1	0.84:1
Asset-to-equity ratio ³	1.87:1	1.84:1
	1Q 2016 ⁷	1Q 2015
Interest rate coverage ratio ⁴	18.56:1	19.39:1
Return on assets ⁵	3.53%	5.55%
Return on equity ⁶	6.53%	10.95%

¹Current assets/current liabilities

²Total liabilities/stockholders' equity

³Total asset/stockholders' equity

⁴Income before interest and taxes/interest expense

⁵Net Income/average total assets

⁶Net Income/average stockholders' equity

⁷1Q Net income after tax annualized/average of end March 2016 and end December 2015 assets and equity

