

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)

2 0 - I S
(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 Bldg.
EDSA, Greenhills
Mandaluyong City



ATTENTION: VICENTE GRACIANO P. FELIZMENIO, JR.
Director

Re: 20-IS Shang Properties, Inc.

Gentlemen:

Further to your letter dated 12 May 2016 respecting the comments of your Office on the Preliminary Information Statement submitted by Shang Properties, Inc. ("SPI") set forth below are SPI's responses:

1. Security Ownership of Certain Record and Beneficial Owners of more than 5%
 - *Please see SPI's full disclosure on pages 3-4 of the attached Definitive 20-IS. The votes for Ideal Sites and Properties, Inc., are to be cast by said Company's appointed proxy, who is usually the Chairman of SPI's Annual Shareholders' Meeting. The Annual Shareholders' Meeting is usually chaired by Mr. Edward Kuok Khoon Loong, and in his absence, by Mr. Alfredo Ramos.*
2. Security Ownership of Management
 - *All the directors and management indicated own the shares directly and in their own names, and do not have beneficial owners.*
3. Identify Directors, including Independent Directors and Executive Officers
 - *The Independent Directors nominated for the forthcoming Annual Shareholders' Meeting of SPI, in the persons of Mr. Antonio O. Cojuangco and Mr. Johnny O. Cobankiat, were nominated by Ideal Sites and Properties, Inc. Messrs. Cojuangco and Cobankiat have no relationship with Ideal Sites and Properties, Inc., either as directors or officers. Please refer to Page 12 of the attached Definitive 20-IS for this disclosure.*
4. Summary Compensation Table
 - *SPI has no incumbent CEO as of this submission. The figures reported in the table on pages 13-14 of the attached Definitive 20-IS are the aggregate compensation*



of all the officers of SPI. With respect to SPI's Directors, as SPI has consistently disclosed these past years, the members of the Board of SPI do not receive any form of compensation, whether in the form per diem, options, etc.

5. Management's Discussion and Analysis (MD&A) or Plan of Operation (Required by Part III(A) of "Annex C")

- a. Any Known Trends, Events or Uncertainties (Material Impact on Liquidity)
- Please see page 38 of the attached Definitive 20-IS for the discussion
- b. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation
- Please see page 38 of the attached Definitive 20-IS for the discussion
- c. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations)
- Please see page 38 of the attached Definitive 20-IS for the discussion
- d. Other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- Please see page 38 of the attached Definitive 20-IS for the discussion
- e. Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures
- Please see page 39 of the attached Definitive 20-IS
- f. Any Known Trends, Events or Uncertainties (Material Impact on Sales)
- Please see page 39 of the attached Definitive 20-IS for the discussion
- g. Any significant Elements of Income or Loss (from continuing operations)
- Please see page 39 of the attached Definitive 20-IS for the discussion

6. Market Information

- a. Identification of the Principal Market or Markets where the Registrant's Common Equity is Traded
- SPI's shares are traded solely in the Philippine Stock Exchange
- b. Presentation of the High and Low Sales Prices for Each Quarter within the last two (2) fiscal years and any subsequent interim period for which Financial

Statements are required by SRC Rule 68, and the price information as of the latest practicable trading date

- *Please see page 17 of the attached Definitive 20-IS*

7. Holders

- a. Approximate Number of Holders of Each Class of Common Security as of the latest practicable date but in no event more than 90 days prior to filing of report

- *SPI has 5,380 shareholders, all holding SPI's common shares, as of 15 May 2016*

- b. Names of the Top Twenty (20) Shareholders of Each Class, names of shares held, percentage of total shares held by each

- *Please see page 3 of the attached Definitive 20-IS*

- c. If it relates to an acquisition, business combination or other reorganization, indicate the effect of such transaction on the amount and percentage of present holdings of the registrant's common equity owned beneficially by: more than five percent (5%) beneficial owner of registrant's common equity; each director and nominee; and all directors and officers as a group, and the registrant's present commitments to such persons with respect to the issuance of shares.

- *This item is not applicable to SPI for this submission*

8. Discussion of any Cash Dividends Declared (two most recent years)

- *Please refer to the disclosure on Page 15 of the attached Definitive 20-IS*

- a. Description of any Restrictions that Limits the Payment of Dividend on Common Shares

- *There are no such restrictions, except as provided by law pursuant to the Philippine Corporation Code.*

9. Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

- *This is not applicable to SPI for the submission*

10. Revision of Statement of Management Responsibility

- *Please see attached Revised Statement of Management Responsibility.*

11. Revision of Undertaking

- *Please see revision on page 17 of the attached Definitive 20-IS*

Very truly yours,



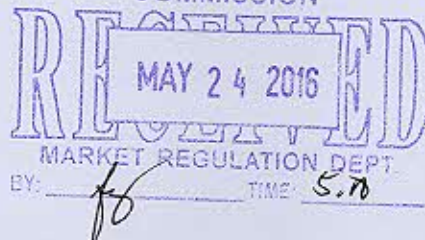
FEDERICO G. NOEL, JR.
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

SECURITIES AND EXCHANGE
COMMISSION



1. Check the appropriate box:

☒ Definitive Information Statement

☐ Preliminary Information Statement

2. Name of Registrant as specified in its charter

SHANG PROPERTIES, INC.

3. Philippines

Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: 145490

5. BIR Tax Identification Code: 000-144-386

6. Level 5, Administration Offices, Shangri-La Plaza Mall

EDSA cor. Shaw Boulevard, Mandaluyong City

1550

Address of principal office

Postal Code

7. Registrant's telephone number, including area code (632) 370-2700

8. The annual meeting of Registrant's stockholders will be held on 21 JUNE 2016 at 10:00 AM at the

Garden Ballroom, Edsa Shangri-La Hotel, Manila, No. 1 Gardenway, Ortigas Center, Mandaluyong City

Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders:

31 MAY 2016, which is fifteen (15) business days prior to the date of the Annual Stockholders' Meeting on 21 JUNE 2016.

10. No proxy solicitations will be made by Registrant.

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class

Number of Shares of Common Stock Outstanding and
Amount of Debt Outstanding

Common Stock

4,764,056,287 common shares

(* not included are the Registrant's 2,695 treasury shares)

12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes X No _____

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

The Registrant's Common Shares are listed with the Philippine Stock Exchange.

INFORMATION REQUIRED IN INFORMATION STATEMENT

GENERAL INFORMATION

The annual meeting of Registrant's stockholders will be held on **21 JUNE 2016 at 10:00 AM** at Edsa Shangri-La Hotel, Manila.

The approximate date on which the Information Statement is first to be sent or given to security holders is on **31 MAY 2016**, which is fifteen (15) business days prior to the date of the Annual Stockholders' Meeting on 21 JUNE 2016.

Registrant's complete mailing address is as follows: **SHANG PROPERTIES, INC.**, Level 5, Administration Offices, Shangri-La Plaza Mall, EDSA cor. Shaw Blvd., Mandaluyong City.

DISSENTER'S RIGHT OF APPRAISAL

Any stockholder of the Registrant shall have the right to dissent and demand payment of the fair value of his/her shares as provided under the Corporation Code of the Philippines. There is no matter scheduled to be taken up during the Annual Stockholder's Meeting which would give rise to the exercise of a stockholder's right of appraisal.

INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

No director or officer of the Registrant or nominee for election as director of Registrant, or associate of any of the foregoing has/have a substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon during the Annual Stockholders Meeting, other than election to office for some of such persons.

No director of the Registrant has informed the Registrant in writing or otherwise that he intends to oppose any action to be taken by the Registrant at the meeting.

Control Information and Voting Rights

As of the date of submission of this Information Statement, the Registrant has 4,764,056,287 issued and outstanding common shares all with a par value of One Peso (P1.00) per share. All shares have identical voting rights. Every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock as of record date. Every stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate his votes and give one candidate/nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit provided that the total number of votes cast by him shall not exceed the number of shares owned multiplied by the whole number of directors to be elected.

The record date for the Registrant's Annual Stockholders' Meeting is **22 MAY 2016**.

Every stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate his votes and give one candidate/nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit provided that the total number of votes cast by him shall not exceed the number of shares owned multiplied by the whole number of directors to be elected.

There are no stated conditions precedent to the exercise of cumulative voting rights.

Top Twenty Stockholders of the Issuer

The Top 20 stockholders of the Issuer as of 15 May 2016 are:

Name of Stockholders	Number of Shares Held	Percent to Total Outstanding
1. PCD Nominee Corporation (Filipino)	2,667,962,204	56.00%
2. Travel Aim Investment B.V.	1,648,869,372	34.61%
3. PCD Nominee Corporation (NF)	53,160,168	1.12%
4. KGMPP Holdings, Incorporated	52,925,445	1.11%
5. CCS Holdings, Incorporated	47,633,492	1.00%
6. Pecanola Company Limited	43,175,495	0.91%
7. Kuok Foundation Overseas Limited	37,023,839	0.78%
8. Kuok Brothers SDN	37,023,839	0.78%
9. GGC Holdings, Incorporated	26,224,322	0.55%
10. Kerry Holdings Limited	26,090,624	0.55%
11. Kuok (Singapore) Limited	24,848,214	0.52%
12. Kerry (1989) Ltd.	12,424,107	0.26%
13. Kuok Traders (Hong Kong) Ltd.	11,407,363	0.24%
14. Federal Homes, Inc.	4,808,478	0.10%
15. Luxhart Assets Limited	3,975,714	0.08%
16. Yan, Lucio W. Yan & /or Clara	3,142,857	0.07%
17. Antonio O. Cojuangco	3,026,964	0.06%
18. Sysmart Corporation	1,671,231	0.04%
19. Exchange Equity Corporation	1,570,000	0.03%
20. Egan, Victoria Z.	1,099,000	0.02%
	4,708,062,728	98.83%

As of 15 May 2016, the total number of shareholders of Issuer's common shares is 5,380.

Security Ownership of Certain Record and Beneficial Owners of More Than 5%

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 15 MAY 2016.

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	1,202,307,348	25.24%
Common	Travel Aim Investment B. V. 25/F Kerry Centre 683 King's Road Quarry Bay, HK	R	Foreign	1,648,869,372	34.61%
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. *The votes for Ideal Sites and Properties, Inc., are to be cast by the said Company's appointed proxy, who is usually the Chairman of the Issuer's Annual Shareholders*

Meeting. The Annual Shareholders Meeting of the Issuer is usually chaired by Mr. Edward Kuok Khoon Loong, and in his absence, by Mr. Alfredo Ramos.

PCD Nominee Corporation is a wholly-owned subsidiary of the Philippine Depository & Trust Corp. (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.

Per the information supplied by the Philippine Depository & Trust Corp. (PDT), following are the entities holding 5% or more of the shares of the issuer (as of 13 May 2016)

1. BPI SECURITIES CORPORATION – 1,499,959,103.00 - 31.4849156%
2. ALAKOR SECURITIES CORPORATION – 684,027,761.00 – 14.3580957%
3. BDO SECURITIES CORPORATION - 291,304,816.00 - 6.1146384%

Security Ownership of Management (as of 15 May 2016)

Title of Class	Name of Beneficial Owner	Amount and Nature of beneficial ownership	Citizenship	Percent of Class
Common	Edward Kuok Khoon Loong	808,008(D)	Malaysian	0.000%
Common	Alfredo C. Ramos	158(D)	Filipino	0.000%
Common	Ho Shut Kan	1,570 (D)	New Zealand	0.000%
Common	Cynthia R. Del Castillo	1(D)	Filipino	0.000%
Common	Benjamin I. Ramos	2 (D)	Filipino	0.000%
Common	Maximo G. Licaucio III	1(D)	Filipino	0.000%
Common	Manuel M. Cosico	1,000(D)	Filipino	0.000%
Common	Federico G. Noel, Jr.	1(D)	Filipino	0.000%
Common	Danila Regina I. Fojas	36,010 (D)	Filipino	0.000%
Common	Kin Sun Andrew Ng	930,010 (D)	British Hong Kong	0.000%
Common	Wilfred Shan Chen Woo	1,000 (D)	Canadian	0.000%
Common	Wilkie Lee	14,000(D)	Australian	0.000%
Common	Johnny O. Cobankiat	32,302(D)	Filipino	0.000%
Common	Antonio O. Cojuangco	3,026,964(D)	Filipino	0.064%
Common	Koay Kean Choon	1,000(D)	Malaysian	0.000%

As of the reporting of SEC Form 20-IS for 2016, the aggregate ownership of all directors and officers as a group unnamed is 4,852,027 shares or 0.10% of the outstanding shares of Issuer.

VOTING TRUST / HOLDERS OF 5% OR MORE

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

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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%
AC	-	20%
		100%

On 02 April 2014, the Issuer's wholly owned subsidiaries, Shang Global City Holdings, Inc., and Shang Fort Bonifacio Holdings, Inc., acquired Alphaland Development, Inc.'s Twenty Per Cent (20%) equity in Shang Global City Properties, Inc., and Fort Bonifacio Shangri-La Hotel, Inc.

On 02 September 2014, the SEC approved the merger between Shang Global City Properties, Inc., and Fort Bonifacio Shangri-La Hotel, Inc., with Shang Global City Properties, Inc., as the surviving entity.

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. On 20 September 2013, Shang Properties Realty Corporation purchased the Property from Issuer.

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.

As noted above, on 02 September 2014, the SEC approved the merger between Shang Global City Properties, Inc., and Fort Bonifacio Shangri-La Hotel, Inc., with Shang Global City Properties, Inc., as the surviving entity. Other than this merger, Issuer's other 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)
 - Shang Global City Properties, Inc. (60% owned through the Issuer's wholly owned subsidiaries Shang Global City Holdings, Inc., and Shang Fort Bonifacio Holdings, Inc.)
 - The Rise Development Company, Inc. (100% owned through Issuer's wholly owned subsidiary KPPI Realty Corporation)
 - Shang Wack Wack Properties, Inc. (100% owned by Issuer)

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 Rustan's department store, 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 20 August 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. It is also the owner and developer of One Shangri-La Place, a mixed use high rise development located at Edsa cor. Shaw Blvd., Mandaluyong City.

EPHI Logistics Holdings, Inc., was incorporated on 20 August 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 incorporated on 17 December 2010 as a realty development company. It is the owner and developer of the Shang Salcedo Place, a residential condominium located in Sen. Gil Puyat Ave. cor. Tordesillas St., H.V. de la Costa St., Salcedo Village, Makati City. It is slated for completion in 2015.

Shang Global City Properties, Inc., was incorporated on 13 December 2007. By virtue of the SEC approved merger between Shang Global City Properties, Inc. and Fort Bonifacio Shangri-La Hotel, Inc., Shang Global City Properties, Inc., is now the owner and developer of the hotel and residential development known as Shangri-La at the Fort. The residential component of the development has commenced pre-selling.

The Rise Development Company, Inc., will be joint venturing with Vivelya Development Company, Inc., for the development of a mixed use development to be known as The Rise, located in Malugay St., San Antonio Village, Makati.

Shang Wack Wack Properties, Inc., was incorporated on 13 January 2016 as a realty development company.

- (ii) Issuer's subsidiary, Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation) and Shang Property Developers, Inc. 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. Issuer's subsidiary Shang Property Developers Inc. has also started selling units to its residential condominium development, Shang Salcedo Place, sales for which are also subject to the 40% alien ownership limitation.
- (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)

i) 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 06 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.

ii) Issuer and SLPC have in turn entered into an agreement whereby SLPC shall lease said mall facility from Issuer of a period of five (5) years commencing on September 2012, renewable upon mutual agreement of the Parties. Rental income is calculated at 12% of SLPC's annual rental income from mall operations.

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 has been renewed annually and subsists to date.

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 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". This MOA was rescinded by the Parties on 20 September 2013, wherein SPRC purchased the land from Issuer to become both the landowner and developer of the Project.

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 & 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 Services 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 Services 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. Shang Property Management Services Corporation entered into a Memorandum of Agreement with The St. Francis Shangri-La Place 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.
- d. SPI Parking Services, Inc. entered into a Memorandum of Agreement with KSA Realty Corporation, with conformity of The Enterprise Center Condominium Corporation, to administer, manage and operate the TEC Parking Slots as a pay parking facility under a mutually agreeable remuneration scheme.

As noted above, on 02 September 2014, the SEC approved the merger between Shang Global City Properties, Inc., and Fort Bonifacio Shangri-La Hotel, Inc., with Shang Global City Properties, Inc., as the surviving entity. Other than this merger, Issuer's other subsidiaries have not undergone any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets not classified as ordinary.

CHANGES IN CONTROL

As regards changes in control, there are no pending or proposed changes which will affect the Registrant.

The Directors, Independent Directors and Executive Officers of the Registrant with their business experience for the last five years are as follows:

Name	Citizenship	Director/ No. of Years	Age	Office Held	Directorship in other reporting (Listed) Companies
Edward Kuok Khoon Loong	Malaysian	Yes /24 yrs. & 1 mo.	62	Chairman	None
Alfredo C. Ramos	Filipino	Yes /27 yrs. & 8 mos.	71	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 /14 yrs. & 10 mos.	61		Sanitary Wares & Mfg. Corp.
Benjamin I. Ramos	Filipino	Yes /5 yrs. & 8 mos.	46		None
Wilfred Shan Chen Woo	Canadian	Yes/4 yrs. & 8 mos.	56		None

Danila Reginal. Fojas	Filipino	Yes/13 yrs. & 10 mos.	62		None
Kin Sun Andrew Ng	British Hong Kong	Yes/10 yrs. & 11 mos.	57	Group Financial Controller	None
Federico G. Noel, Jr.	Filipino	Yes /16 yrs. & 5 mos.	53	Corporate Secretary	None
Maria Myla Rae S. Orden	Filipino	(No)	48	Asst. Corp. Secretary	None
Wilkie Lee		Yes /7 yrs. & 10 mos.	57		None
Johnny O. Cobankiat***	Filipino	Yes /8 yrs. & 10 mos.	64		None
Antonio O. Cojuangco***	Filipino	Yes /8 yrs. & 8 mos.	62		None
Ho Shut Kan	New Zealand	Yes /5 yrs. & 10 mos.	65		None
Manuel M. Cosico	Filipino	Yes/2 yrs. & 10 mos.	72		None
Koay Kean Coon	Malaysian	Yes/2 yrs. & 10 mos.	59	Senior Project Director	None
Maximo G. Licaucio III	Filipino	Yes/2 yrs. & 5 mos.	66		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.

Benjamin I. Ramos is the President of ROI Corp., an investment company. He was previously the President of Powerbooks, Inc., and also President of Tokyo, Tokyo, Inc., the largest Japanese fast food chain in the Philippines. He has an MBA from the Stanford Graduate School of Business.

Ho Shut Kan is co-managing director of Kerry Properties Limited [KPL]. He is responsible for overseeing the operation of the project companies and the projects of the Group in Hong Kong, Macau and overseas. 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.

Wilfred Shan Chen Woo is the Executive Assistant to the Chairman of the Board. He is a member of the Institute of Chartered Accountants of British Columbia as well as a member of the Canadian Institute of Chartered Accountants since 1985. He graduated in 1982 from the University of British Columbia in Vancouver, Canada with a Bachelor's Degree in Commerce, majoring in Accounting and Management Information Systems.

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 Master's Degree 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 Master's 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.

Kin Sun Andrew 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.

Manuel M. Cosico is a Partner of Romulo Mabanta Buenaventura, Sayoc & de los Angeles Law Firm. He is Chairman of Construction Industry Arbitration Commission (CIAC) since 2011 and was a former Arbitrator of CIAC from 2001 to 2011. He was previously the Presiding Judge of Branch 136 of the Regional Trial Court of Makati from 1986 to 1991 and a Special Criminal Court Judge from 1986 to 1991. He was a former Professor of Evidence, Civil Procedure, Special Proceedings and Trial Techniques at Ateneo de Manila University.

Maximo G. Licaucó III is a Director of The Philodrill Corporation. He is also President of Filstar Distributors Corporation (Hallmark Licensee) and Area Vice President of National Book Store, Inc.

Koay Kean Choon is the Senior Project Manager of Issuer. He worked as M & E Manager with Kerry Project Management Ltd. Hong Kong and as Senior Project Manager from 2000-2011 for Shangri-La Hotel Management Ltd.

Maria Myla Rae S. Orden is Assistant Corporate Secretary and has been the Assistant General Counsel of the Company for the past 15 years.

**** Messrs. Johnny Cobankial, Antonio Cojuangco 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. Benjamin Ramos is the nephew of Mr. Alfredo Ramos. Mr. Maximo G. Licaucó III is the brother-in-law 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.

Nomination of Regular (Non-independent) and Independent Directors

Pursuant to the SEC approved Amended by-Laws of the Registrant wherein new provisions on the nomination and election of the regular and independent members of the Board of Directors were added in compliance with the SRC and SEC Rules and Regulations, the Registrant duly published in a newspaper of general circulation the Notice to Stockholders calling for nominations for regular and independent members of the Registrant's Board of Directors who shall be elected during the Annual Stockholders Meeting on **21 JUNE 2016 (published on 29 April 2016 in The Manila Times)**. All nominations received by the Corporate Secretary of Registrant shall be forwarded to the Nomination Committee for evaluation in accordance with the nomination guidelines set forth in the Amended By-Laws.

The specific wordings of Article III, Section 2 of the Issuer's Amended By-Laws setting out the following guidelines and procedures for the nomination and election of the Issuer's regular and independent directors are as follows:

Section 2(a). Election of Independent Directors and their qualification. - Pursuant to the provisions of the Securities Regulation Code and the pertinent regulations of the Securities and Exchange Commission, the Corporation's Board of Directors shall have at least two (2) independent directors or such number of independent directors as corresponds to at least twenty (20%) of the Corporation's board size, whichever is lesser. The independent directors shall be elected in the same manner as the other members of the Board of Directors as provided in these By-Laws.

Section 2(b). Qualification and Disqualification of Independent Director - Any stockholder having at least one (1) share registered in his name may be elected Independent Director, provided, however, that no person shall qualify or be eligible for nomination or election as Independent Director if he is engaged in any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:

- (i) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of any corporation (other than one in which the corporation owns at least 40% of the capital stock) engaged in the business which the Board of Directors, by at least three-fourths vote, determines to be competitive or antagonistic to that of the Corporation; or
- (ii) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business of the Corporation, when in the judgment of the Board of Directors, by at least two-thirds (2/3) vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or
- (iii) If the Board of Directors, in the exercise of its judgment in good faith, determine by at least two-thirds (2/3) vote that he is the nominee of any person set forth in (i) or (ii) above.

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board of Directors may take into account such factors as business and family relationship.

For the proper implementation of this provision, all nominations for the election of Independent Directors shall follow the procedure described below."

Section 2 (c). The Board of Directors shall constitute, from among themselves, a Nomination Committee. The Nomination Committee shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nominations for both regular and independent directors, which shall include the following:

- (i) The nomination of regular and independent directors shall be conducted by the Nomination Committee prior to a stockholders' meeting. All nominations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominee.
- (ii) 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 regular and independent director/s.
- (iii) After the nomination, the Nomination Committee shall prepare a Final List of Candidates for regular and independent directors which shall contain all the following information about all the nominees:
 - 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.
- Disclosure if owning directly or indirectly as record and/or beneficial owner of any class of the company's voting securities;
- Disclosure of owning voting trust of more than 5% of the company's securities; and
- Any such other information as may be required to be disclosed by the Securities and Exchange Commission although not expressly provided for above.

The Nomination Committee is chaired by Mr. Edward Kuok Khoon Loong, while the Committee Members are Ms. Cynthia N. del Castillo, Federico G. Noel, Jr., and Antonio O. Cojuangco.

The Nomination Committee received the nominations for Independent Directors to serve for 2016-2017 as follows: Antonio O. Cojuangco and Johnny O. Cobankiat. They were nominated by Ideal Sites and Properties, Inc. Both Messrs. Cojuangco and Cobankiat have no relationship with Ideal Sites and Properties, Inc., either as directors or officers. The votes for Ideal Sites and Properties, Inc., are to be cast by the said company's appointed proxy, who is usually the chairman of the Issuer's Annual Shareholders' Meeting. The Annual Shareholders' Meeting is usually chaired by Mr. Edward Kuok Khoon Loong, and in his absence, by Mr. Alfredo C. Ramos.

Involvement in Certain Legal Proceedings

- 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 and the same are pending with said body to date.
- 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, in its 21 July 2014 DECISION, which has attained FINALITY, decided in favor of Issuer, and exonerated issuer from charges of unfair competition. Despite the finality of the SC's Decision in this case, there remained an offshoot case pending with the Court of Appeals which has its roots in the opposition filed by ASB (now St. Francis Square Development Corporation) to the use by SPRC of the mark "St. Francis-Shangri-La

Place." In the said offshoot case, the Supreme Court issued a Resolution Dated 16 March 2016, denied with finality St Francis Square Development Corporation's Motion for Reconsideration, and ordered the entry of final judgment.

The Issuer is not involved in any litigation / legal proceedings with any third party other than the two (2) cases described above, up to the latest date.

Information on Cases, Judgments, Decrees, etc., Against Registrant's Directors and Executive Officers.

None of the directors or executive officers of the Registrant 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 five (5) years up to the latest date; None of the directors or executive officers of the Registrant 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; None of the directors or executive officers of the Registrant 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; and None of the directors or executive officers of the Registrant 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.

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 Registrant has no transaction or proposed transactions to which Registrant 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 Registrant; (ii) any nominee for election as a director; (iii) any security holder named in response to Part IV, paragraph I. or (iv) any member of the immediate family of the persons aforementioned.

The information above is true during the past five (5) years up to the latest date.

Parents of Registrant

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. 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.

National Bookstore, Inc., is a closed Philippine company which owns the Philippines' biggest chain of bookstores. The Ramos family controls National Bookstore and has the power to vote its shares.

Resignation of Director Since the Last Annual Shareholders' Meeting

None. There has been no resignation by any Director as of the date of the last Annual Shareholders' Meeting.

Proxy Solicitations

No proxy solicitations will be made by the Registrant.

Compensation of Directors and Executive Officers

The following is a summary of the aggregate compensation paid or accrued during the last two (2) fiscal years, i.e. 2014 and 2015 and to be paid in the ensuing fiscal year 2016 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
2016		38,284,376.00	19,551,119.69	57,835,495.69
Kin Sun Andrew Ng, Group Financial Controller				
Federico G. Noel, Jr., Corporate Legal Counsel				
Koay Kean Choon, Senior Project Director				
Danila Regina I. Fojas, Executive Vice President				
2015	2015	37,338,106.00	15,249,285.07	52,587,391.07

Kin Sun Andrew Ng, Group Financial Controller				
Federico G. Noel, Jr., Corporate Legal Counsel				
Eden Lin, Project Manager				
Danila Regina I. Fojas, Executive Vice President				
2014	2014	35,601,280.00	13,477,112.43	49,078,392.43
Kin Sun Andrew 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				
*VICENTE P. FORMOSO RESIGNED FROM THE ISSUER EFFECTIVE JANUARY 2013				

No actions will be taken by Registrant during the Annual Stockholders Meeting as regards any bonus, profit sharing or other compensation plan, contract or arrangement in which any director, nominee for election as a director, or executive officer of the registrant will participate, any pension or retirement plan in which any such person will participate, or the granting or extension to any such person of any option/s, warrant/s or right/s to purchase any securities. The members of the board are not paid per diem for their attendance to board meetings.

Independent Public Accountants

The Registrant has had no disagreements with its Accountants Sycip Gorres Velayo & Co. The representatives of said Accountants will be present during the annual stockholders' meeting, and shall have the opportunity to make a statement if they desire to do so. They shall also be available to respond to appropriate questions.

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 2012 is **MR. ARNEL F. DE JESUS, replacing Mr. Aldrin Cerrado who has been the signing partner for five years, in compliance with the SEC's rotation requirement.** SGV is a SEC-accredited external auditing firm for the period **14 FEBRUARY 2013 to 30 APRIL 2016. SGV will be recommended for re-appointment as External Auditor for the year 2016-2017 during the Annual Stockholders' Meeting on 21 JUNE 2016.**

AUDIT COMMITTEE

Pursuant to the provisions of Registrant's Manual of Corporate Governance, the Registrant has an Audit Committee which is chaired by Mr. Alfredo C. Ramos and co-chaired by Mr. Johnny Cobankiat who is an independent director. **Manuel M. Cosico is a member of the Committee.** (Per Registrant's Manual of Corporate Governance Provisions, the Audit Committee shall be composed of at least three members of the Board, one of whom shall be an independent director. Mr. Johnny Cobankiat and George Go are independent directors).

Issuance and Exchange of Securities

The merger of Registrant and Kuok Philippine Properties, Inc. ("KPPI"), with the Registrant as the surviving entity, and KPPI as the absorbed entity, was duly approved by the SEC on 25 July 2007. Pursuant to the Plan of Merger of Registrant and KPPI, as approved by the Board of Directors of Registrant, all KPPI shareholders as of the date of approval by the Securities and Exchange Commission of the Merger ("Record Date"), were entitled to exchange every seven (7) of their KPPI shares with one (1) share of the Registrant. Fractional shares (shares less than 7) held by the qualified KPPI shareholders were paid by the Registrant in cash. The shares of the Registrant which was issued to the KPPI shareholders was taken from out of an increase in the Authorized Capital Stock of the Registrant from P6,000,000,000.00 (representing 6,000,000,000 common shares at P1.00 par value per share) to P8,000,000,000.00 (representing 8,000,000,000 common shares at P1.00 par value per share), which increase in the Authorized Capital Stock has been duly approved by the SEC. All shares issued to KPPI shareholders have been duly listed with the Philippine Stock Exchange.

Only common shares were issued which shall enjoy the same rights (dividend, voting, and other rights) as those common shares of the Registrant already issued and outstanding. No preferred shares will be issued on account of the increase in the Authorized Capital Stock.

As regards dividends, the dividend policy of the Registrant is as set forth in Article VIII of its By-Laws which states that dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all shareholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with existing laws.

The pre-emptive rights of all common shareholders of the Registrant (old and new) are denied in Article Seventh of the Articles of Incorporation of Registrant, which states that "No holder of shares of the Corporation shall have, as such holder, any pre-emptive right to acquire, purchase, or subscribe to any share of the capital stock of the Corporation which it may issue or sell, whether out of the number of shares authorized by these Articles of Incorporation as originally filed, or by any amendment thereof, or out of the shares of the capital stock of the Corporation acquired by it after the issuance thereof."

There are no provisions in the By-Laws of Registrant that would delay, defer, or prevent a change in control of the Registrant.

No dividends in arrears or defaults in principal interest

The Registrant has no dividends in arrears or defaults in principal or interest in respect of any of their respective securities.

Cash Dividends Declared By The Issuer During The Two Most Recent Years

Cash dividends

2016

- *During the regular meeting of the Issuer's Board held on 04 March 2016, the Board approved the declaration of P0.095 per share cash dividend to all shareholders of record as of 21 March 2016, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2015, to be paid on or before 08 April 2016.*

2015

- *During the regular meeting of the Issuer's Board held on 27 March 2015, the Board approved the declaration of P0.08500 per share cash dividend to all shareholders of record as of 15 April 2015, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2014, to be paid on or before 20 April 2015.*
- *During the regular meeting of the Issuer's Board held on 18 August 2015, the Board approved the declaration of P0.070 per share cash dividend to all shareholders of record as of 03 September 2015, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 30 June 2015, to be paid not later than 18 September 2015.*

2014

- *During the regular meeting of the Issuer's Board held on 19 February 2014, the Board approved the declaration of P.07000 per share cash dividend to all shareholders of record as of 7 March 2014, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2013, to be paid on or before 14 March 2014.*
- *During the regular meeting of the Issuer's Board held on 14 August 2014, the Board approved the declaration of P0.06500 per share cash dividend to all shareholders of record as of 29 August 2014, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 30 June 2014, to be paid on or before 10 September 2014.*

OTHER MATTERS

During the annual stockholders' meeting, the shareholders shall be requested to:

- approve the minutes of the Annual Stockholders' Meeting held on **18 JUNE 2015**, which minutes reflect the following: call to order, proof of notice of meeting, certification of quorum, approval of minutes of the previous annual stockholders' meeting, approval of the Management's report of operations for **2015**, ratification of the acts of the Board of Directors, election of directors, appointment of the firm of Sycip Gorres Velayo & Co. as the Registrant's External Auditors, and adjournment.
- ratify the acts of Management and the Board of Directors since the Annual Stockholders' Meeting held **18 JUNE 2015** up to the date of this year's Annual Stockholders' Meeting. The items covered with respect to this general ratification are the acts of Board of Directors in the ordinary course of business, with those acts of significance having been subject of prior disclosures to the SEC.
- approve and ratify the Registrant's Audited Financial Statements as of **31 December 2015**, elect the Board of Directors for the year **2016-2017**, elect the Registrant's external auditors.

Other than the above, no other action shall be taken during the annual stockholders' meeting.

VOTING PROCEDURES

The vote of at least a majority of the stockholders present in person or by proxy and entitled to vote, a quorum being present, shall be required for approval or election. The votes shall be taken and counted viva voce, by the secretary of the Meeting.

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 24 June 2014, this Issuer's Board of Directors approved the latest revisions to the Corporation's Manual on Corporate Governance in compliance with the SEC Memorandum Circular No. 9, Series of 2014.

Internal Control

In performing their duties, the Registrant's Board of Directors also acknowledge their responsibility for the Registrant'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 Registrant 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 Registrant and liaises, on behalf of the Board, with the auditors. The Committee meets regularly to review audit reports, status of the Registrant'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. The Committee is chaired by Mr. Alfredo Ramos, and Co-chaired by Johnny O. Cobankiat. Manuel M. Cosico is a member of the Committee.

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 30 April 2016, is 65.29% 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.

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
2015		
First Quarter	P3.34	P3.10
Second Quarter	4.90	3.11
Third Quarter	3.37	3.10
Fourth Quarter	3.29	3.01
2014		
First Quarter	P3.29	P3.05
Second Quarter	3.60	3.08
Third Quarter	3.47	3.20
Fourth Quarter	3.60	3.18

The high and low of Issuer's shares for the period 01 January 2016 to 31 March 2016 are as follows:

High: P3.22

Low: P2.70

The closing price for the Issuer's shares on 31 March 2016 is P3.08.

The high and low of Issuer's shares for 15 May 2016 are as follows:

High: P3.12

Low: P3.02

The closing price for the Issuer's shares on 15 May 2016 is P3.12.

PART II.

INFORMATION REQUIRED IN A PROXY FORM

Part II and its required disclosures are not relevant to the Registrant since Registrant will not be requesting or soliciting proxies.

UNDERTAKING

REGISTRANT UNDERTAKES TO PROVIDE WITHOUT CHARGE TO EACH PERSON SOLICITED, ON THE WRITTEN REQUEST OF ANY SUCH PERSON, A COPY OF THE REGISTRANT'S *ANNUAL REPORT ON SEC FORM 17-A*, AND SHALL INDICATE THE NAME AND ADDRESS OF THE PERSON TO WHOM SUCH WRITTEN REQUEST IS TO BE DIRECTED. AT THE DISCRETION OF MANAGEMENT, A CHARGE MAY BE MADE FOR EXHIBITS, PROVIDED SUCH CHARGE IS LIMITED TO REASONABLE EXPENSES INCURRED BY THE REGISTRANT IN FURNISHING SUCH EXHIBITS.

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Mandaluyong this 24th day of May 2016.

SHANG PROPERTIES, INC.

By

FEDERICO G. NOEL, JR.
Corporate Secretary

ADDENDUM TO THE ANNUAL REPORT

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		%
		2015	2014	Change
Turnover	(Php M)	8,284	7,612	8.8%
Profit Attributable to shareholders	(Php M)	2,850	2,735	4.2%
Earnings per share	(Php Ctv)	0.598	0.574	4.2%
Net Asset Value per share	(Php)	5.445	5.001	8.9%
Price Earnings Ratio	(Times)	5.234	5.747	(0.09%)

- Turnover consists of sales of residential condominium units, rental revenue, interest and other income. Shang Properties' total revenue increased by P671.5 million to P8.3 billion for calendar year 2015 from P7.6 billion total revenues for calendar year 2014. Sales of residential condominium units accounted for P4.7 billion or 56% of the total revenue. Revenue from leasing operations amounted to P2.7 billion, higher by P51.4 million from last year's P2.6 billion. Interest and other income decreased by P270.1 million.
- Profit attributable to shareholders represents net income from operations after tax of the Group. It went up by P114.4 million or 4% compared with last year.
- Earnings per share of P0.598 were higher by 4% from last year's P0.574.
- 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 8.9% mainly due to higher income generated during the year and revaluation of the Group's investment properties.
- Price Earnings ratio is a valuation of the company's current share price compared to per share earnings and calculated by dividing the market value per share by the earnings per share. Price earnings ratio is lower by 0.09% to 5.234 this year from 5.747 last year. The Group' year-end share price in 2015 is P3.13 from P3.30 in 2014.

Results of Operations

Shang Properties' consolidated net income attributable to shareholders for the year ended December 31, 2015 amounted to P2.8 billion, P114.4 million higher than the P2.7 billion posted in the same period last year.

Calendar Year 2015 Compared to Calendar Year 2014

The Group' gross revenue increased by P671.5 million or 8.8% to P8.3 billion in 2015 from P7.6 billion in 2014, mainly due to higher revenue from condominium sales and net increase in rental revenue.

1. Residential condominium projects revenue of P4.7 billion is higher by P889.9 million from last year's P3.8 billion mainly due to the higher sales and completion level of various projects.
2. Shangri-La Plaza's revenue slightly declined by P41.2 million mainly due to temporary close down of certain areas during the year on the main shopping mall for renovation. Business was also affected by increased competition from newly opened shopping centers in the nearby areas.
3. The office leasing operations of The Enterprise Center grew by P86.8 million to P962.6 million mainly due to rental escalation and higher rental yields.
4. Interest and other income decrease by P270.1 million mainly because 2014 included gain on remeasurement of P824.4 million arising from the acquisition of additional 20% equity interest in Shang Global City Properties and Fort Bonifacio Shangri-La Hotel from a Third Party. In 2015, the Group recorded a gain on revaluation of investment property amounting to P549.4 million.

Total Expenses of the Group amounted to P3.6 billion, P99.4 million lower compared with last year's P3.5 billion mainly due to the net effect of the following:

1. Increase in staff cost by P163.9 million primarily due to increase in manpower to cover increased operations of ongoing developments.
2. Increase in general and administrative expenses by P27.8 million mainly due to higher administration cost incurred in 2015 for ongoing projects.
3. Increase in depreciation expense by P2.1 million mainly due to the additional office improvements and transportation equipment.
4. Increase in insurance expense by P2.2 million particularly due to additional coverage of properties.

The above mentioned increases in expenses are offset by:

5. Lower reimbursable expenses which reduced by P17.7million mainly due to lower electricity rates in 2015 compared with 2014.
 6. Decrease in interest expense and bank charges by P25.5 million mainly due to loan repayment during the year.
 7. Cost of condominium sales reduced by P 67.8 million mostly due to savings in construction cost in One Shangri-la Place Project.
- Share in net income of associates was higher by P80.4 million compared with last year primarily due to gain in fair value adjustment of investment property of an associated company.

Provision for income tax is higher by P193.6 million mainly due to higher taxable income generated during the period compared with the same period last year.

Calendar Year 2014 Compared to Calendar Year 2013

The Group' gross revenue increased by P703.7 million or 10.2% to P7.6 billion in 2014 from P6.9 billion in 2013, mainly due to higher revenue from the mall and office leasing operations and other income derive from remeasurement arising from business combination.

1. Revenue from sale of residential condominium units of P3.8 billion is lower by P170.9 million from last year's P3.9 billion mainly due to the fewer saleable units for One Shangri-La Place this year as most of the units have been sold.
2. Shangri-La Plaza's growth of P196.6 million was mainly due to the revenue from the newly opened East Wing and rental escalation of the existing mall.
3. The office leasing operations at The Enterprise Center grew by P72.1 million to P875.8 million mainly due to higher average occupancy rate to 98% in 2014 from 97% in 2013.
4. Increase in rental revenue of Edsa Shangri-La Hotel by P7 million mainly due to higher occupancy.
5. Interest and other income increased by P588.7 million mainly due to the gain on remeasurement arising from the acquisition of additional 20% equity interest in Shang Global City Properties and Fort Bonifacio Shangri-La Hotel from a Third Party.

Total Expenses of the Group amounted to P3.5 billion. This is P361.5 million lower compared with last year's P3.8 billion mainly due to the following:

6. Decrease in cost of condominium sales due lower sales during the year.
7. General and administrative expenses increased by P90.5 million primarily due to increase in staff cost for additional workload.
8. Interest expense and bank charges increased by P42.1 million mainly due to additional loan availment during the year.
9. Increase in taxes and licenses by P60.4 million mainly due to real property taxes paid for the new East Wing Mall and higher business permits due to higher revenues.
10. Unreimbursed share in common expenses decreased by P10.1million mainly due to the improved occupancy of the East Wing Mall, which resulted to higher recovery of reimbursable expenses from tenants.
11. Increase in depreciation expense by P2.2 million mainly due to the capitalized office improvements and acquisition of transportation equipment.
12. Insurance expense increased by P1.9 million particularly due to premiums paid for the East Wing Mall.

Calendar Year 2013 Compared to Calendar Year 2012

The Group' gross revenue increased by 27.8% to P6.9 billion in 2013 from P5.4 billion in 2012, mainly due to higher revenue from the sale of condominium units and higher rental income from mall and office leasing operations.

1. Residential condominium projects revenue of P3.9 billion is higher by P1.2 billion from last year's P2.7 billion due to higher sales recognized from One Shangri-La Place and Shang Salcedo Place projects
2. Shangri-La Plaza's growth of P343 million was mainly due to the revenue generated by the newly opened East Wing Mall and rental escalation of the existing mall.
3. The office leasing operations at The Enterprise Center grew by P141.2 million to P803.8 million mainly due to improved average occupancy rate to 97% in 2013 from 86% in 2012.
4. Interest and other Income decreased by P225.1 million mainly due to higher fair value adjustments of investment properties recognized in 2012 while in 2013 no adjustments was recognized as the Group assessed that the fair value adjustment in 2012 is still reflective of the fair market values in 2013.

Total Expenses of the Group amounted to P3.8 billion, P845.1 million higher compared with last year's P3 billion mainly due to the following:

1. Increase in cost of condominium sales due to more units sold in 2013.
2. General and administrative expenses decreased by P24.7 million mainly due to lower marketing and advertising and condominium dues expenses this year compared with last year.
3. Unreimbursed share in common expenses increased by P85 million mainly due to unrecovered actual cost of utilities, janitorial and security expenses of the newly opened East Wing Mall that are borne by the Group.
4. Increase in depreciation expense by P1.6 million mainly due to capitalized office improvements and purchase of transportation equipment.
5. Insurance expense increase by P3.9 million due to higher premiums paid during the period.
6. Interest expense and bank charges increased by P12.7 million mainly due to loan availment during the year.

Financial Condition

Calendar Year 2015 Compared to Calendar Year 2014

Total assets of the Company amounted to P59.3 billion, a growth of P4.6 billion from total assets of P54.7 billion in December 31, 2014. The following are significant movements in the assets:

Increase in cash and cash equivalents by P1.1 billion mainly due to higher collection from sales of condominium projects.

Receivables, including installment contract receivable, decreased by P1.3 billion mainly due to collection of installment receivables and liquidation of advances to contractors and suppliers for the completed projects.

Properties held for sale increased by P1.4 billion mainly due to on-going construction of the condominium projects at Shangri-La at the Fort, Shang Salcedo Place and The Rise in Makati.

Increase in investment in associates and joint venture by P81.1 million mainly due to fair value adjustment of investment property of an associated company.

Increase in investment properties by P1.1 billion mainly due to fair value adjustment of properties held by the Group.

Real estate development project increased by P2.4 billion primarily due to the construction of the hotel portion of the Shangri-La at the Fort project.

Increase in property and equipment by P68.3 million mainly due to purchase of various equipment.

The recognized deferred income tax assets decreased by P120.5 million mainly due to difference in accounting recognition of profit between installment method versus percentage of completion method.

Increase in accounts payable and other current liabilities by P674 million due to higher payable to contractors for the construction of various projects.

Installment payable of P863 million was recognized during 2015 arising from the purchase of land for The Rise project.

Net increase in bank loans by P315.7 million was due to additional loan availment by the Shangri-La at the Fort project for property development amounting to P2,211.5 million and repayment of loans totaling to P1,896 million during 2015.

Decrease in deferred lease income by P 17.5 million mainly due to amortization using a straight-line basis over the lease term.

Increase in income tax payable by P55.7 million due to higher taxable income generated during the year.

Increase in dividends payable by P44.2 million mainly due to additional unclaimed cash dividends during 2015.

Decrease in accrued employee benefits by P18.7 million was mainly due to the benefit payments made during the year.

Deposit for future stock subscription amounting to P1,959 million was converted into equity during 2015.

Calendar Year 2014 Compared to Calendar Year 2013

Shang Properties, Inc. acquired the additional 20% interest in Shang Global City Properties, Inc. (SGCPI) and Fort Bonifacio Shangri-La Hotel, Inc. (FBSHI). As a result of the acquisition, the Group obtained controlling interests in SGCPI and FBSHI owning 60% equity interest over each of the acquired entities.

Total assets of the Company amounted to P54.7 billion, a growth of P15.6 billion from total assets of P39 billion in December 31, 2013. The following are significant movements in the assets:

Increase in cash and cash equivalents by P1 billion mainly due to collection from sales of condominium projects and proceeds from bank loans.

Increase in financial assets at fair value through profit or loss by P2.7 million to P33 million due to the fair value adjustment on marketable securities recognized during the year.

Receivables increased by P628 million mainly due to higher installment receivables from the sale of condominiums from various projects.

Properties held for sale increased by P3.3 billion mainly due to on-going construction of the condominium projects at Shangri-la at the Fort and The Rise in Makati.

Increase in prepayments and other current assets by P1.3 billion mainly due to higher prepaid VAT of Shang Global City Properties, Inc.

Decrease in investment in associates was mainly due to the acquisition of additional 20% equity interest in Shang Global City Properties (SGCPI) and Fort Bonifacio Shangri-La Hotel (FBSHI) wherein the group obtained control over the two companies. The amount of investment in associates reclassified to investment in subsidiary amounted to P2 billion.

Real estate development project amounting to P11.2 billion pertains to the construction cost of the hotel portion of the Shangri-La at the Fort project.

The group recognized Goodwill as a result of the business combination during the year. The excess of the acquisition cost over the fair value of the identifiable assets and liabilities assumed amounted to P269.9 million.

Refundable deposits increased by P31 million mainly due to deposits paid for utilities by One Shangri-La Place and deposit to contractors of Shangri-La at the Fort project.

Increase in accounts payable and other current liabilities by P2.2 billion due to higher payable to contractors for the construction of various projects.

Increase in bank loans was due to the consolidation of bank the loans of the Shangri-La at the Fort project and additional loan availment by the Parent company for property development.

Increase in dividends payable by P83.5 million due to declaration of cash dividends amounting to P309.4 million on August 14, 2014 and P333.5 million on February 19, 2014.

Increase in income tax payable by P78.2 million due to higher taxable income generated during the year.

Increase in accrued employee benefits by P28.2 million was mainly due to the increased defined benefit obligation of the Group for employee retirement, leaves and other related benefits.

Deposit for future stock subscription refers to deposit to Shang Global City Properties, Inc. which will be converted into equity.

Increase in deferred liabilities by P1.1 billion was mainly due to the unrealized increase in fair value of Shangri-la at the Fort.

Calendar Year 2013 Compared to Calendar Year 2012

Total assets of the Company amounted to P39 billion, a growth of P3 billion from total assets of P36 billion in December 31, 2012. The following are significant movements in the assets:

Increase in cash and cash equivalents by P290.5 million due to collection from sales of condominium projects and proceeds from bank loans.

Decrease in financial assets at fair value through profit or loss by P1.9 million to P30.3 million due to the decrease in fair value adjustment recognized on stock market investment.

Receivables increased by P2.2 billion due to higher installment receivables from the sale of condominium units from various projects.

Decrease in condominium units held for sale by P90.9 million to P119.5 million mainly due to the sale of residential condominium units at St. Francis Shangri-La Place.

Decrease in construction in progress by P815.5 million was mainly due to the completion of East Wing Mall and reclassified under Investment Properties.

Decrease in prepayments and other current assets by P161.6 million mainly due to the decrease in creditable withholding taxes used in payment of income taxes due for the year.

Decrease in investment in associates by P73.1 million due to the sale shares in Exchange Properties Resources Corporation.

Increase in investment properties by P1.6 billion mainly due to reclassification of completed cost of East Wing Mall from Construction in progress.

Increase in real estate development project by R203.8 million mainly due to the development cost of The Rise and reversal of accumulated impairment loss.

Decrease in property and equipment by R4.2 million mainly due to depreciation.

Decrease in refundable deposits by R5.7 million due to refund from suppliers.

Decrease in deferred income tax assets by R42.2 million mainly due to the reversal of accumulated impairment loss on real estate development project.

Increase in accounts payable and other current liabilities by R898.7 million due to higher payables to contractors for the construction of various projects.

Increase in bank loans primarily due to availments during the year.

Increase in deposit from tenants and deferred lease income by R201.8 million mainly due to higher deposits from new tenants of the East Wing Mall of Shangri-La Plaza.

Increase in dividends payable by R2.9 million due to declaration of cash dividends amounting to R238.2 million on August 14, 2013.

Increase in income tax payable by R7.9 million due to higher taxable income generated during the year.

Decrease in accrued employee benefits by R33.4 million was mainly due to the effect of adoption of the Revised PAS 19. The changes in accounting policies have been applied retrospectively which resulted to the increase in 2012 accrued employee benefits by R36.1 million (to R73.7 million from previously reported R37.2 million).

Changes in Financial Condition

Net cash provided by operating activities in 2015 amounted to R4.9 billion. The cash inflows in 2015 and 2014 include collection of revenue from condominium projects and rental revenue from mall operation of the Shangri-La Plaza and office leasing of The Enterprise Center. Net cash provided by operating activities in 2014 amounted to R604.6 million. Net cash provided by operating activities in 2013 amounted to R2.1 billion. The cash inflows in 2013 include collection of revenues from condominium units of One Shangri-La and Shang Salcedo projects, higher rental from East Wing and Main Mall of the Shangri-La Plaza and office leasing of The Enterprise Center.

Net cash used in investing activities in 2015 amounted to R2.9 billion which was mainly used for the acquisition of real estate development projects and investment properties. In 2014, R1.6 billion was used mainly for the acquisition of the Shangri-La at the Fort. Net cash used in investing activities in 2013 amounted to R1.5 billion used mainly for the completion of the East Wing Mall.

Net cash used in financing activities in 2015 amounted to R817.6 million mainly used for payments of loan principal and interest, and cash dividends. In 2014, net cash provided by financing activities amounted to R2 billion mainly from loan availment. Net cash used in financing activities in 2013 amounted to R237.8 million used in repayment of loan principal and interests and cash dividends to shareholders.

SCHEDULE OF THE EFFECTIVE STANDARDS AND INTERPRETATIONS

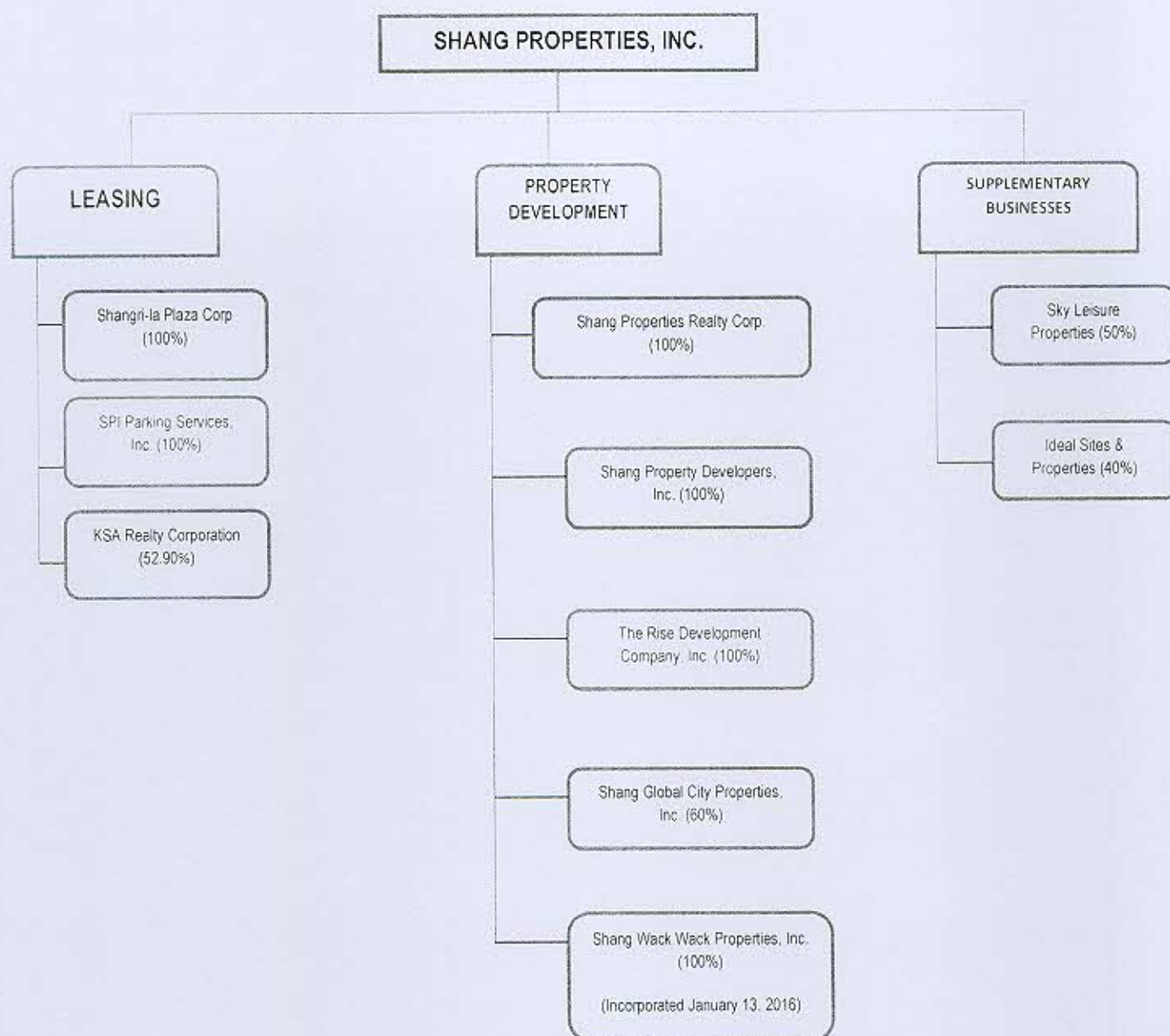
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 8	Operating Segments	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PFRS 9	Financial Instruments	Not early adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 19 (Amended)	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
PAS 28	Investments in Associates	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures	✓		
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	<i>Determining Whether an Arrangement Contains a Lease</i>	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	<i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>			✓
IFRIC 7	<i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>			✓
IFRIC 8	<i>Scope of PFRS 2</i>			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

Item 3. The Parent Company's subsidiaries and associates follow:



Item 4. Reconciliation of retained earnings available for dividend declaration:

	2015	2014
Unappropriated Parent Company retained earnings, beginning	P8,347,694,274	P121,586,888
Adjustments (see adjustments in previous years Reconciliations)		
Cumulative change in fair value of Investment Property - net of tax	(6,572,345,119)	-
Cumulative change in fair value of Financial Asset at FVPL - net of tax	(800,238)	-
Unappropriated Parent Company retained earnings, as adjusted, beginning	1,774,548,917	121,586,888
Net income of the Parent Company closed to retained earnings	4,574,234,532	2,735,375,946
Less:		
Fair value adjustment of financial assets at FVPL	(571,261)	(2,663,820)
Fair value adjustment of investment property	(1,411,473,790)	-
Net income actually earned during the period	3,162,189,481	2,854,299,014
Less: Dividend declaration during the period	(738,097,655)	(642,859,246)
Total Parent Company retained earnings available for dividend declaration, end	P2,424,091,826	P2,211,439,768

Item 5. Financial soundness indicators in two comparative periods:

Financial Ratios

	Fiscal Year Ended	Fiscal Year Ended
	December 31, 2015	December 31, 2014

Liquidity Analysis Ratios:

Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	2.05	2.37
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Quick Ratio	$(\text{Current Assets} - \text{Inventory} - \text{Prepayments}) / \text{Current Liabilities}$	1.81	2.08
Solvency Ratio	$\text{Total Assets} / \text{Total Liabilities}$	2.20	2.03
Financial Leverage Ratios			
Debt Ratio	$\text{Total Debt} / \text{Total Assets}$	0.46	0.49
Debt-to-Equity Ratio	$\text{Total Debt} / \text{Total Stockholders' Equity}$	0.84	0.97
Interest Coverage	$\text{Earnings Before Interest and Taxes (EBIT)} / \text{Interest Charges}$	24.65	19.12
Asset to Equity Ratio	$\text{Total Assets} / \text{Total Stockholders' Equity}$	1.84	1.97
Profitability Ratios			
Gross Profit Margin	$\text{Sales} - \text{Cost of Goods Sold or Cost of Service} / \text{Sales}$	0.68	0.62
Net Profit Margin	$\text{Net Profit} / \text{Sales}$	0.39	0.42
Return on Assets	$\text{Net Income} / \text{Total Assets}$	0.05	0.06
Return on Equity	$\text{Net Income} / \text{Total Stockholders' Equity}$	0.11	0.12
Price/Earnings Ratio	$\text{Price Per Share} / \text{Earnings Per Common Share}$	5.234	5.747

Item 6. Information required by Part 111, Paragraph (A) (2) (b) of "Annex C" of SRC Rule 2

- (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.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure (Required by Part III (B) of "Annex C")

- (1) If during the two most recent fiscal years or any subsequent interim period, the independent accountant has resigned, was dismissed or otherwise ceased performing services, state the name of the previous accountant and the date of resignation, dismissal or cessation of performing services.

Not Applicable

- (2) Describe if there were any disagreements with the former accountant on any matter of accounting and financial disclosure.

Not Applicable

- (3) File as an exhibit to the report the letter from the former accountant addressed to the Commission stating whether it agrees with the statements made by the company and, if not, stating the respects in which it does not agree.

Not Applicable

(B) Information of Independent Accountant and other related matters

a. External Audit Fees and Services

The table below sets forth the aggregate fees billed to the Company for each of the last two (2) years for professional services rendered by Sycip, Gorres Velayo & Co.:

	2015	2014
Audit Fees	3,782,666	3,531,921
Tax Consultancy Fees	203,140	456,065
	3,985,806	3,987,986

No other service was provided by external auditors to the Company for the fiscal years 2015 and 2014.

b. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

(C) Interim Periods

SHANG PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts expressed in Php)

		Unaudited March 31 2016	... Audited December 31 2015
ASSETS			
Current Assets			
Cash and cash equivalents		4,457,629,631	4,041,169,742
Financial assets at fair value through profit or loss		36,128,681	34,882,100
Receivables		1,922,900,072	2,172,434,657
Properties held for sale		6,951,054,169	7,160,774,272
Input tax and other current assets		1,905,747,679	1,765,695,509
Total Current Assets		15,273,460,232	15,174,956,280
Noncurrent Assets			
Installment contract receivable - net of current portion		660,986,703	660,986,703
Investment in associates and joint venture	00 0	493,244,604	491,948,350
Investment properties		28,167,731,900	28,178,567,875
Real estate development projects		10,369,565,122	13,576,917,290
Available-for-sale financial assets		504,872,842	504,872,842
Property and equipment	00.000	4,582,745,856	135,297,925
Goodwill		269,870,864	269,870,864
Deferred income tax assets		242,494,587	235,860,271
Other noncurrent assets		63,732,335	63,411,421
Total Noncurrent Assets		45,355,244,812	44,117,733,541
TOTAL ASSETS		60,628,705,044	59,292,689,821
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and other current liabilities		5,839,948,771	5,557,385,891
Current portion of:			
Installment payable		153,152,398	153,152,398
Bank loans	0000	884,166,666	867,751,562
Deposits from tenants		477,494,580	477,494,580
Deferred lease income		6,520,818	6,520,818
Income tax payable		261,121,722	183,238,555
Dividends payable		600,999,681	148,464,960
Total Current Liabilities		8,223,404,636	7,394,008,764
Non-Current Liabilities			
Installment payable - net of current portion		688,863,785	709,915,105
Accrued employee benefits		47,295,254	49,815,160
Bank loans- net of current portion	.00	11,877,912,821	11,596,577,925
Deferred income tax liabilities		6,729,577,030	6,688,462,938
Deposit from tenants - net of current portion		552,226,914	538,150,247
Deferred lease income - net of current portion		12,740,158	14,176,917
Total Noncurrent Liabilities		19,908,615,962	19,597,098,292
Total Liabilities		28,132,020,598	26,991,107,056
Stockholder's Equity			
Capital stock:			
Common stock - P1 par value		4,764,058,982	4,764,058,982
Additional paid-in capital		834,439,607	834,439,607
Treasury shares		(6,850,064)	(6,850,064)
Other components of equity		(7,299,140)	18,234,935,332
Retained earnings		20,422,987,028	(8,046,511)
Equity attributable to non-controlling interest		6,489,348,033	6,370,409,789
Total Equity		32,496,684,447	32,301,582,765
TOTAL LIABILITIES AND EQUITY		60,628,705,044	59,292,689,821

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

	UNAUDITED FOR THE THREE (3) MONTHS ENDED	
	31-Mar-16	31-Mar-15
INCOME		
Condominium sales	1,162,889,404	1,502,751,684
Rental	676,804,935	670,188,978
Hotel operations	68,553,894	-
Others	87,776,674	91,139,295
	<u>1,996,024,908</u>	<u>2,264,079,956</u>
EXPENSES		
Cost of condominium sales	654,939,272	833,915,024
Cost of hotel operations	262,151,435	-
General and administrative	125,887,591	121,009,939
Taxes, licenses and fees	68,056,824	85,207,079
Unreimbursed share in common expenses	(1,329,403)	11,126,600
Depreciation	4,743,012	5,571,919
Insurance	4,971,465	4,455,725
Interest and bank charges	38,894,607	61,930,168
	<u>1,158,314,803</u>	<u>1,123,216,455</u>
INCOME BEFORE SHARE IN LOSS OF AN ASSOCIATE COMPANY	837,710,105	1,140,863,501
SHARE IN LOSS OF AN ASSOCIATED COMPANY	(1,703,741)	(1,740,910)
INCOME BEFORE TAX	836,006,364	1,139,122,591
PROVISION FOR INCOME TAX	(188,145,982)	(247,796,357)
INCOME BEFORE MINORITY INTEREST	647,860,382	891,326,234
MINORITY INTEREST	(118,938,245)	(124,088,988)
NET INCOME	528,922,138	767,237,246
RETAINED EARNINGS, beg.	20,346,650,494	18,234,935,327
LESS: CASH DIVIDENDS	(452,585,603)	(404,945,013)
RETAINED EARNINGS, end.	<u>20,422,987,028</u>	<u>18,597,227,560</u>
<hr/>		
BASIC AND DILUTED EARNINGS PER SHARE	<u>0.111</u>	<u>0.16</u>

SHANG PROPERTIES INC. & SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Amounts expressed in Php)

(Unaudited)

	Capital stock Pesos	Additional paid-in capital Pesos	Treasury stock Pesos	Other components of equity Pesos	Retained earnings Pesos	Non-controlling Interest Pesos	Total Pesos
Balance as of 1 January 2015	4,764,058,982	834,439,607	(6,850,064)	(8,046,511)	18,234,935,328	3,965,795,878	27,784,333,220
APIC from Consolidation of SFBHI and SGCHI	-	(6,706,915)	-	-	-	-	(6,706,915)
Cumulative translation adjustment	-	-	-	(5,148,214)	-	-	(5,148,214)
Cash dividends	-	-	-	-	(404,945,013)	-	(404,945,013)
Net income for the period	-	-	-	-	767,237,246	124,088,988	891,326,234
Balance as of 31 March 2015	4,764,058,982	827,731,692	(6,850,064)	(13,194,725)	18,597,227,561	4,089,884,866	28,258,859,311
Balance as of 1 January 2016	4,764,058,982	834,439,607	(6,850,064)	(7,126,043)	20,346,650,494	6,370,409,789	32,301,582,765
Cumulative translation adjustment	-	-	-	(173,097)	-	-	(173,097)
Cash dividends	-	-	-	-	(452,585,603)	-	(452,585,603)
Net income for the period	-	-	-	-	528,922,138	118,938,244	647,860,381
Balance as of 31 March 2016	4,764,058,982	834,439,607	(6,850,064)	(7,299,140)	20,422,987,029	6,489,348,033	32,496,684,447

SHANG PROPERTIES INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts expressed in Php)

	March 31, 2016 (Unaudited)	March 31, 2015 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income before income tax	717,068,120	1,015,033,604
Adjustment for:		
Interest income	(49,702,671)	(62,394,918)
Interest expense	47,297,260	54,838,420
Depreciation and amortization	4,743,012	5,571,919
Cumulative translation adjustment	(173,097)	(5,148,214)
Dividend income	(3,330,411)	(4,669)
Change in fair value of financial assets at FVPL	(1,246,581)	(2,645,364)
Share in profit (loss) of associate companies	1,703,741	1,740,910
Unrealized foreign exchange losses (gains) - net	5,884,970	306,340
Operating income before working capital changes	722,244,342	1,007,298,028
Decrease (increase) in:		
Receivables	249,534,585	(93,199,419)
Properties held for sale	(534,411,578)	66,357,382
Input tax and other current assets	(140,052,170)	(411,151,222)
Increase (decrease) in:		
Accounts payable and other current liabilities	487,108,480	17,105,414
Deferred lease income	(1,436,759)	(2,082,172)
Accrued employee benefits	(2,519,906)	(13,114,021)
Net cash generated from (used in) from operations	780,466,993	571,213,990
Interest received	50,397,499	62,095,443
Net cash provided by operating activities	830,864,493	633,309,433
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment properties	10,835,976	(103,929,158)
Property and equipment	(638,972,773)	(7,038,798)
Investment in associates	(1,296,254)	(759,091)
Decrease (increase) in real estate development projects	(32,409,153)	(313,042,410)
Decrease (increase) in other assets	(22,809,979)	(22,809,979)
Dividends received	3,330,411	4,669
Net cash used in investing activities	(681,321,772)	(447,574,767)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan availment, net of debt issue costs	297,750,000	342,412,500
Payments of:		
Loan principal	-	(145,833,333)
Interest	(38,973,645)	(56,726,055)
Cash dividends paid to stockholders	(50,883)	-
Increase (decrease) in deposits from tenants	14,076,667	(1,022,313)
Net cash used in financing activities	272,802,139	138,830,799
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(5,884,970)	(306,340)
NET DECREASE IN CASH AND CASH EQUIVALENTS	416,459,890	324,259,125
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,041,169,742	2,911,004,819
CASH AND CASH EQUIVALENTS AT END OF YEAR	4,457,629,631	3,235,263,944

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 due to completion.

- 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 P339.9 million mainly due to lesser percentage of completion was recognized during the period compared to the same period last year.
- Leasing operations improved by P6.6 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 P68.6 million.
- Interest income and other income decrease by P3.4 million mainly due to the decrease in interest on installment contract receivables.

Total expenses of the Group amounted to P1.2 billion, higher by P35.1 million compared with last year's P1.1 billion. This was mainly due to the following:

- Decrease in cost of condominium sales by P178.9 million mainly due to lesser sales were recognized for the period.
- Cost of hotel services amounted to P262.1 million mainly due to the opening expenses of the hotel.
- Decrease in taxes and licenses by P17.2M mainly due to lower real property taxes paid for One Shangri-La Place.
- Recovery of reimbursable expenses improved by P12.5 million mainly due to lower utility cost incurred during the period compared to the same period in 2015.
- Decrease in depreciation by P0.1 million mainly due to certain assets have been fully depreciated.
- Increase in insurance expense by P0.1 million mainly due to the additional insurance coverage of the properties during the period.
- Decrease in interest and bank charges by P23.0 million mainly due to lower outstanding bank loans as compared to the same period in 2015.

Provision for income tax is lower by P59.7 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

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

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

- There are no material commitments for capital expenditures.
- 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.
- There are no significant elements of income or loss that did not arise from the registrant's continuing operations.
- There are no material changes in periodical reports.
- There are no seasonal aspects that had a material effect on the financial statements.

Item 3. Other Required Disclosures

A.) The attached interim financial reports were prepared in accordance with Philippine Financial Reporting Standard. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2015.

B.) Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.

C.) There were no materials changes in estimates of amounts reported in prior period that have material effects in the current interim period.

D.) Except as disclosed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there were no other issuances, repurchases and repayments of debt and equity securities.

E.) There are no significant events happened subsequent to March 31, 2016 up to the date of this report that needs disclosure herein.

F.) For the required disclosure as per SEC letter dated October 29, 2008 on the evaluation of the company's risk exposure and financial instruments profile please see Note 10 of the attached interim financial statement.

JOVEN G. SELLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-1001, DECEMBER 31, 2016
ROLL NO. 53970
18P LIFETIME NO. 011302 RIZAL
PTR NO. 2599878; 1-4-16; MANDALUYONG
MCLE COMPLIANCE NO. V - 0014673 14 APRIL 2019
METRO MART COMPLEX, MANDALUYONG CITY

1. None of the incumbent members of the Board of Directors and Executive Officers of the Corporation are connected with or work for any government agency body.
2. This Certification is being issued in compliance with the requirement of the Markets and Securities Regulation Department of the Securities and Exchange Commission.

FEDERICO G. NOEL, JR.
Corporate Secretary

SUBSCRIBED AND SWORN to before me in the City of Mandaluyong this 19 day of MAY by Federico G. Noel, Jr., having satisfactorily proven to me his identity through his Philippine Passport No. EB7578429 issued by the DFA NCR East on 07 March 2013 and valid until 06 March 2018, and who personally appeared before me and signed the foregoing Certification, and acknowledge that he executed the same freely and voluntarily, that he is acting as the authorized representative of Shang Properties, Inc. and that he has the authority to sign in such capacity.

Doc. No. 271 ;
Page No. 56 ;
Book No. 23 ;
Series of 2016.