

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

ATTY. FEDERICO G. NOEL, JR.
(Contract Person)

(Contract Person)

370-2700
(Company Telephone Number)

(Company Telephone Number)

1 2
Month
(Fiscal Year)

Month _____ Da _____
(Fiscal Year)

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(Form Type)

(Form Type)

Month Day
(Annual Meeting)

Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

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STAMPS

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22 May 2017

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

ATTENTION: VICENTE GRACIANO P. FELIZMENIO, JR.
Director

SECURITIES AND EXCHANGE
COMMISSION

RECEIVED
MAY 24 2017

REGULATION DEPT.
BY: *[Signature]* TIME: 2:55

Re: 20-IS Shang Properties, Inc.

Gentlemen:

Further to your letter dated 16 May 2017 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. Summary Compensation Table

- *SPI has no incumbent CEO as of this submission. The figures reported in the table set forth in 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.*

2. External Audit Fees

- The matter is disclosed on page 31 of the Definitive 20-IS, thus:

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.:



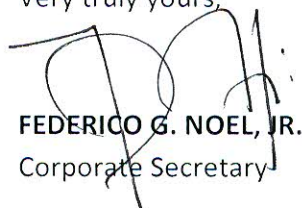
	2016	2015
Audit Fees	4,072,287	3,782,666
Tax Consultancy Fees	565,000	203,140
	4,637,287	3,985,806

No other service was provided by external auditors to the Company for the fiscal years 2016 and 2015.

3. Top 20 Stockholders, Number of Shares Held, Percentage of Total Shares

- All the required data respecting SPI's Top 20 Stockholders are disclosed on page 3 of the Definitive 20-IS.

Very truly yours,



FEDERICO G. NOEL, JR.
Corporate Secretary

**NOTICE OF ANNUAL STOCKHOLDERS' MEETING
OF
SHANG PROPERTIES, INC.**

To be held on 20 June 2017 at 10:00 A.M.

To All Stockholders:

Please be advised that the Annual Meeting of the Stockholders of **SHANG PROPERTIES, INC.** (the "**Corporation**") will be held on 20 June 2017 at 10:00 A.M. at the *Garden Ballroom, Edsa Shangri-La Hotel, Manila, No. 1 Gardenway, Ortigas Center, Mandaluyong City.*

The Agenda of the meeting is set forth below:

- 1) Call to Order
- 2) Certification of Notice and Quorum
- 3) Approval of the Minutes of the Annual Meeting of the Stockholders held on 21 June 2016
- 4) Report of Management
- 5) Ratification of Acts of Management and the Board of Directors
- 6) Election of External Auditors
- 7) Amendment of Articles of Incorporation – Decrease in Number of Directors
- 8) Election of the Board of Directors for the year 2017-2018
- 9) Other Matters
- 10) Adjournment

The Board of Directors has fixed the close of business hours on **19 May 2017** as the record date for the determination of the stockholders in good standing entitled to notice of and to vote at such meeting.

Minutes of the Stockholders' Meetings and SEC Form 17-A (Annual Report) for the year ended 31 December 2016 as well as the resolutions of the Board of Directors, will be available for examination during office hours at the office of the Corporate Secretary.

In case you cannot personally attend the meeting, you may send a proxy to represent you. Proxies must be filed with and received by the office of the Corporate Secretary of the Corporation before the date set for the annual meeting. In the absence of a written specification to the contrary, proxies in favor of, or which may be voted by, the management, will be in favor of the nominees of the management in the election of directors of the Corporation.

Mandaluyong City, Metro Manila, 4th day of May 2017.

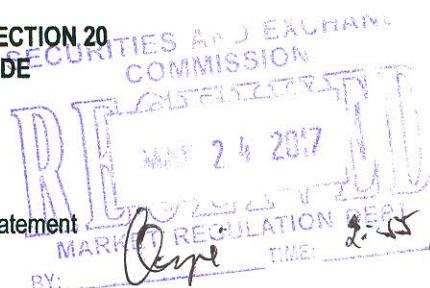
**BY ORDER OF THE BOARD OF DIRECTORS
OF SHANG PROPERTIES, INC.**


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



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 20 JUNE 2017 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:
29 MAY 2017, which is fifteen (15) business days prior to the date of the Annual Stockholders' Meeting on 20 JUNE 2017.
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.

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Date, time and place of meeting of security holders.

The annual meeting of Registrant's stockholders will be held on 20 JUNE 2017 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 29 MAY 2017, which is fifteen (15) business days prior to the date of the Annual Stockholders' Meeting on 20 JUNE 2017.

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.

Dissenters' 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.

B. CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

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 19 MAY 2017.

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 30 APRIL 2017 are:

Name of Stockholders	Number of Shares Held	Percent to Total Outstanding
Travel Aim Investment B.V	1,648,869,372	34.61%
Ideal Sites and Properties, Inc.	1,465,144,626	30.75%
PCD Nominee Corporation	1,011,600,226	21.23%
SM Development Corporation	189,550,548	3.97%
PCD Nominee Corporation	55,306,453	1.16%
KGMPP Holdings, Incorporated	52,925,445	1.11%
CCS Holdings, Incorporated	47,633,492	0.99%
Pecanola Company Limited	43,175,495	0.90%
Kuok Brothers SND. BHD.	37,023,839	0.77%
Kuok Foundation Overseas Limited	37,023,839	0.77%
GGC Holdings, Incorporated	26,224,322	0.55%
Kerry Holdings Limited	26,090,624	0.54%
Kuok (Singapore) Limited	24,848,214	0.52%
Kerry (1989) LTD.	12,424,107	0.26%
Kuok Traders (Hong Kong) LTD.	11,407,363	0.23%
Federal Homes, Inc.	4,808,478	0.10%
Luxhart Assets Limited	3,975,714	0.08%
Yan, Lucio W. Yan &/or Clara	3,142,857	0.06%
Antonio O. Cojuangco	3,026,964	0.06%
Sysmart Corporation	1,671,231	0.03%
	4,705,873,209	98.69%

As of 30 APRIL 2017, the total number of shareholders of Issuer's common shares is 5,329.

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 30 APRIL 2017.

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	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	1,465,144,626	30.75%
Common	PCD Nominee Corporation	R	Filipino	1,011,600,226	21.23%

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 1,465,144,626 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.

Security Ownership of Management (as of 30 APRIL 2017)

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	Cynthia R. Del Castillo	1(D)	Filipino	0.000%
Common	Danila Regina I. Fojas	36,010(D)	Filipino	0.000%
Common	Andrew Kin Sun Ng	930,010(D)	British Hong Kong	0.000%
Common	Karlo Marco P. Estavillo	5,000(D)	Filipino	0.000%
Common	Antonio O. Cojuangco	3,026,964(D)	Filipino	0.000%
Common	Johnny Cobankiat	32,302(D)	Filipino	0.000%
Common	Gregory Allan Dogan	10(D)	British	0.000%
Common	Koay Kean Choon	1,000(D)	Malaysian	0.000%
Common	Maximo G. Licaucio III	1(D)	Filipino	0.000%
Common	Wilfred Shan Chen Woo	1,000(D)	Canadian	0.000%
Common	Ho Shut Kan	1,570(D)	New Zealand	0.000%
Common	Benjamin C. Ramos	2(D)	Filipino	0.000%
Common	Federico G. Noel, Jr.	1(D)	Filipino	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 **4,842,037** 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.

Directors and Executive Officers

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 /25 yrs. & 1 mo.	64	Chairman	None
Alfredo C. Ramos	Filipino	Yes /28 yrs. & 9 mos.	73	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 /15 yrs. & 9 mos.	64		Sanitary Wares & Mfg. Corp.
Benjamin I. Ramos	Filipino	Yes /6 yrs. & 7 mos.	47		None
Wilfred Shan Chen Woo	Canadian	Yes/5 yrs. & 7 mos.	59		None
Danila Reginal. Fojas	Filipino	Yes/14 yrs. & 9 mos.	63		None
Kin Sun Andrew Ng	British Hong Kong	Yes/11 yrs. & 9 mos.	60	Group Financial Controller	None

Federico G. Noel, Jr.	Filipino	Yes /17 yrs. & 5 mos.	55	Corporate Secretary	None
Maria Myla Rae S. Orden	Filipino	(No)	51	Asst. Corp. Secretary	None
*Wilkie Lee		RESIGNED AS OF 14 SEPTEMBER 2016			
Johnny O. Cobankiat***	Filipino	Yes /9 yrs. & 10 mos.	66		None
Antonio O. Cojuangco***	Filipino	Yes /9 yrs. & 7 mos.	65		None
Ho Shut Kan	New Zealand	Yes /6 yrs. & 9 mos.	66		None
*Manuel M. Cosico		RESIGNED AS OF 14 SEPTEMBER 2016			
Koay Kean Coon	Malaysian	Yes/3 yrs. & 9 mos.	61	Senior Project Director	None
Maximo G. Licaucio III	Filipino	Yes/3 yrs. & 4 mos.	67		None
**Gregory Allan Dogan	British	8 mos	52		None
** Karlo Marco P. Estavillo	Filipino	8 mos	45	Treasurer/Chief Finance Officer and Chief Operating Officer	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.

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 Shangri-La 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.

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.

Karlo Marco P. Estavillo served as General Manager of San Miguel Properties, Inc., and a member of the Board of Directors of United Coconut Planters Bank, Cocolife, and UCPB General Insurance, Inc. He received a Bachelor of Laws Degree from the University of the Philippines College of Law and Bachelor of Science in Business Management from the Ateneo de Manila University.

Gregory Allan Dogan served as the Chief Executive Officer and President of Shangri-La Hotel Public Company Limited and Shangri-La International Hotel Management Ltd. And as the Chief Operating Officer of Shangri-La International Hotel Management Ltd. He has over 25 years of experience in the hospitality industry. He has also held senior property management positions, including Vice President and General Manager of Makati Shangri-La, Manila. He joined the Shangri-La Group in 1997 as Executive Assistant Manager of Mactan Island Resort, Cebu. His hospitality career has spanned Asia, Europe, and the Middle East.

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

*Mr. Wilkie Lee and Mr. Manuel M. Cosico resigned from the Board as of 14 September 2016. Elected in their stead during the 14 September 2016 meeting of the Board were Mr. Gregory Allan Dogan and Mr. Karlo Marco P. Estavillo

*** Messrs. Johnny Cobankiat, 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 20 JUNE 2017 (published on 20 April 2017 in The Manila Times). Pursuant to the nominations received by the Corporate Secretary of Registrant the following names have been forwarded to the Nomination Committee for nomination to the Board of Directors during the Annual Stockholders Meeting:

Edward Kuok Khoon Loong
 Alfredo C. Ramos
 Cynthia R. Del Castillo
 Danila Regina I. Fojas
 Andrew Kin Sun Ng
 Karlo Marco P. Estavillo
 Antonio O. Cojuangco
 Johnny Cobankiat
 Gregory Allan Dogan
 Koay Kean Choon
 Maximo G. Licaucio III
 Wilfred Shan Chen Woo
 Ho Shut Kan
 Benjamin C. Ramos
 Federico G. Noel, Jr.

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.

Involvement in Certain Legal Proceedings

- (i) On 14 July 1993, a complaint was initially filed before the Pasig Regional Trial Court (RTC-Pasig) by the principal contractor of the Shangri-La Plaza Mall against the Issuer and its Board of Directors for the recovery of the balance of alleged unpaid construction work, compensatory and moral damages, legal fees, and litigation costs. On 27 October 1998, the RTC-Pasig issued an order directing the parties to arbitrate their dispute under the Arbitration Law. On July 31, 2006, the Arbitral Tribunal that was constituted by the Parties, ordered BF Corporation to file its Statement of Claims, and the Issuer and the other defendants to file their respective

Answers thereafter. BF had increased its claims for unpaid billings, change orders, damages, etc., to a total of about ₱228.6 million, Issuer and the other defendants have put forth counterclaims in the total amount of about ₱380 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 ₱46,905,987.79, while Issuer is entitled to an award of ₱8,387,484.06. 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.

- (ii) On November 23, 2005, Issuer together with The Shang Grand Tower Corporation (a subsidiary of Issuer) (now the Shang Properties Realty Corporation), were named respondents in a case before the Bureau of Legal Affairs of the Intellectual Property Office of the Philippines (BLA-IPPHIL), entitled "ASB Development Corporation v. The Shang Grand Tower Corporation and Edsa Properties Holdings, Inc., for unfair competition, false and fraudulent declaration and damages with application for issuance of a Temporary Restraining Order and Writ of Preliminary Injunction." Complainant ASB alleges that Respondents committed acts of unfair competition and false and fraudulent declaration by the Respondents' use of the terms "St. Francis" for their residential condominium project located along St. Francis St. cor. Shaw Blvd., Mandaluyong City. Issuer is the project owner, while TSGTC is the project developer. On December 19, 2006, the BLA-IPPHIL rendered its decision and ruled that Respondents cannot use the name "St. Francis Towers", but they can use the name "St. Francis - Shangri-La Place". The BLA, however, did not award any damages to ASB stating that no evidence was presented by ASB as to the amount of damages it suffered. Respondents and ASB have both partially appealed the BLA Decision. The Office of the Director General promulgated its Decision on 03 September 2008. ASB appealed said Decision before the Court of Appeals. The Court of Appeals having issued its Decision on 18 December 2009 favoring ASB's position, TSGTC (now SPRC), appealed the same to the Supreme Court. The Supreme Court, 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. This case is entitled SFSDC v. TSGTC g.r. 220346. Last 18 april 2016, the Supreme Court, via its Notice dated 16 March 2016, had denied with finality, SFSDC's further Motion for Reconsideration and categorically ruled that no further pleadings or motions will be entertained. Issuer to date is still awaiting the Supreme Court's Entry of Final Judgement.

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

Mr. Wilkie Lee and Mr. Manuel M. Cosico resigned as directors as of 14 September 2016. Mr. Gregory Allan Dogan and Mr. Karlo P. Estavillo were elected by the Board of Directors during its 14 September 2016 meeting to replace Messrs. Lee and Cosico.

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. 2015 and 2016 and to be paid in the ensuing fiscal year 2017 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
2017		66,846,557.67	22,498,433.00	89,344,990.67
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				
Karlo Marco P. Estavillo, Treasurer/Chief Finance Officer and Chief Operating Officer				
2016		44,242,709.33	19,551,119.69	63,793,829.02
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				

Compensation Plans

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 FY 2016 is ADELIN D. LUMBRES, replacing ARNEL F. DE JESUS, 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 10 November 2015 until 09 November 2018. SGV will be recommended for re-appointment as External Auditor for the year 2017-2018 during the Annual Stockholders' Meeting on 20 JUNE 2017.

AUDIT COMMITTEE

Pursuant to the provisions of Registrant's Manual of Corporate Governance, the Registrant has an Audit Committee which is chaired by Mr. Johnny Cobankiat who is an independent director and co-chaired by Mr. Maximo Licaucó III. Manuel M. Cosico is a member of the Committee (no replacement has been elected in place of Mr. Cosico since his resignation last 14 September 2016). (Per Registrant's Manual of Corporate Governance Provisions prior to the 2017 Manual of Corporate Governance, 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).

C. 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 ₱6,000,000,000.00 (representing 6,000,000,000 common shares at ₱1.00 par value per share) to ₱8,000,000,000.00 (representing 8,000,000,000 common shares at ₱1.00 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

2017

- During the regular meeting of the Issuer's Board held on 15 March 2017, the Board approved the declaration of P0.095 per share cash dividend to all shareholders of record as of 31 March 2017, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2016, to be paid on or before 07 April 2017.

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.
- During the regular meeting of the Issuer's Board held on 14 September 2016, the Board approved the declaration of P0.070 per share cash dividend to all shareholders of record as of 30 September 2016, to be taken from the unrestricted retained earnings as reflected in the unaudited financial statements of the Issuer as of 30 June 2016, to be paid on or before 07 October 2015

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.

D. OTHER MATTERS

Action with respect to Reports

As of the submission of this DEFINITIVE Information Statement, for the agenda during the annual stockholders' meeting, the shareholders shall be requested to:

- approve the minutes of the Annual Stockholders' Meeting held on 21 JUNE 2016 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 2016, 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 21 JUNE 2016 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 2016, elect the Board of Directors for the year 2017-2018, elect the Registrant's external auditors.
- approve and ratify the resolution of the Board of Directors passed during the Special Meeting of the Board held last 23 May 2017 which approved the amendment of ARTICLE SIXTH of the Issuer's Articles of Incorporation, decreasing the number of directors of the Corporation from fifteen (15) to ten (10) so that, as amended, ARTICLE SIXTH shall read:

"SIXTH: That the number of Directors of said Corporation shall be TEN (10) xxx"

As of this Definitive Information Statement, 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.

During its meeting held on 15 March 2017, the Board approved the Issuer's 2017 Manual of Corporate Governance pursuant to Sec Memo Circular No. 19, Series of 2016.

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 Johnny O. Cobankiat and co-chaired by Maximo G. Licauco III. 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 2017, is **34.53%** 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
2016		
First Quarter	P3.22	P2.70

Second Quarter	3.41	3.02
Third Quarter	3.60	3.17
Fourth Quarter	3.32	3.19
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

The high and low of issuer's shares for the period 01 January 2017 to 31 March 2017 are as follows:

High: P3.45

Low: P3.21

The closing price for the issuer's shares on 31 March 2017 is P3.39.

The high and low of issuer's shares for 30 April 2017 are as follows:

High: P3.37

Low: P3.25

The closing price for the issuer's shares on 30 APRIL 2017 is P3.25

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 **23rd day of May 2017**.

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		%
		2016	2015	Change
Turnover	(Php M)	11,279	8,284	36.2%
Profit Attributable to shareholders	(Php M)	2,906	2,850	2.0%
Earnings per share	(Php Ctv)	0.610	0.598	2.0%
Net Asset Value per share	(Php)	5.890	5.445	8.2%
Price Earnings Ratio	(Times)	5.361	5.234	2.5%

- Turnover consists of sales of residential condominium units, rental and cinema, hotel operations, and other income. Shang Properties' total revenue increased by ₱3.0 billion (B) to ₱11.3B for calendar year 2016 from ₱8.3B total revenues for calendar year 2015. Sales of residential condominium units accounted for ₱6.1B or 54.1% of the total revenue. Revenue from leasing operations amounted to ₱2.9B, higher by ₱155.4 million (M) from last year's ₱2.7B. In 2016, Shangri-La at Fort commenced its hotel operations and contributed revenue amounting to ₱1.3B. Other income increased by ₱43.5M.
- Profit attributable to shareholders represents net income from operations after tax of the Group. It went up by ₱56.1or 2.0% compared with last year.
- Earnings per share of ₱0.610 were higher by 2.0% from last year's ₱0.598.
- 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 8.2% 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 higher by 2.5% to 5.361 this year from 5.234 last year. The Group' year-end share price in 2016 is ₱3.27 from ₱3.13 in 2015.

Results of Operations

Shang Properties' consolidated net income attributable to shareholders for the year ended December 31, 2016 amounted to ₱2.9B, ₱56.1M higher than the ₱2.8B posted in the same period last year.

Calendar Year 2016 Compared to Calendar Year 2015

Turnover increased by ₱3.0B or 36.2% to ₱11.3B in 2016 from ₱8.3B in 2015, mainly due to higher revenue from condominium sales, net increase in rental revenue and revenue from hotel operations of Shangri-La at the Fort.

1. Residential condominium projects revenue of ₱6.1B is higher by ₱1.4B from last year's ₱4.7B mainly due to the higher sales and completion level of various projects.
2. Revenue from leasing grew by ₱155.4M to ₱2.9B mainly due to rental escalation and higher rental yields particularly from leasing operations of The Enterprise Center. In addition, Shangri-La at Fort contributed ₱84.6M of rental revenue from shops in the first year of its operations.
3. The revenue from hotel services of Shangri-La at the Fort contributed ₱1.3B as it commenced its operations in 2016.

4. Other income increased by ₱43.5 M mainly due to higher interest income on accretion and installment sales.

Cost of sales and services increased by ₱2.6B mainly due to the net effect of following:

1. Increase in cost of condominium by ₱1.1B mostly due higher sales of condominium units.
2. Decrease in cost of rental and cinema by ₱8.1M mainly due to recovery of reimbursable expenses from lower utility cost incurred as compared to same period last year.
3. Cost of hotel operation at Shangri-La at the Fort amounting to ₱1.5B as it commenced its operations in 2016.

Operating Expenses of the Group amounted to ₱1.2B, ₱352.9M higher compared with last year's ₱868.1M mainly due to the net effect of the following:

1. Increase in staff cost by ₱52.8M primarily due to increase in manpower to cover increased operations for hotel and ongoing developments.
2. Increase in general and administrative expense by ₱288.1M mainly due to higher administration cost incurred for ongoing projects.
3. Lower depreciation expense by ₱ 3.8M mainly due to fully depreciated equipment.
4. Increase in insurance expense by ₱16.9M particularly due to additional coverage of hotel properties.

Share in net income of associates was lower by ₱75.0M compared with last year mainly due to adjustments in fair value recognized in 2015.

Increase in interest expense and bank charges by ₱71.9M mainly due to additional bank loan availed in 2016.

Calendar Year 2015 Compared to Calendar Year 2014

The Group' gross revenue increased by ₱671.5M or 8.8% to ₱8.3B in 2015 from ₱7.6B in 2014, mainly due to higher revenue from condominium sales and net increase in rental revenue.

1. Residential condominium projects revenue of ₱4.7B is higher by ₱889.9M from last year's ₱3.8B mainly due to the higher sales and completion level of various projects.
2. Shangri-La Plaza's revenue slightly declined by ₱41.2M 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 ₱86.8M to ₱962.6M mainly due to rental escalation and higher rental yields.
4. Interest and other income decrease by ₱270.1M mainly because 2014 included gain on remeasurement of ₱824.4M 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 ₱549.4M.

Total Expenses of the Group amounted to ₱3.6B, ₱99.4M lower compared with last year's ₱3.5B mainly due to the net effect of the following:

1. Increase in staff cost by ₱163.9M primarily due to increase in manpower to cover increased operations of ongoing developments.
2. Increase in general and administrative expense by ₱27.8M mainly due to higher administration cost incurred in 2015 for ongoing projects.
3. Increase in depreciation expense by ₱2.1M mainly due to the additional office improvements and transportation equipment.
4. Increase in insurance expense by ₱2.2M particularly due to additional coverage of properties.

The abovementioned increases in expenses are offset by:

5. Lower reimbursable expenses which reduced by ₱17.7M mainly due to lower electricity rates in 2015 compared with 2014.
6. Decrease in interest expense and bank charges by ₱25.5M mainly due to loan repayment during the year.
7. Cost of condominium sales reduced by ₱ 67.8M mostly due to savings in construction cost in One Shangri-la Place Project.

Share in net income of associates was higher by ₱80.4M compared with last year primarily gain in fair value adjustment of investment property of an associated company.

Provision for income tax is higher by ₱193.6 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 ₱703.7M or 10.2% to ₱7.6B in 2014 from ₱6.9B 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 ₱3.8B is lower by ₱170.9M from last year's ₱3.9B 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 ₱196.6M 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 ₱72.1M to ₱875.8M 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 ₱7M mainly due to higher occupancy.

5. Interest and other income increased by ₱588.7M 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 ₱3.5B. This is ₱361.5M lower compared with last year's ₱3.8B 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 ₱90.5M primarily due to increase in staff cost for additional workload.
8. Interest expense and bank charges increased by ₱42.1M mainly due to additional loan availment during the year.
9. Increase in taxes and licenses by ₱60.4M 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 ₱10.1M mainly due to the improved occupancy of the East Wing Mall, which resulted to higher recovery of reimbursable expenses from tenants. Increase in depreciation expense by ₱2.2M mainly due to the capitalized office improvements and acquisition of transportation equipment.
11. Insurance expense increased by ₱1.9M particularly due to premiums paid for the East Wing Mall.

Financial Condition

Calendar Year 2016 Compared to Calendar Year 2015

Total assets of the Company amounted to ₱61.8B, a growth of ₱2.5B, from total assets of ₱59.3B in December 31, 2015. The following are significant movements in the assets:

Decrease in financial assets at fair value through profit or loss by ₱2.3M due to fair value adjustment on marketable securities recognized during the year.

Receivables, including installment contract receivable, increased by ₱973.5M mainly due to higher sale of condominium projects and increase in advances to contractors and suppliers for the ongoing projects.

Properties held for sale increased by ₱3.5B mainly due to completion of Shangri-La at the Fort - Horizon Homes and on-going construction of the condominium projects at Shang Salcedo Place and The Rise in Makati.

Real estate development project decreased by ₱13.3B primarily due to completion of Shangri-La at the Fort project, the accumulated costs of hotel were reclassified to property and equipment and properties held for sale.

Increase in property and equipment by ₱10.3B mainly due to completion of Shangri-La at the Fort hotel project. The related cost was reclassified from real estate development project, and property and equipment.

The recognized deferred income tax assets decreased by ₱30.8M mainly due to utilization of deferred income tax asset during the year.

Increase in other noncurrent assets by ₱86.9M mainly due to higher deferred input VAT arising from purchase of capital goods.

Increase in accounts payable and other current liabilities by ₱770.0M due to additional payable to contractors for the construction of various projects.

Net decrease in installment payable of ₱92.8M was mainly due to scheduled payments made throughout 2016 totaling to ₱95.7M.

Net increase in bank loans by ₱571.8M was due to additional loan availment of Shangri-La at the Fort for property development amounting to ₱705.1M and repayment of loans totaling to ₱133.3M during 2016.

Increase in deposits from tenants, deferred lease income and advance rental by ₱155.1M was mainly due to higher deposits from new tenants of The Enterprise Center (TEC) and Shangri-La Plaza mall.

Decrease in income tax payable by ₱105.4M due to payments in 2016.

Decrease in dividends payable by ₱115.4M mainly due to payment of dividends in 2016.

Decrease in accrued employee benefits by ₱8.7M was mainly due to the payments made during the year.

Calendar Year 2015 Compared to Calendar Year 2014

Total assets of the Company amounted to ₱59.3B, a growth of ₱4.6B from total assets of ₱54.7B, in December 31, 2014. The following are significant movements in the assets:

Increase in cash and cash equivalents by ₱1.1B mainly due to higher collection from sales of condominium projects.

Receivables, including installment contract receivable, decreased by ₱1.3B 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 ₱1.4B 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 ₱81.1M mainly due to fair value adjustment of investment property of an associated company.

Increase in investment properties by ₱1.1B mainly due to fair value adjustment of properties held by the Group.

Real estate development project increased by ₱2.4B primarily due to the construction of the hotel portion of the Shangri-La at the Fort project.

Increase in property and equipment by ₱68.3M mainly due to purchase of various equipment.

The recognized deferred income tax assets decreased by ₱120.5M 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 ₱674M due to higher payable to contractors for the construction of various projects.

Installment payable of ₱863M was recognized during 2015 arising from the purchase of land for The Rise project.

Net increase in bank loans by ₱315.7M was due to additional loan availment by the Shangri-La at the Fort project for property development amounting to ₱2,211.5M and repayment of loans totaling to ₱1,896M during 2015.

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

Increase in income tax payable by ₱55.7M due to higher taxable income generated during the year.

Increase in dividends payable by ₱44.2M mainly due to additional unclaimed cash dividends during 2015.

Decrease in accrued employee benefits by ₱18.7M was mainly due to the benefit payments made during the year.

Deposit for future stock subscription amounting to ₱1,959M 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 ₱54.7B, a growth of ₱15.6B from total assets of ₱39B in December 31, 2013. The following are significant movements in the assets:

Increase in cash and cash equivalents by ₱1B 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 ₱2.7M to ₱33M due to the fair value adjustment on marketable securities recognized during the year.

Receivables increased by ₱628M mainly due to higher installment receivables from the sale of condominiums from various projects.

Properties held for sale increased by ₱3.3B 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 ₱1.3B 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 SGCPI and FBSHI wherein the group obtained control over the two companies. The amount of investment in associates reclassified to investment in subsidiary amounted to

₱2B.

Real estate development project amounting to ₱11.2B 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 ₱269.9M.

Refundable deposits increased by ₱31M 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 ₱2.2B 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 ₱83.5M due to declaration of cash dividends amounting to ₱309.4M on August 14, 2014 and ₱333.5M on February 19, 2014.

Increase in income tax payable by ₱78.2M due to higher taxable income generated during the year.

Increase in accrued employee benefits by ₱28.2M 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 SGCPi which will be converted into equity.

Increase in deferred liabilities by ₱1.1B was mainly due to the unrealized increase in fair value of Shangri-la at the Fort.

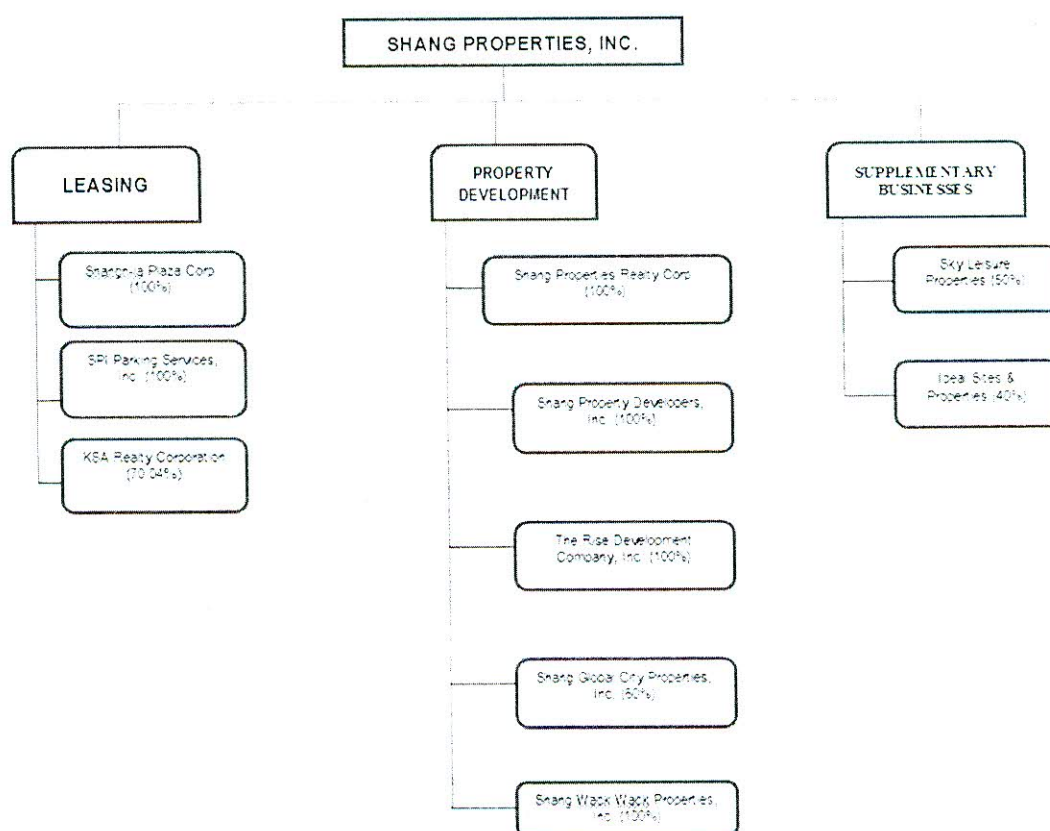
Changes in Financial Condition

Net cash provided by operating activities in 2016 amounted to ₱4.3B. The cash inflows in 2016 include collection of revenue from various condominium projects, rental revenue from mall operation of the Shangri-La Plaza and leasing operations of TEC, and hotel operations of Shangri-La at the Fort. The cash inflows in 2015 and 2014 mainly include collection of revenues from condominium units of One Shangri-La and Shang Salcedo projects, rental revenue from mall and office leasing of TEC. Net cash provided by operating activities in 2015 in 2014 amounted to ₱4.9B and ₱604.6M, respectively.

Net cash used in investing activities in 2016 amounted to ₱3.4B which was mainly used in the acquisition of investment properties and property and equipment totaling to ₱1.6B and acquisition of additional interest in a subsidiary amounting to ₱1.4B. Net cash used in investing activities in 2015 amounted to ₱2.9B which was mainly used for the acquisition of real estate development projects and investment properties. In 2014, ₱1.6B was used mainly for the acquisition of the Shangri-la at the Fort.

Net cash used in financing activities in 2016 and 2015 amounted to ₱773.3M and ₱827.1M, respectively, which was mainly used in payments of loan principal, interest and cash dividends. In 2014, net cash provided by financing activities amounted to ₱2B mainly from loan availment.

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



SHANG PROPERTIES, INC. AND SUBSIDIARIES

SCHEDULE OF THE EFFECTIVE STANDARDS AND INTERPRETATIONS

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		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 PFRS 7: Transition			✓
	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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
	and Financial Liabilities			
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments: Classification and Measurement of Financial Assets	✓		
	Financial Instruments: Classification and Measurement of Financial Liabilities	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Amendments to PFRS 9: Hedge Accounting			✓
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception			✓
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	✓		
	Amendments to PAS 1 (Revised): Disclosure Initiative	✓		
PAS 2	Inventories	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
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	✓		
	Amendments to PAS 16: Bearer Plants			✓
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19 (Revised): Defined Benefit Plans: Employee Contributions	✓		
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	✓		
	Amendments to PAS 27 (Amended): Investment Entities			✓
	Amendments to PAS 27 (Amended): Equity Method in Separate Financial Statements			✓
PAS 28	Investments in Associates	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28 (Amended): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 28 (Amended): Investment Entities: Applying the Consolidation Exception			✓
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	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial 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			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
	Amendments to PAS 39: Hedge Accounting			✓
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	Determining Whether an Arrangement Contains a Lease	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
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>			✓
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.			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

SHANG PROPERTIES, INC. AND SUBSIDIARIES

PARENT COMPANY RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

	2016	2015
Unappropriated Parent Company retained earnings, beginning	P11,062,642,064	P8,347,694,274
Adjustments (see adjustments in previous years Reconciliations)		
Cumulative change in fair value of Investment Property - net of tax	(6,937,673,109)	(6,572,345,119)
Cumulative change in fair value of Financial Asset at FVPL - net of tax	(1,143,197)	(800,238)
Unappropriated Parent Company retained earnings, as adjusted, beginning	4,123,825,758	1,774,548,917
Net income of the Parent Company closed to retained earnings	2,543,438,589	3,453,045,445
Less:		
Fair value adjustment of financial assets at FVPL	21,828	(571,261)
Fair value adjustment of investment property	(316,768,900)	(365,327,990)
Net income actually earned during the period	6,350,517,275	4,861,695,111
Less: Dividend declaration during the period	(785,716,856)	(738,097,655)
Total Parent Company retained earnings available for dividend declaration, end	P5,564,800,419	P4,123,597,456

Item 5. Financial soundness indicators in two comparative periods:

Financial Ratios

		Fiscal Year Ended	Fiscal Year Ended
		December 31, 2016	December 31, 2015
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	2.09	2.08
Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	1.90	1.83
Solvency Ratio	Total Assets / Total Liabilities	2.17	2.20
Financial Leverage Ratios			
Debt Ratio	Total Debt/Total Assets	0.46	0.46
Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	0.85	0.84
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	18.11	24.65
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	1.85	1.84
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	0.51	0.66
Net Profit Margin	Net Profit / Sales	0.34	0.47
Return on Assets	Net Income / Total Assets	0.05	0.05
Return on Equity	Net Income / Total Stockholders' Equity	0.09	0.09

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

Item 7. 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.:

	2016	2015
Audit Fees	4,072,287	3,782,666
Tax Consultancy Fees	565,000	203,140
	4,637,287	3,985,806

No other service was provided by external auditors to the Company for the fiscal years 2016 and 2015.

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

None

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

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

The Issuer has had no disagreements with its Accountants SGV & Co. The Issuer is compliant with the SRC rule 68, as amended, par 3(b)(iv), and has observed the rotation of signing partners for its Independent Public Accountants, SGV. With respect to SGV, the signing partner starting FY 2016 is Adeline D. Lumbres. SGV is a SEC-accredited external auditing for the period 10 November 2015, valid until 09 November 2018.

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Shang Properties, Inc.
Administration Offices, Shangri-La Plaza Mall
EDSA corner Shaw Boulevard,
Mandaluyong City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Shang Properties, Inc. (the Company), which comprise the parent company statements of financial position as at December 31, 2016 and 2015, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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



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

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

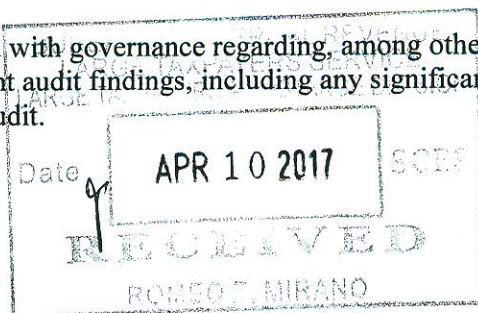
Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 30 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Shang Properties, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Adeline D. Lumbres.

SYCIP GORRES VELAYO & CO.



Adeline D. Lumbres

Partner

CPA Certificate No. 0107241

SEC Accreditation No. 1555-A (Group A),

April 14, 2016, valid until April 14, 2019

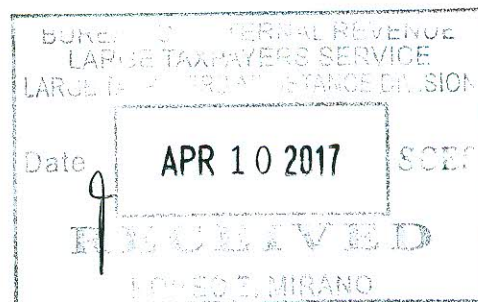
Tax Identification No. 224-024-746

BIR Accreditation No. 08-001998-118-2016,

February 15, 2016, valid until February 14, 2019

PTR No. 5908715, January 3, 2017, Makati City

March 15, 2017



SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of SHANG PROPERTIES INC. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2016 and 2015 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

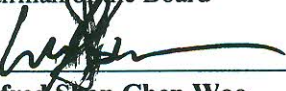
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

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

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

Sycip Gorres Velayo & Co, the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.


Edward Kuok Khoon Loong
Chairman of the Board



Wilfred Shan Chen Woo
Executive Assistant to the Chairman


Karlo Marco P. Estavillo
Chief Financial Officer

Signed this 15th day of March 2017

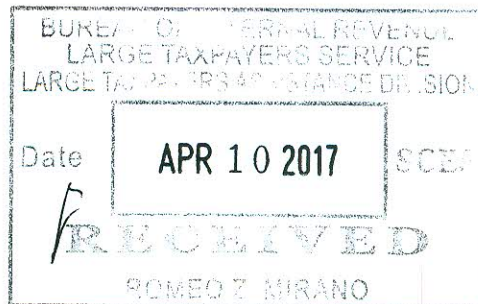
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BOOK NO: 47
SERIES OF 2017




ATTY. JOSE B. DULNUAN
NOTARY PUBLIC
FOR THE CITY OF MANDALUYONG
Until December 31, 2017
COMMISSION NO. 458-16
IBP LIFETIME NO. 0995268 / IFUGAO
PTR NO. 69252527, 1-3-17, Cainta, Rizal
ROLL NO. 26304
MCLE COMP. NO. V-0022171, 6-15-16
VALID UNTIL 04-14-2019
D22-AB GUVENTVILLE II, D.M. GUEVARA ST.
MAUWAY, MANDALUYONG CITY
TEL 532-8858, 5334664
email: jbdulnuan@gmail.com

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Shang Properties, Inc.
Administration Office, Shangri-La Plaza Mall
EDSA corner Shaw Boulevard,
Mandaluyong City



Opinion

We have audited the consolidated financial statements of Shang Properties, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2016 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Valuation of investment properties

As disclosed in Notes 3 and 13 to the consolidated financial statements, the Group carries its investment properties at fair value. The valuation of the investment properties is important to our audit because it accounts for 47% of the total consolidated assets of the Group. In addition, the determination of fair value by an appraiser involves significant estimations using assumptions, such as the best comparable sales prices for the Group's parcels of land held for lease and/or capital appreciation. For the Group's commercial properties under the retail class of assets and the office class of assets, the assumptions used included the rental rates, discount rates, average long-term occupancy rates and expense-revenue ratio.

Audit response

We assessed the competence and objectivity of the appraiser by reference to their qualifications, experience and reporting responsibilities. We reviewed the appraisal reports and compared each property-related data used as inputs for the valuation, such as average long-term occupancy rate and expense-revenue ratio, to historical experience of the Group's leasing operations. We also involved our internal specialist in our evaluation of the valuation methodology and underlying assumptions, such as comparable sales price, rental rate and discount rate, by checking if the valuation methods used are in accordance with PFRSs and International Valuation Standards, given the characteristics of the asset being measured and the assumptions used against real estate industry data.

Revenue and cost recognition on condominium sales based on Percentage of Completion (POC)

The Group's revenue and cost arising from condominium sales account for 59% and 69% of the related consolidated total revenue and cost of sales and services, respectively, which are material to the consolidated financial statements. In recognizing revenue and cost on condominium sales, the Group (1) evaluates the buyer's continuing commitment to the sales agreement, which is based on the proportion of the buyer's payments to the total selling price, and (2) estimates the stage of completion of the condominium project using the percentage of completion (POC) method, which is based on the proportion of cost incurred as of a reporting date over the total estimated cost of the condominium project. This matter is important to our audit because the Group's assessment of the buyer's commitment and stage of completion of the condominium project involves the exercise of significant management judgment and technical inputs from the project development engineers as disclosed in Note 3 to the consolidated financial statements.

Audit response

We obtained an understanding of the Group's processes for determining the POC, including the cost accumulation and estimation process, and performed tests of the relevant controls on these processes. We assessed the competence and objectivity of the project development engineers by reference to their qualifications, experience and reporting responsibilities. We traced the costs accumulated to the supporting documents, such as accomplishment reports, contracts and progress billings. We visited project sites and made relevant inquiries with project engineers. We performed a test computation of the percentage of completion calculation of management. We obtained the approved total estimated costs including any revisions thereto and inquired the revision with the project development engineers. We evaluated management's basis of the buyer's equity by comparing this to the historical sales collections from buyers with accumulated payments above the collection threshold.



Impairment assessment of goodwill

Under PFRS, the Group is required to annually test the amount of goodwill for impairment. As of December 31, 2016, the Group's goodwill attributable to Shang Global City Properties, Inc. (the Cash Generating Unit or CGU) amounted to ₱269.9 million, which is considered significant to the consolidated financial statements. In addition, management's impairment assessment process for goodwill requires significant judgment and is based on assumptions, specifically long-term growth rate, gross margin and discount rate. The Group's disclosures about goodwill are included in Note 12 to the consolidated financial statements.

Audit response

We obtained an understanding of the Group's impairment assessment process and the related controls. We involved our internal specialist in evaluating the methodology and the assumptions used. These assumptions include long-term growth rate, gross margin and discount rate. We compared the key assumptions used, such as growth rate against the first-year performance of the CGU and industry outlook. We tested the parameters used in the derivation of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016 are expected to be made available to us after the date of this auditor's report.

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

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

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

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



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

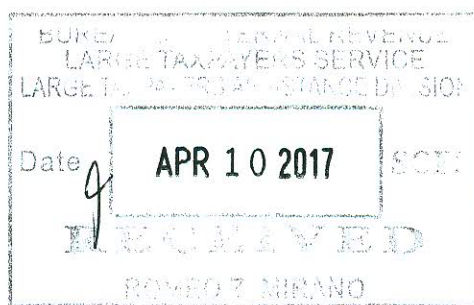
Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Adeline D. Lumbres.

SYCIP GORRES VELAYO & CO.



Adeline D. Lumbres

Partner

CPA Certificate No. 0107241

SEC Accreditation No. 1555-A (Group A),

April 14, 2016, valid until April 14, 2019

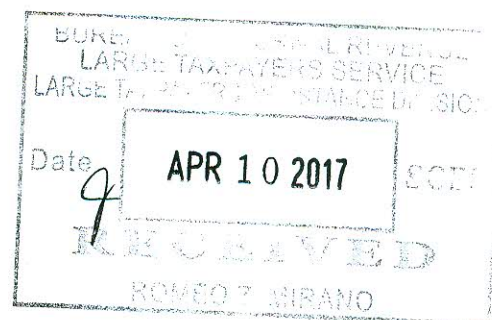
Tax Identification No. 224-024-746

BIR Accreditation No. 08-001998-118-2016,

February 15, 2016, valid until February 14, 2019

PTR No. 5908715, January 3, 2017, Makati City

March 15, 2017



SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of SHANG PROPERTIES INC. is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2016 and 2015 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.


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

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

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

Sycip Gorres Velayo & Co, the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.


Edward Kuok Khoon Loong
Chairman of the Board


Wilfred Chan Chen Woo
Executive Assistant to the Chairman



Karlo Marco P. Estavillo
Chief Financial Officer

14 MAR 2017

Signed this 15th day of March 2017

DOC. NO: 205
PAGE NO: 61
BOOK NO: 47
SERIES OF: 2017




ATTY. JOSE B. DULNUAN
NOTARY PUBLIC
FOR THE CITY OF MANDALUYONG
Until December 31, 2017
COMMISSION NO. 458-16
IBP LIFETIME NO. 0995268 / IFUGAO
PTR NO. 69252527, 1-3-17, Cainta, Rizal
ROLL NO. 26304
MCLE COMP. NO. V-0022171, 6-15-16
VALID UNTIL 04-14-2019
D22-AB GUVENTVILLE II, D.M. GUEVARA ST.
MAUWAY, MANDALUYONG CITY
TEL 532-8858, 5334664
email: jbdulnuan@gmail.com

The Manila Times

www.manilatimes.net

AFFIDAVIT OF PUBLICATION

NOTICE TO SHAREHOLDERS OF SHANG PROPERTIES, INC.

Pursuant to the Amended By-Laws of Shang Properties, Inc. (the "Corporation"), all interested shareholders of the Corporation may now submit the names of their nominees for Independent Directors and Regular Directors of the Corporation's Board of Directors who shall be elected during the Annual Shareholders' Meeting to be held on **20 JUNE 2017 at EDSA Shangri-La Manila, No. 1 Garden Way, Ortigas Center, Mandaluyong City**. All nominations should be submitted on or before **20 MAY 2017** to the Corporate Secretary at the following address:

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

All nominations should contain at least the following information:

- Names, ages, and citizenship of all nominees;
- Positions and offices that each nominee has held, or will hold if known;
- Term of office and the period during which the nominee has served as director;
- Business experience during the past five (5) years;
- Other directorships held in SEC reporting companies, naming each company;
- Family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, or persons chosen by the Corporation 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;
- 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;
- Being found by a domestic or foreign court 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 Corporation's voting securities;
- Disclosure if owning voting trust of more than 5% of the Corporation's securities; and
- Should not have any of the disqualifications laid down by prevailing laws, rules, and regulations.

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

Interested shareholders may also submit on or before **04 MAY 2017**, their proposals for matters to form part of the Agenda for the Annual Shareholders Meeting.

By Order of the Nomination Committee.

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

MT - Apr. 20, 2017

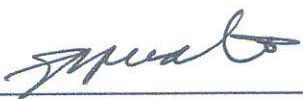
S. Arevalo, of legal age, married, a resident of Sampaguita Compound Igo Imus Cavite in the Philippines, after duly sworn according to law, do hereby state:

the Vice President for Finance of **The es**, a newspaper which is published printed in English and Edited in Metro rculated nationwide daily from Monday to postal address at 2/F Sitio Grande, 409 A. e, Intramuros, Manila

ached **NOTICE TO SHAREHOLDERS PROPERTIES, INC.**

shed in **The Manila Times** newspaper of **APRIL 20, 2017**

hereof, I signed this Affidavit in Manila, is _____ day of **APR 20 2017**


EVELYN S. AREVALO
Affiant

and sworn to before me this **APR 20 2017** day
2017 in MANILA, Philippines, affiant
me her **Driver's License No. N03-00-**
ed at Imus Cavite on November 19, 2015
No. 03-918-996-16

ATTY. RAUL R. MONTINO

Notary Public
Until Dec 31, 2017
PTR No. 939114 - 2017
Pd. 12/28/16 Manila
IBP Lifetime No. 012899
SC Roll No. 07269
MCLE Comp. No. V-0019704
Rm. 2100 Sitio Grande
409 A. Coruna, Jr. Ave.
Intramuros, Manila 1002

Doc. No. _____
Page No. _____
Book No. _____
Series of 2017

THE MANILA TIMES PUBLISHING CORPORATION

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

ATTY. FEDERICO G. NOEL, JR.

(Contract Person)

370-2700

(Company Telephone Number)

1 2 3 1
Month Day
 (Fiscal Year)

	1	7	-	Q
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(Form Type)

<i>Month</i>	<i>Day</i>

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Dept. Requiring this Doc.

Amended Articles Number/Section

Amended Articles Number/Section

Total No. of Stockholders

Total No. of Stockholders

Domestic Foreign

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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File Number

File Number

LCU



Document ID

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE



1. For the quarterly period ended : 31 March 2017
2. Commission Identification Number : 145490
3. BIR Tax Identification Number : 000-144-386

SHANG PROPERTIES, INC.

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

9. Former name, former address and former fiscal year, if changed since last report:
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA.

Title of each Class **Common Stock**

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

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

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

Philippine Stock Exchange

12. Indicate by check mark whether the registrant:

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

Yes [x] No []

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

Yes [x] No []

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached.

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

Please see attached.

SIGNATURES

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

SHANG PROPERTIES, INC.

Issuer

By:


KARLO MARCO P. ESTAVILLO
Treasurer/Chief Financial Officer


KIN SUN ANDREW NG
Group Financial Controller

Date of Signing: 15 May 2017

PART 1 – FINANCIAL INFORMATION

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

Key Performance Indicators

		March 31 2017	March 31 2016	Change
Turnover	(Php M)	2,134	1,996	6.9%
Profit attributable to shareholders	(Php M)	474	529	-10.3%
Earnings per share	(Php Ctv)	0.100	0.111	-10.3%
Net asset value per share	(Php)	5.894	5.461	7.9%
Debt to equity ratio	(Ratio)	0.845:1	0.866:1	-2.4%

- Turnover consists of sales of residential condominium units, rental and cinema, hotel operation, and other income. For three (3) months ended March 31, 2017, Shang Properties' revenue increased by P137.5 million (M) to P2.1 billion (B) from P2.0B revenues during the same period in 2016. Sales of residential condominium units accounted for P692.6M or 32.5% of the total revenue. Revenue from leasing operations amounted to P731.5M or 34.3% of the total revenue and higher by P41.2M from P690.3M of the same period last year. Shangri-La at Fort's hotel operations contributed revenue amounting to P596.3M, higher by P527.7M from P68.6M of the same period last year. Other income increased by P38.8M due to foreign exchange gain and dividend income.
- Profit attributable to shareholders that represents net income from operations after tax amounted to P474.4M, lower by P54.5M or 10.3% compared with the same period last year.
- Earnings per share showed a negative variance of 10.3% to P0.100 from last year's P0.111.
- 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 7.9% 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 solid with debt to equity ratio of 0.845:1 as of March 31, 2017 and 0.866:1 as of March 31, 2016.

Financial Condition

Total assets of the Company amounted to P61.4B, a decrease of P357.3M from total assets of P61.8B in December 31, 2016. The following are significant movements in the assets:

- Decrease in cash and cash equivalents by P560.3M mainly due to payment of bank loans and dividends to stockholders.
- Increase in financial assets at fair value through profit or loss by P1.9M due to fair market value adjustments recognized during the period.
- Increase in receivables by P149.4M mainly due increase in advances to contractors and suppliers for the ongoing projects.
- Increase in input tax and other current assets by P84.9M mainly due to higher prepaid assets during the first quarter of 2017 as compared to the end of 2016.
- Decrease in other noncurrent assets by P7.5M mainly due to amortization deferred input VAT.
- Current ratio is 1.99:1 as of March 31, 2017 from 2.09:1 as of December 31, 2016.

The net decrease in total liabilities by P313.7M from P28.4B in 2016 to P28.1B in 2017 is mainly due to the following:

- Decrease in bank loans due to repayments amounting to P733.3M during the first quarter of 2017.
- Increase in income tax payable by P99.1M due to the taxable income generated during the period.
- Increase in dividends payable by P452.4M due to the declaration of cash dividend on March 15, 2017 amounting to P452.6M to all shareholders of record as of March 31, 2017.
- Decrease in accrued employee benefits by P10.6M mainly due to payments made during the period.
- Decrease in installment payable by P35.8M was due to scheduled payment during the quarter.
- Increase in advance rental by P7.5 M is mainly due to rental from new tenants.
- Decrease in deferred lease income by P8.5M mainly due to lower rates used to revalue the rental deposits from tenants of The Enterprise Center.

Results of Operation

Consolidated net income for the period ended March 31, 2017 amounted to P474.4M lower by 10.3% from last year's P528.9M.

Net increase in Turnover by P137.5M or 6.9% to P2.1B in 2017 from P2.0B in 2016, mainly due to the following:

- Decrease in condominium sales by P470.3M mainly due to the lower sales recognition from Shangri-La at the Fort – Horizon Homes.
- Increase in rental and cinema revenue by P41.2M mainly due to rental escalation, higher rental yields of The Enterprise Center and rental revenue from shops in Shangrila Hotel at the Fort in the first quarter of 2017.
- Increase in revenue from hotel services of Shangri-La at the Fort by P527.7M mainly due to its full operation for first quarter of 2017 as compared to its start-up activities in March 2016.
- Interest income and other income increase by P38.8M mainly due to the foreign exchange gains and dividend income.

Cost of sales and services of the Group amounted to P1.5B, higher by P302.7M compared with last year's P1.1B due to net effect of the following:

- Decrease in cost of condominium sales by P217.4M mainly due to lower sales recognition during the period.
- Increase in cost of rental and cinema by P12.6M mainly due to higher utility costs incurred as compared to same period in 2016.
- Increase in cost of hotel services by P393.7M in connection with the hotel services rendered.

Operating expenses of the Group amounted to P247.4M, higher by P62.6M or 33.8% from last year's P184.9M mainly due to the net effect of the following:

- Increase in general and administrative expense by P53.0M mainly due to higher administration cost incurred for ongoing projects.
- Increase in taxes and licenses by P10.4M mainly due to higher business permits paid driven by higher revenue earned.
- Decrease in depreciation by P0.8M mainly due to assets that have been fully depreciated.

Increase in interest and bank charges by P51.2M mainly due to higher outstanding bank loans this year.

Provision for income tax is lower by P31.1M mainly due to lower taxable income generated during the period compared with the same period last year.

Financial Soundness Indicators

	End of March 2017	End of December 2016
Current Ratio ¹	1.99:1	2.09:1
Debt-to-equity ratio ²	0.84:1	0.85:1
Asset-to-equity ratio ³	1.84:1	1.85:1
	1Q 2017 ⁷	1Q 2016
Interest rate coverage ratio ⁴	8.44:1	22.49:1
Return on assets ⁵	3.08%	3.53%
Return on equity ⁶	5.70%	6.53%

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 2017 and end December 2016 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, 2016.
- 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, 2017 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.

Shang Properties, Inc. and Subsidiaries

**Consolidated Financial Statements
March 31, 2017 and 2016**

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

	Notes	Unaudited March 31 2017	Audited December 31 2016
ASSETS			
Current Assets			
Cash and cash equivalents		3,680,877,670	4,241,131,012
Financial assets at fair value through profit or loss		34,470,448	32,597,501
Receivables		3,091,670,287	2,942,253,373
Properties held for sale		10,671,858,687	10,653,702,058
Input tax and other current assets		1,790,392,166	1,705,532,427
Total Current Assets		19,269,269,257	19,575,216,371
Noncurrent Assets			
Installment contract receivable - net of current portion		864,665,330	864,665,330
Investment in associates and joint venture	4	497,745,353	495,635,612
Investment properties		29,134,400,474	28,979,498,629
Real estate development projects		275,632,515	275,632,515
Available-for-sale financial assets		508,292,842	508,292,842
Property and equipment	5	10,244,205,485	10,447,830,429
Goodwill		269,870,864	269,870,864
Deferred income tax assets - net		207,809,511	205,027,317
Other noncurrent assets		142,757,205	150,264,226
Total Noncurrent Assets		42,145,379,578	42,196,717,764
TOTAL ASSETS		61,414,648,835	61,771,934,135
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and other current liabilities		6,140,513,847	6,245,107,867
Current portion of:			
Installment payable		199,234,295	199,234,295
Bank loans	6	2,143,310,252	2,276,643,585
Deposits from tenants		533,286,874	533,286,874
Deferred lease income		18,066,878	18,066,878
Income tax payable		176,985,585	77,868,930
Dividends payable		485,426,120	33,035,177
Total Current Liabilities		9,696,823,851	9,383,243,606
Non-Current Liabilities			
Installment payable - net of current portion		535,263,134	571,036,378
Accrued employee benefits		30,434,127	41,067,131
Bank loans - net of current portion	6	10,159,482,775	10,759,482,775
Deferred income tax liabilities - net		6,968,114,455	6,956,271,251
Advance rental - net of current portion		142,935,804	135,481,307
Deposit from tenants - net of current portion		571,865,530	563,478,901
Deferred lease income - net of current portion		14,893,562	23,404,553
Total Noncurrent Liabilities		18,422,989,387	19,050,222,296
Total Liabilities		28,119,813,238	28,433,465,902
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		(141,960,983)	(142,015,638)
Retained earnings		22,488,682,790	22,466,858,146
Equity attributable to non-controlling interest		5,356,465,265	5,421,977,200
Total Equity		33,294,835,597	33,338,468,233
TOTAL LIABILITIES AND EQUITY		61,414,648,835	61,771,934,135

(See accompanying notes to consolidated financial statements)

SHANG PROPERTIES INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

	UNAUDITED	
	FOR THE THREE (3) MONTHS ENDED	
	31-Mar-17	31-Mar-16
REVENUES		
Condominium sales	692,636,692	1,162,889,404
Rental and cinema	731,480,217	690,297,157
Hotel operation	596,286,675	68,553,894
	<u>2,020,403,584</u>	<u>1,921,740,457</u>
COST OF SALES AND SERVICES		
Condominium sales	437,580,958	654,939,272
Rental and cinema	30,066,834	17,448,202
Hotel operation	655,805,049	262,151,435
	<u>1,123,452,841</u>	<u>934,538,910</u>
GROSS INCOME	896,950,743	987,201,547
OPERATING EXPENSES		
General and administrative	178,365,668	125,322,318
Taxes and licenses	65,051,768	54,683,733
Depreciation and amortization	3,902,859	4,743,012
Insurance	125,034	132,223
	<u>247,445,329</u>	<u>184,881,286</u>
OTHER INCOME		
Interest income	56,682,443	49,702,671
Foreign exchange gains - net	15,430,763	(5,884,970)
Other income - net	40,997,869	30,466,750
	<u>113,111,075</u>	<u>74,284,451</u>
SHARE IN LOSSES OF AN ASSOCIATED COMPANY	(1,690,260)	(1,703,741)
INTEREST EXPENSE AND BANK CHARGES	90,105,010	38,894,607
INCOME BEFORE TAX	670,821,219	836,006,364
PROVISION FOR INCOME TAX	(157,062,908)	(188,145,982)
INCOME BEFORE MINORITY INTEREST	513,758,311	647,860,382
MINORITY INTEREST	(39,348,065)	(118,938,245)
NET INCOME	474,410,246	528,922,137
RETAINED EARNINGS, beg.	22,466,858,148	20,346,650,494
LESS: CASH DIVIDENDS	(452,585,603)	(452,585,603)
RETAINED EARNINGS, end.	22,488,682,790	20,422,987,028
BASIC AND DILUTED EARNINGS		
PER SHARE	0.10	0.11

(See accompanying notes to consolidated financial statements)

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

(Unaudited)

	Notes	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 January 1, 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	7	-	-	-	-	(452,585,603)	-	(452,585,603)
Net income for the period		-	-	-	-	528,922,137	118,938,245	647,860,382
Balance as of March 31, 2016		4,764,058,982	834,439,607	(6,850,064)	(7,299,140)	20,422,987,028	6,489,348,033	32,496,684,447
Balance as of January 1, 2017		4,764,058,982	834,439,607	(6,850,064)	(142,015,638)	22,466,858,146	5,421,977,200	33,338,468,233
Cumulative translation adjustment		-	-	-	54,655	-	-	54,655
Cash dividends	7	-	-	-	-	(452,585,603)	(104,860,000)	(557,445,603)
Net income for the period		-	-	-	-	474,410,246	39,348,065	513,758,311
Balance as of March 31, 2017		4,764,058,982	834,439,607	(6,850,064)	(141,960,983)	22,488,682,790	5,356,465,265	33,294,835,597

(See accompanying notes to consolidated financial statements)

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

	March 31, 2017	March 31, 2016
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income before income tax	670,821,219	717,068,120
Adjustment for:		
Interest income	(56,682,443)	(49,702,671)
Interest expense	89,861,388	47,297,260
Depreciation and amortization	3,902,859	4,743,012
Cumulative translation adjustment	54,655	(173,097)
Dividend income	(19,521,030)	(3,330,411)
Change in fair value of financial assets at FVPL	(1,872,947)	(1,246,581)
Share in profit (loss) of associate companies	1,690,260	1,703,741
Unrealized foreign exchange losses (gains) - net	(15,430,763)	5,884,970
Operating income before working capital changes	672,823,199	722,244,342
Decrease (increase) in:		
Receivables	(149,416,914)	249,534,585
Properties held for sale	(18,156,629)	(534,411,578)
Input tax and other current assets	(84,859,739)	(140,052,170)
Increase (decrease) in:		
Accounts payable and other current liabilities	40,305,819	487,108,480
Deferred lease income	(8,510,991)	(1,436,759)
Accrued employee benefits	(10,633,004)	(2,519,906)
Net cash generated from (used in) from operations	441,551,741	780,466,993
Interest received	58,137,526	50,397,499
Net cash provided by operating activities	499,689,267	830,864,493
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment properties	(154,901,845)	10,835,976
Property and equipment	(11,942,820)	(638,972,773)
Investment in associates	(2,109,740)	(1,296,254)
Decrease in real estate development projects	-	(32,409,153)
Decrease in other assets	(4,724,827)	(22,809,979)
Dividends received	19,521,030	3,330,411
Net cash used in investing activities	(154,158,202)	(681,321,772)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan availment, net of debt issue costs	-	297,750,000
Payments of:		
Loan principal	(733,333,333)	-
Interest	(91,213,806)	(38,973,645)
Cash dividends paid to:		
Stockholders	(194,660)	(50,883)
Non-controlling interest	(104,860,000)	-
Increase in deposits from tenants	8,386,629	14,076,667
Net cash used in financing activities	(921,215,170)	272,802,139
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	15,430,763	(5,884,970)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(560,253,342)	416,459,889
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,241,131,012	4,041,169,742
CASH AND CASH EQUIVALENTS AT END OF YEAR	3,680,877,670	4,457,629,631

(See accompanying notes to consolidated financial statements)

SHANG PROPERTIES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE THREE (3) MONTHS ENDED MARCH 31, 2017 AND 2016

1. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The consolidated financial statements have been prepared under the historical cost basis, except for investment properties, financial assets at fair value through profit or loss (FVPL) and available-for-sale (AFS) financial assets that have been measured at fair value. The consolidated financial statements of the Group are presented in Philippine Peso (Peso), which is the Parent Company's functional and presentation currency, with amounts rounded to the nearest Peso.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) as issued by the Financial Reporting Standards Council (FRSC).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and all of its subsidiaries as at March 31, 2017 and December 31, 2016 and for each of the two years in the period ended March 31, 2017.

Subsidiaries are entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Specifically, the Group controls the subsidiary if and only if the Group has:

- Power over the subsidiary (i.e. existing rights that give it the current ability to direct the relevant activities of the subsidiary),
- Exposure, or rights, to variable returns from its involvement with the subsidiary, and
- The ability to use its power over the subsidiary to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements, and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non-controlling interest (NCI).
- Derecognizes the cumulative translation differences recorded in equity.

- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income (OCI) to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

The following are the subsidiaries for which the Parent Company acts as the principal decision maker:

	Effective Percentages of Ownership As of March 31, 2017
Property Development:	
SPRC	100.00%
SPDI	100.00%
TRDCI	100.00%
SGCPI	60.00%
SWWPI	100.00%
Leasing:	
SPSI	100.00%
SLPC	100.00%
KSA	70.04%
Real Estate:	
IPPI	100.00%
KRC	100.00%
MBPI	100.00%
NCRI	100.00%
PSI	100.00%
SFBHI	100.00%
SGCHI	100.00%
Property Management:	
KMSC	100.00%
SPMSI	100.00%
Others:	
Gipsey (BVI Company)	100.00%
SHIL (BVI Company)	100.00%
ELHI	60.00%

Except for Gipsey and SHIL, which were incorporated in the British Virgin Islands, all the other subsidiaries were incorporated in the Philippines.

New and Amended Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2016.

Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

- Amendments to PFRS 10, PFRS 12 and PAS 28, *Investment Entities: Applying the Consolidation Exception*
- Amendments to PFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*
- PFRS 14, *Regulatory Deferral Accounts*
- Amendments to PAS 1, *Disclosure Initiative*
- Amendments to PAS 16 and PAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization*
- Amendments to PAS 16 and PAS 41, *Agriculture: Bearer Plants*
- Amendments to PAS 27, *Equity Method in Separate Financial Statements*
- Annual Improvements to PFRSs 2012 - 2014 Cycle
 - Amendment to PFRS 5, *Changes in Methods of Disposal*
 - Amendment to PFRS 7, *Servicing Contracts*
 - Amendment to PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
 - Amendment to PAS 19, *Discount Rate: Regional Market Issue*
 - Amendment to PAS 34, *Disclosure of Information 'Elsewhere in the Interim Financial Report'*

Standards issued but not yet effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements to have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2017

- Amendment to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)

The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The amendments do not have any impact on the Group's financial position and results of operation.

- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*

The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted.

Application of amendments will result in additional disclosures in the 2017 consolidated financial statements of the Group.

- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted.

These amendments are not expected to have any impact on the Group.

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

These amendments are not expected to have any impact on the Group.

- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

The amendments are not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

- PFRS 15, *Revenue from Contracts with Customers*

PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

The Group is currently assessing the impact of PFRS 15.

- PFRS 9, *Financial Instruments*

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The Group is currently assessing the impact of adopting this standard.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

These amendments are not expected to have any impact on the Group.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual

reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

These amendments are not expected to have any impact on the Group.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

These amendments are not expected to have any impact on the Group.

Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

The Group is currently assessing the impact of adopting PFRS 16.

Deferred effectivity

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

2. Segment Information

The Group's operating businesses are organized and managed according to the nature of the products and services marketed, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group has operations only in the Philippines. The Group derives revenues from two main segments as follows:

Property Development

This business segment pertains to the sale of condominium units.

Leasing

This business segment pertains to the leasing operations of the Shangri-La Plaza Mall, TEC and their related carpark operations. It also includes leasing of a portion of the Parent Company's land to ESHRI.

Other business segments pertain to property management services and the results of operations of real estate entities and BVI companies.

Except for the rental revenue from ESHRI, revenues come from transactions with third parties. There is no transaction with a single external customer that amounts to 10% or more of the Group's aggregate revenues.

The segment assets, liabilities and results of operations of the reportable segments of the Group as of and for the year ended March 31, 2017 are as follows:

	Property Development	Rental and Cinema	Hotel Operations	Others	Total Segments	Eliminations	Consolidated
Revenues:							
Condominium sales	₱692,636,692	₱-	₱-	₱-	₱692,636,692	₱-	₱692,636,692
Rental and cinema	-	788,678,867	-	-	788,678,867	(57,198,650)	731,480,217
Hotel operations	-	-	596,286,675	-	596,286,675	-	596,286,675
Cost of sales and services:							
Condominium sales	(437,580,958)	-	-	-	(437,580,958)	-	(437,580,958)
Rental and cinema	-	(30,066,834)	-	-	(30,066,834)	-	(30,066,834)
Hotel operations	-	-	(655,805,049)	-	(655,805,049)	-	(655,805,049)
Gross income	255,055,734	758,612,033	(59,518,374)	-	954,149,393	(57,198,650)	896,950,743
Other income	17,630,259	4,658,136	-	29,581,820	51,870,215	(10,872,346)	40,997,869
Staff costs	(24,562,508)	(68,297,316)	-	(4,062,145)	(96,921,969)	(15,278,485)	(112,200,454)
General and administrative expenses	(24,411,654)	(39,566,001)	-	(2,196,100)	(66,173,755)	8,546	(66,165,209)
Taxes and licenses	(43,364,170)	(20,328,386)	-	(1,359,212)	(65,051,768)	-	(65,051,768)
Depreciation and amortization	(606,234)	(87,016,345)	-	(18,177)	(87,640,756)	83,737,897	(3,902,859)
Insurance	(62,314)	(53,722)	-	(8,998)	(125,034)	-	(125,034)
Segment results	179,679,113	548,008,400	(59,518,374)	21,937,190	690,106,326	396,961	690,503,287
Interest income	51,095,062	5,432,129	-	155,252	56,682,443	-	56,682,443
Foreign exchange gains - net	6,090,349	9,336,407	-	4,007	15,430,763	-	15,430,763
Share in net income of associates and joint venture	-	-	-	(1,690,266)	(1,690,266)	-	(1,690,266)
Interest expense and bank charges	(55,647,430)	(34,452,380)	-	(5,201)	(90,105,010)	-	(90,105,010)
Provision for income tax	(71,765,772)	(95,481,652)	-	10,184,516	(157,062,908)	-	(157,062,908)
Net income for the year	₱109,451,322	₱432,842,904	(₱59,518,374)	₱30,585,498	₱513,361,350	₱396,961	₱513,758,311
Segment assets	₱11,082,263,021	₱26,240,521,864	₱16,555,882,970	₱18,864,942,126	₱72,743,609,981	(₱11,826,706,500)	₱60,916,903,482
Associate companies	-	-	-	497,745,354	497,745,354	-	497,745,354
Total assets	₱11,082,263,021	₱26,240,521,864	₱16,555,882,970	₱19,362,687,480	₱73,241,355,335	(₱11,826,706,500)	₱61,414,648,835
Segment liabilities	₱17,779,593,551	₱11,133,047,336	₱10,367,950,742	₱5,172,820,362	₱34,085,461,249	(₱5,965,648,011)	₱28,119,813,238
Capital expenditures for the year	₱ 5,482,103	₱6,123,824	₱-	₱349,996	₱11,955,922	₱-	₱11,955,922

The segment assets, liabilities and results of operations of the reportable segments of the Group as of and for the year ended December 31, 2016 are as follows:

	Property Development	Rental and Cinema	Hotel Operations	Others	Total Segments	Eliminations	Consolidated
Revenues:							
Condominium sales	₱6,253,427,534	₱-	₱-	₱-	₱6,253,427,534	(₱147,427,550)	₱6,105,999,984
Rental and cinema	-	3,126,342,878	-	-	3,126,342,878	(233,937,605)	2,892,405,273
Hotel operations	-	-	1,344,616,051	-	1,344,616,051	-	1,344,616,051
Cost of sales and services:							
Condominium sales	(3,564,830,699)	-	-	-	(3,564,830,699)	58,712,882	(3,506,117,817)
Rental and cinema	-	(134,819,051)	-	-	(134,819,051)	-	(134,819,051)
Hotel operations	-	-	(1,459,547,660)	-	(1,459,547,660)	-	(1,459,547,660)
Gross income	2,688,596,835	2,991,523,827	(114,931,609)	-	5,565,189,053	(322,652,273)	5,242,536,780
Gain on fair value adjustments of investment properties	-	48,154,851	-	488,548,444	536,703,295	-	536,703,295
Other income	66,158,146	59,681,836	-	58,859,261	184,699,243	(55,297,502)	129,401,741
Staff costs	(312,797,928)	(245,569,769)	-	(12,558,667)	(570,926,364)	58,690,358	(512,236,006)
General and administrative expenses	(240,598,093)	(343,133,208)	(173,989,491)	(4,171,407)	(761,892,199)	252,653,439	(509,238,760)
Taxes and licenses	(80,711,336)	(81,461,270)	-	(725,629)	(162,898,235)	-	(162,898,235)
Depreciation and amortization	(3,359,645)	(250,020,353)	-	(111,655)	(253,491,653)	234,787,162	(18,704,491)
Insurance	(281,494)	(2,997,652)	(14,568,487)	(10,899)	(17,858,532)	-	(17,858,532)
Segment results	2,117,006,485	2,176,178,262	(303,489,587)	529,829,448	4,519,524,608	168,181,184	4,687,705,792
Interest income	228,252,188	30,834,418	-	818,424	259,905,030	-	259,905,030
Foreign exchange gains - net	9,392,774	675,710	-	(132,074,621)	(122,006,137)	132,069,859	10,063,722
Share in net income of associates and joint venture	-	-	-	(4,312,738)	(4,312,738)	-	(4,312,738)
Interest expense and bank charges	(109,376,573)	(164,113,730)	-	(3,723)	(273,494,026)	-	(273,494,026)
Provision for income tax	(628,671,666)	(420,326,797)	-	(73,519,756)	(1,122,518,219)	(81,699,329)	(1,204,217,548)
Net income for the year	₱1,616,603,208	₱1,623,247,863	(₱303,489,587)	₱320,737,034	₱3,257,098,518	₱218,551,714	₱3,475,650,232
Segment assets	₱19,904,278,170	₱26,651,730,083	₱8,132,392,278	₱6,965,402,730	₱61,653,803,261	(₱377,504,738)	₱61,276,298,523
Associate companies	-	-	-	495,635,612	495,635,612	-	495,635,612
Total assets	₱19,904,278,170	₱26,651,730,083	₱8,132,392,278	₱7,461,038,342	₱62,149,438,874	(₱377,504,738)	₱61,771,934,135
Segment liabilities	₱8,562,984,817	₱10,605,798,141	₱9,989,325,981	₱5,216,048,178	₱34,374,157,117	(₱5,940,691,215)	₱28,433,465,902
Capital expenditures for the year	₱1,826,007	₱279,991,366	₱1,335,521,773	₱178,567	₱1,617,517,713	₱-	₱1,617,517,713

3. Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the Group elects whether to measure the NCI in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

When such an acquisition is not judged to be an acquisition of a business, it is not treated as a business combination. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for NCI, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

4. Investment in associates and joint venture

The breakdown of investment in associates is as follows:

Associate acquired thru the merger:	
Sky Leisure Properties Inc.	₱497,356,368
Other investments	388,985
Carrying value of investment in associates as of March 31, 2017	₱497,745,353

5. Property and Equipment

This account consists of:

	Building and building improvement	Transportation Equipment	Furniture, Fixtures and other Office Equipment	Total
Net book value as at January 1, 2017	₱10,063,038,701	₱15,170,666	₱369,621,062	₱10,447,830,429
Additions	—	5,668,750	6,287,172	11,955,922
Depreciation	(192,479,084)	(1,519,047)	(21,569,632)	(215,567,763)
Reclassification	—	—	(13,103)	(13,103)
Net book value as at March 31, 2017	₱9,870,559,617	₱19,320,369	₱354,325,499	₱ 10,244,205,485

6. Bank Loans

Principal payments during the period amounted to ₱733.3 million, while proceeds from loan availment amounted to nil.

7. Dividends

On March 15, 2017, the Board of Directors (BOD) approved the declaration of ₱452.6 million cash dividends to all stockholders of record as of March 31, 2017 to be taken from the unrestricted retained earnings of the Parent Company as of December 31, 2016.

8. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The following are the transactions with related parties:

Related Party Transactions and Balances which were Not Eliminated During Consolidation

The terms, conditions, balances and the volume of related party transactions which were not eliminated during consolidation are as follows:

Transactions with affiliates

- a. A portion of the Parent Company's land is being leased by ESHRI, where the EDSA Shangri-La Manila Hotel (the Hotel) is located. The lease is for a period of 25 years commencing on August 28, 1992 and renewable for another 25 years at the option of ESHRI. Rental revenue is based on a fixed percentage of the Hotel's room, food and beverage, dry goods and other service revenue.
- b. SGCPI has a Marketing and Reservations Agreement with Shangri-La International Hotel Management Limited (SLIM) whereby the latter, acting as an independent contractor of SGCPI, provides marketing, communication, and reservation services to promote SGCPI. The agreement is for a period of 10 years commencing on the opening date, March 1, 2016, renewable for another 10 years at the option of either parties.
- c. SGCPI entered into a License Agreement with SLIM, for the use of intellectual property rights over Shangri-La's policies, practices, procedures, and guidelines affecting different aspects of operations of the Shangri-La chain of hotels. The agreement is for 10 years commencing on the opening date, March 1, 2016, renewable for another 10 years at the option of either parties and subject to the approval of the Bureau of Patents, Trademarks and Technology Transfer of the Republic of the Philippines and applicable authorities.
- d. SPMSI provides management services to TECCC, TSFSPCC, TSGTCC and OSPCC for a minimum period of five years starting January 7, 2009, April 1, 2010 and January 7, 2007, respectively. As consideration, SPMSI shall receive from TSGTCC, TECCC, TSFSPCC and OSPCC monthly management fees of ₱400,000, ₱100,000, ₱100,000 and ₱250,000, respectively, inclusive of VAT, with an escalation rate of 10% per annum. The parties agree mutually on the renewal of the agreements.
- e. Reimbursement of expenses paid for by SLPC for ESHRI.
- f. Condominium dues charged by TSFSPCC and TECCC to Parent Company, KSA, SPD1 and SPRC.
- g. Sharing of expenses with affiliates.
- h. Certain expenses are initially paid for by the Group (affiliate) and are subsequently reimbursed by the affiliate (the Group) to whom such payment was intended for.

9. Subsequent Events

There are no significant subsequent events that happened as of March 31, 2017 that needs disclosure herein.

10. Fair Value Measurement and Financial Instruments

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as of March 31, 2017:

	Fair Value Measurement Using			Total
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets Measured at Fair Value				
Financial assets at FVPL	₱34,470,448	₱-	₱-	₱34,470,448
Investment properties:				
Land	-	-	10,309,700,807	10,309,700,807
Buildings	-	-	18,824,699,667	18,824,699,667
AFS financial assets:				
Quoted	19,466,515	-	-	19,466,515
Assets for which Fair Values are Disclosed				
Loans and receivables:				
Refundable deposits	₱-	₱104,942,062	₱-	₱104,942,062
Liabilities for which Fair Values are Disclosed				
Installment payable	₱-	₱734,497,429	₱-	₱734,497,429
Deposits from tenants	-	1,105,152,404	-	1,105,152,404

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as of December 31, 2016:

	Fair Value Measurement Using			Total
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets Measured at Fair Value				
Financial assets at FVPL	₱32,597,501	₱-	₱-	₱32,597,501
Investment properties:				
Land	-	-	10,309,700,807	10,309,700,807
Buildings	-	-	18,669,797,822	18,669,797,822
AFS financial assets:				
Quoted	19,466,515	-	-	16,046,515
Assets for which Fair Values are Disclosed				
Loans and receivables:				
Refundable deposits	₱-	₱100,397,830	₱-	₱100,397,830
Liabilities for which Fair Values are Disclosed				
Installment payable	₱-	₱734,854,056	₱-	₱734,854,056
Deposits from tenants	-	966,794,693	-	966,794,693

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There have been no assets and liabilities transferred between Level 1, Level 2 and Level 3 during the period.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Financial Assets at FVPL

The fair value of financial assets at FVPL is based on quoted market prices at the reporting date.

Cash and Cash Equivalents, Receivables, Accounts Payable and Other Current Liabilities, Dividends Payable

Due to the short-term nature of cash and cash equivalents, receivables other than installment contracts receivable, accounts payable and other current liabilities and dividends payable, their carrying values were assessed to approximate their fair values.

Installment Contracts Receivable

The fair value of installment contracts receivable are based on the discounted value of future cash flows using applicable rates for similar instruments.

Refundable Deposits and Deposits from Tenants

The fair value of deposits from tenants was based on the present value of estimated future cash flows using PDST-R2 rates at the reporting date.

AFS Financial Assets

The fair value of quoted equity securities is based on market bid prices as of the reporting date. The fair value of unquoted equity securities is not reasonably determinable.

Bank Loans

The carrying value of the bank loans with variable interest rates approximates their fair value because of recent and quarterly repricing based on market conditions.

11. Financial Risk Management Objective and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, financial assets at FVPL, loans and receivables, AFS financial assets and other financial liabilities. These are held primarily to finance the Group's operations and capital expenditures. The Group's financial instruments, such as cash and cash equivalents, trade receivables and trade payables, arise directly from the conduct of the Group's operations.

The main risks arising from the use of the financial instruments are interest rate risk, credit risk and liquidity risk.

Risk management is carried out by the Group's management under policies approved by the Board. The Group's management identifies and evaluates financial risks in close cooperation with the Group's operating units.

The main objective of the Group's financial risk management is to minimize the potential adverse effects of the unpredictability of financial markets on the Group's financial performance. The Board provides principles for overall risk management, as follows:

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The cash flows of the Group's bank loans that are exposed to interest rate risk as of March 31, 2017.

Interest rates on all bank loans are based on the higher between the PDST-R2 rate and the BSP overnight borrowing rate.

The Group's interest rate risk management policy focuses on reducing the overall interest expense and exposure to change in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing loans with floating interest rates as it can cause a change in the amount of interest payments.

Interest on financial instruments with floating rates is repriced at intervals of less than one year. Interest on financial instruments with fixed rates is fixed until the maturity of the instrument. The other financial instruments of the Group that are not included in the tables above are noninterest-bearing and are therefore not subject to interest rate risk. The Group invests excess funds in short-term placements in order to mitigate any increase in interest rate on borrowings.

The following table represents the impact on the Group's income before income tax brought about by reasonably possible change in interest rates, with all other variables held constant, as of March 31, 2017 until its next financial reporting date:

Change in Interest Rate	Effect on Income before Income Tax
Increase by 0.50%	₱46,847,298
Decrease by 0.50%	(₱46,847,298)

There is no other effect on the Group's equity other than those already affecting profit or loss.

Credit Risk

Credit risk is the risk that the Group will incur losses because its counterparties failed to discharge their contractual obligations. The Group is exposed to credit risk from its operating activities (primarily trade receivables), including deposits with banks and other financial instruments. The Group has no significant concentration on credit risk.

Trade Receivables

Sales of residential condominium units that are on installment basis are supported by post-dated checks from the buyers. Titles to properties sold are not released unless full payment is received. In the case of leasing operation, tenants are subjected to credit evaluation and are required to put up security deposits and pay advance rentals, if necessary. Hotel guest who wish to avail of a credit line are subjected to the normal credit investigation and checking. References are required including review of the customer's financial position and earnings. Approval of a credit line is done by the Financial Controllers and the General Managers. A guest may not be given a line, but special ad hoc arrangements are allowed. It usually requires deposits, prepayments or credit card guarantees as collaterals. Existing credit lines are reviewed annually. The maximum exposure to credit risk at the reporting date is the expected cash flows from installment receivable and carrying value of rent receivable.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to settle or meet its obligations on time or at reasonable prices. The Group maintains sufficient cash and cash equivalents in order to fund its operations. The Group monitors its cash flows and carefully matches the cash receipts from its condominium sales and leasing operations against cash requirements for its construction activities. The Group utilizes its borrowing capacity, if necessary, to further bolster its cash reserves.

The following tables summarize the maturity profile of financial assets compared with the contractual undiscounted payments of financial liabilities in order to provide a complete view of the Group's liquidity as of March 31, 2017:

	2017				Total
	Within 1 Year	Over 1 to 3 Years	Over 3 to 5 Years	Over 5 Years	
Financial Assets					
Financial assets at FVPL	₱34,470,448	₱—	₱—	₱—	₱34,470,448
Loans and receivables:					
Cash and cash equivalents	3,680,877,670	—	—	—	3,680,877,670
Receivables:					
Installment contracts receivable	3,660,978,019	3,170,673,944	236,845,352	—	7,068,497,315
Rent	428,770,915	—	—	—	428,770,915
Related parties	77,878,676	—	—	—	77,878,676
Advances to officers and employees	7,709,703	—	—	—	7,709,703
Interest	1,078,257	—	—	—	1,078,257
Others	39,327,710	—	—	—	39,327,710
	7,931,091,398	3,170,673,944	236,845,352	—	11,338,610,694
AFS financial assets	508,292,842	—	—	—	508,292,842
	8,439,384,240	₱3,170,673,944	₱236,845,352	₱—	₱11,846,903,536
Other Financial Liabilities					
Accounts payable and other current liabilities*	₱3,487,682,331	₱—	₱—	₱—	₱3,487,682,331
Installment payable	177,106,358	580,316,697	60,851,353	—	818,274,408
Bank loans	2,288,983,333	7,531,250,000	3,255,833,333	—	13,076,066,666
Deposits from tenants	45,472,954	209,893,685	633,371,911	235,580,698	1,124,319,248
Accrued employee benefits**	—	—	—	2,302,281	2,302,281
	₱5,999,244,976	₱8,321,460,382	₱3,950,056,597	₱237,882,979	₱18,508,644,934

* Excluding advanced rental, customers' deposits, reservation payable, output VAT, deferred output VAT and withholding taxes.

** Excluding accrued retirement benefits of ₱28,131,846.

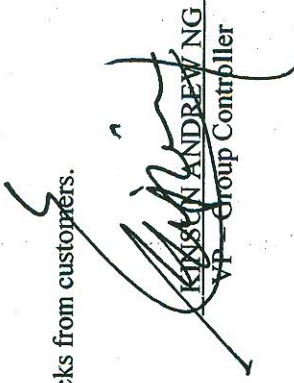
SHANG PROPERTIES, INC. AND SUBSIDIARIES

AGING OF TRADE RECEIVABLES

As of March 31, 2017

TENANTS	TOTAL RECEIVABLES	CURRENT	1-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS
Mall Tenants	187,594,215	129,633,985	6,877,803	5,325,785	4,405,036	41,351,606
EDSA Shangri-La Hotel & Resort	26,626,925	9,525,740	17,101,185	-	-	-
TECC Tenants	25,763,877	5,754,113	5,387,026	87,383	14,535,356	-
Installment Contracts Receivables & Others	1,600,137,707	1,600,137,707	-	-	-	-
	1,840,122,725	1,745,051,545	29,366,014	5,413,168	18,940,392	41,351,606

Note: Installment Contracts Receivables include both current and long-term portion, and are covered by post-dated checks from customers.


KINSUN ANDREW NG
VP - Group Controller

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ANTONIO O. COJUANGCO**, Filipino, of legal age and a resident of 37 Cambridge Circle, North Forbes, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **SHANG PROPERTIES, INC.**,
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/ Relationship	Period of Service
Ballet Philippines, Inc.	Chairman	
Canlubang Golf & Country Club	President & Director	Aug. 2004 – present
Calatagan Golf, Inc.	President & Director	
CAP Life Insurance	Chairman	Apr. 2000 – present
Cinemalaya Foundation	Chairman	
Directories Philippines Corporation	Chairman	
Mantrade Development Corporation	Chairman	
Nabasan Subic Development Corporation	Chairman	
Radio Veritas	Chairman	
Tanghalang Pilipino	Chairman	

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **SHANG PROPERTIES, INC.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and SEC issuances.
4. I am related to the following director/officer/substantial shareholder of **SHANG PROPERTIES, INC.** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged/Investigated	Tribunal or Agency Involved	Status

6. (For those in government service/affiliated with a government agency or GOCC) I have required written permission or consent from the (head of the agency/department) to be an independent director _____, pursuant to Office of the President Memorandum Circular No. 17 and section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of SHANG PROPERTIES, INC. of any changes in the abovementioned information within five days from its occurrence.

Done this _____ day of MAY 05 2017 at MANDALUYONG CITY


ANTONIO O. COJUANGCO
Affiant

MAY 05 2017
SUBSCRIBED AND SWORN to before me this _____ day of _____ 2017 at _____
affiant personally appeared before me and exhibited to me Passport No. _____
issued at _____ on _____ expiring on _____.

Doc. No. 125 ;
Page No. 26 ;
Book No. 26 ;
Series of 2017.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-17 UNTIL DECEMBER 31, 2018
ROLL NO. 53970
IBP LIFETIME NO. 011302 RIZAL
PTR NO. 3019108 ; 1-3-17; MANDALUYONG
MCLE COMPLIANCE NO. IV - 0014673 14 APRIL 2019
METRO MART COMPLEX, MANDALUYONG CITY

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **JOHNNY O. COBANKIAT**, Filipino, of legal age and a resident of 25 David St., Corinthian Gardens, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **SHANG PROPERTIES, INC.**,
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Federation of Filipino-Chinese Chamber of Commerce & Industry, Inc.	Vice Chairman	

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **SHANG PROPERTIES, INC.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and SEC issuances.
4. I am related to the following director/officer/substantial shareholder of **SHANG PROPERTIES, INC.** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged/Investigated	Tribunal or Agency Involved	Status
N/A	N/A	N/A

6. (For those in government service/affiliated with a government agency or GOCC) I have required written permission or consent from the (head of the agency/department) to be an independent director _____, pursuant to Office of the President Memorandum Circular No. 17 and section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of SHANG PROPERTIES, INC. of any changes in the abovementioned information within five days from its occurrence.

Done this _____ day of MAY 10 2017 at MANDALUYONG CITY


JOHNNY O. COBANKIAT
Affiant

SUBSCRIBED AND SWORN to before me this MAY 10 2017 day of _____ 2017 at MANDALUYONG CITY affiant personally appeared before me and exhibited to me Passport No. _____ issued at _____ on _____ expiring on _____.

Doc. No. 461 ;
Page No. 94 ;
Book No. 26 ;
Series of 2017.

JOVEN G. ZAVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-17 UNTIL DECEMBER 31, 2011
ROLL NO. 53970
IBP LIFETIME NO. 011302 RIZAL
PTR NO. 3019108 ; 1-3-17; MANDALUYONG
TITLE COMPLIANCE NO. IV - 0014673 14 APRIL 2019
METRO MART COMPLEX, MANDALUYONG CITY

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **MAXIMO G. LICAUCO III**, Filipino, of legal age and a resident of 14 Anahao Street, Valle Verde IV, Pasig City 1604, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **SHANG PROPERTIES, INC.**,
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/ Relationship	Period of Service
Filstar Distributors Corporation	President	23

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **SHANG PROPERTIES, INC.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and SEC issuances.
4. I am related to the following director/officer/substantial shareholder of **SHANG PROPERTIES, INC.** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
Alfredo C. Ramos	National Book Store Inc.	Brother In Law
Benjamin I. Ramos		Nephew

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged/Investigated	Tribunal or Agency Involved	Status
N/A	N/A	N/A

6. (For those in government service/affiliated with a government agency or GOCC) I have required written permission or consent from the (head of the agency/department) to be an independent director _____, pursuant to Office of the President Memorandum Circular No. 17 and section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of SHANG PROPERTIES, INC. of any changes in the abovementioned information within five days from its occurrence.

Done this _____ day of MAY 05 2017 at MANDALUYONG CITY



MAXIMO G. LICAUCO III
Affiant

SUBSCRIBED AND SWORN to before me this MAY 05 2017 day of _____ 2017 at MANDALUYONG CITY affiant personally appeared before me and exhibited to me Passport No. _____ issued at _____ on _____ expiring on _____.

Doc. No. 126 ;
Page No. 27 ;
Book No. 26 ;
Series of 2017.

JOVEN G. REVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-17 UNTIL DECEMBER 31, 2018
ROLL NO. 53970
IBP LIFETIME NO. 011302 RIZAL
PTR NO. 3019108 ; 1-3-17; MANDALUYONG
MCLE COMPLIANCE NO. IV - 0014673 14 APRIL 2017
METRO MART COMPLEX, MANDALUYONG CITY

CERTIFICATION

I, **FEDERICO G. NOEL, JR.**, of legal age and with business address at Administration Offices, Shangri-La Plaza Mall, EDSA corner Shaw Boulevard, Mandaluyong City, being the duly elected Corporate Secretary of **SHANG PROPERTIES, INC.** (the "Corporation"), under oath, do hereby certify that:

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 issued in compliance with the requirement of the Markets and Securities Regulation Department of the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have signed this Certification this MAY 10 2017 at Mandaluyong City.


FEDERICO G. NOEL, JR.
Corporate Secretary

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

SUBSCRIBED AND SWORN to before me in the City of Mandaluyong this MAY 10 2017 day of _____ 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. 442;
Page No. 94;
Book No. 26;
Series of 2017.

JOVEN G. DEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-17 UNTIL DECEMBER 31, 2018
ROLL NO. 53970
IBP LIFETIME NO. 011302 RIZAL
PTR NO. 3019108 ; 1-3-17; MANDALUYONG
MCLE COMPLIANCE NO. IV - 0014673 14 APRIL 2019
METRO MART COMPLEX, MANDALUYONG CITY

COVER SHEET

1	4	5	4	9	0				
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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

ATTY. FEDERICO G. NOEL, JR.

(Contract Person)

370-2700

(Company Telephone Number)

1	2	3	1
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Month *Day*
(Fiscal Year)

1	7	-	C	
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(Form Type)

Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

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Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

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STAMPS

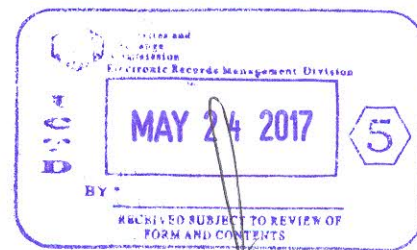
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 11 OF THE REVISED SECURITIES ACT (RSA) AND RSA RULE 11(a)-1(b)(3) THEREUNDER



1. 23 May 2017
Date of Report (Date of earliest event reported)
2. SEC Identification Number: 145490
3. BIR Tax Identification No.: 000-144-386
4. **SHANG PROPERTIES, INC.**
Exact name of Issuer as specified in its charter
5. Philippines
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code
7. 5th Level Shangri-La Plaza,
EDSA corner Shaw Boulevard, Mandaluyong City
Address of principal office 1550
Postal Code
8. (632) 370-2700
Registrant's telephone number, including area code
9. _____
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding</u>
Common Stock P1.00 par value	4,764,058,982

11. Indicate the item numbers reported herein.

During the regular meeting of the Issuer's Board of Directors held on 23 May 2017, the Board approved the following:

ITEM NO. 9

i) Amendment of Articles of Incorporation

The Board of Directors approved the amendment of **ARTICLE SIXTH** of the Corporation's Articles of Incorporation, decreasing the number of directors of the Corporation from fifteen (15) to ten (10), subject to approval and ratification by the shareholders in the next Annual Shareholders' Meeting to be held on 20 June 2017.

ii) **Appointment of External Auditors**

The Board of Directors approved the appointment of PricewaterhouseCoopers Philippines as the Issuer's external auditors for the year 2017-2018, subject to the approval and ratification by the stockholders of the Corporation in the next Annual Shareholders' Meeting to be held on 20 June 2017.

SIGNATURES

Pursuant to the requirements of the Revised Securities Act, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SHANG PROPERTIES, INC.
Issuer



FEDERICO G. NOEL, JR.
Corporate Secretary

Date: 23 May 2017