COVER SHEET

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SEC Registration Number

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

(Company's Full Name)

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

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

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

8370-2700
(Company Telephone Number)

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

1 7 - A
(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended: **31 December 2020**

2. SEC Identification Number: **145490** 3. BIR Tax Identification No. **000-144-386**

4. Exact name of Issuer as specified in its charter: **SHANG PROPERTIES, INC.**

5. **Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. **Level 5, Administration Offices, Shangri-La Plaza Mall**
EDSA corner Shaw Boulevard, Mandaluyong City **1550**
Address of principal office Postal Code

8. **(632) 8370-2700**
Issuer's telephone number, including area code

9. **N / A**
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	4,764,058,982 common shares

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

11. Are any or all of these securities listed on a Stock Exchange.

Yes [X] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange **Common Shares**

12. Check whether the Issuer:

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

Yes [X] No [ ]

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

Yes [X] No [ ]

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

The aggregate market value of the voting stock held by non-affiliates of the Issuer as of 31 March 2021: **P3,648,759,207.50.**

Assumptions:

(a) Total no. of shares held by non-affiliates as of 31 March 2021	:	**1,326,821,530**
(b) Closing price of the Issuer's shares on the Exchange on 31 March 2021	:	P2.72
(c) Aggregate market price of (a) as of 31 March 2021	:	**3,648,759,207.50**

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

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

Yes [ ] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

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

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

None of the above documents are incorporated herein by reference.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

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

(A) Description of Business

(1) Business Development

The Issuer was first incorporated on 21 October 1987. It was initially named Shangri-La Properties, Inc., then MUI Resources Philippines, Inc., then Edsa Properties Holdings Inc. [EPHI], before its present name Shang Properties, Inc. Since its incorporation, it has not been the subject of any bankruptcy, receivership or similar proceedings. For the last three years prior to the submission of this 2020 Annual Report and to date, Issuer has not also undergone any material reclassification, or purchase or sale of a significant amount of assets not classified as ordinary.

In the years prior to this Annual Report, the significant developments in the Issuer's business are as follows:

On 31 March 2011, the 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). 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, the Issuer purchased L'Hirondelle Holdings, Inc.'s 50 million common shares and 270 million preferred shares in Shangri-La Plaza Corporation ("SLPC") (representing 21.28% equity in SLPC), for a total consideration of PHP450,000,000. Said sale increased Issuer's equity in SLPC from 78.72% previously to 100%, making SLPC a wholly-owned subsidiary of the Issuer. SLPC owns and operates the mall establishment known as the Shangri-La Plaza which is located in Mandaluyong City.

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.

The Issuer, in an agreement dated 22 March 2018, entered into a Joint Venture Agreement with Robinsons Land Corporation (RLC) whereupon a new joint venture entity will be incorporated (JVC). The Issuer and RLC shall own said JVC on a 50%-50% basis. The JVC shall build and develop a property situated at McKinley Parkway cor. 5th Avenue and 21st Drive at Bonifacio Global City, Taguig, Metro Manila. The proposed project is intended to be a mixed-use development to include residential condominium units and commercial retail outlets. The joint venture agreement between Issuer and RLC has been duly approved by the Philippine Competition Commission. The Parties project an investment of PHP10 billion for the project.

(2) 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 the Issuer);
- SPI Parking Services, Inc. (formerly EDSA Parking Services, Inc.) (100 % owned by Issuer);
- Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation (100% owned by the Issuer)
- EPHI Logistics Holdings, Inc. (60% owned by the Issuer)
- Shang Global City Holdings, Inc. (100% owned by the Issuer)
- Shang Fort Bonifacio Holdings, Inc. (100% owned by the Issuer)
- Shang Property Management Services Inc. (formerly EPHI Project Management Services Corporation) (100% owned by the Issuer)
- KSA Realty Corporation (70.04% owned by the Issuer)
- Shang Property Developers, Inc. (100% owned by the 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 the Issuer's wholly owned subsidiary KPPI Realty Corporation)
- Shang Wack Wack Properties, Inc. (100% owned by the Issuer)
- Classic Elite Holdings, Ltd. (100% owned by the Issuer)
- Shang Robinsons Properties, Inc. (50% owned by the Issuer)
- SPI Property Holdings, Inc. (100% owned by the Issuer)
- SPI Property Developers, Inc. (100% owned by the Issuer)
- SPI Land Development Inc. (100% owned by the 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, Gucci, Zara, Debenham's, Armani, etc., which cater 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 developed 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. On 15 June 2016, the Issuer purchased from Ocmador Philippines. B.V., the latter's 241,580 common shares of stock of KSA Realty Corporation, bringing Issuer's stock ownership to 70.04%.

Shang Property Developers, Inc. was incorporated on 17 December 2010 as a realty development company. It is the owner and developer of 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 was completed in 2018.

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 was sold out in 2018.

The Rise Development Company, Inc. is a joint venture with Vivelya Development Company, Inc., for the development of a mixed-use development 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. It is currently developing the Shang Residences at Wack Wack project located at Wack Wack Road, Mandaluyong City.

Classic Elite Holdings, Ltd., a British Virgin Islands Company, and recently incorporated, is a holding company. It is a wholly owned non-resident foreign corporation through which the Issuer may explore possible off-shore investment opportunities aligned with Issuer's business objectives/purposes.

Shang Robinsons Properties, Inc. is a joint venture with Robinsons Land Corporation for the development of a condominium projects known as the Aurelia, located in Bonifacio Global City, Tagug City.

SPI Property Holdings, Inc. was incorporated on 09 December 2019 as a holding company and a realty development company. It is currently preparing to develop a residential condominium project to be located in Pasig City.

SPI Property Developers, Inc. was incorporated on 09 December 2019 as a realty development company.

SPI Land Development Inc. was incorporated on 09 December 2019 as a realty development company.

(ii) The Issuer's subsidiary, Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation) sold units of the condominium developments The St. Francis Shangri-La Place and One Shangri-La Place to non-resident Filipinos and foreigners, but not exceeding 40% of the total no. of units were sold to foreigners. Issuer's subsidiary Shang Property Developers Inc. has also sold units to its residential condominium development, Shang Salcedo Place, sales of which are also subject to the 40% alien ownership limitation. The Rise Development Company, Inc. had been selling condominium units of The Rise Makati since 2014 and sales of which have also been subject to the 40% foreign ownership limitation. Shang Wack Wack Properties, Inc. started selling units of Shang Residences at Wack Wack in the third quarter of 2018, subject also to the 40% foreign cap.

(iii) The Issuer 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. The 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) Portions of the Issuer's land where the Shangri-La Plaza Mall is located and the area known as the Internal Road are being leased to SLPC. The leases were renewed pursuant to agreements signed and executed between the parties dated 19 September 2017, which renewal shall expire on 06 January 2023. Rental income is calculated at 10% of SLPC's gross rental income net of prompt payment discount.

(ii) Issuer's subsidiary Shang Properties Realty Corporation and SLPC have in turn entered into an agreement whereby SLPC leased East Wing Mall from said subsidiary for 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. The lease has been renewed for another period which shall expire on 31 December 2022.

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 now known as The St. Francis Shangri-La Place ("Project"). SPRC provided 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 to 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 now 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. In an agreement dated 26 August 2007, the lease was renewed for another 25 years commencing on 28 August 2017 until 27 August 2042.

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 Inc. 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 Inc. 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 Inc. 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. It also has similar agreements with One Shangri-La Place Condominium Corporation, The Shang Grand Tower Condominium Corporation, Shang Salcedo Place Condominium Corporation, and The Rise Condominium Corporation.

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. It also has similar agreements with SPRC, SLPC, TRDCI and SPI.

(ix) Neither the Issuer's or any of its subsidiaries' businesses are dependent upon or expected to depend upon any patent, trademark, copyright, license, franchise, concession, or royalty agreement.

(x) Neither the Issuer or any of its subsidiaries have products or services requiring governmental approval.

(xi) There are no existing governmental regulations which affect or may affect significantly or adversely the Issuer's or any of its subsidiaries' businesses or operations.

(xii) Neither the Issuer or any of its subsidiaries have allotted any significant amount or portion of their revenues for research and development activities where the same are not highly necessary given the nature of their businesses.

(xiii) The Issuer, as with the SPI Parking Services, Inc., by the nature of their businesses have no direct obligation to comply with environmental laws. As for the Shangri-La Plaza Corporation, Shang Properties Realty Corporation, Shang Property Developers, Inc., Shang Wack Wack Properties, Inc. (for its developments, The Shang Grand Tower, The St. Francis-Shangri-La Place, One Shangri-La Place, and Shang Salcedo Place, Residences at Shang Wack Wack) the costs of its compliance with environmental laws is not significant given the overall operational costs.

(xiv) The Issuer has **337 employees** to date and does not anticipate adding to said number significantly in the next 12 months. The breakdown as to type is as follows:

a. Rank and File - 74
b. Supervisory - 68
c. Managerial - 60
d. Project based
    - Rank and File – 31
    - Supervisory – 40
    - Managerial – 10
e. Consultancy based
    - Supervisory – 48
    - Managerial – 6

The **SPI Parking Services, Inc.** (formerly Edsa Parking Services, Inc.) has **17 employees**. The breakdown as to type is as follows:

a. Rank and File - 10
b. Supervisory - 6
c. Managerial - 1

The **Shangri-La Plaza Corporation** has **82 employees**. The breakdown as to type is as follows:

a. Rank and File - 24
b. Supervisory - 41
c. Managerial - 17

The **Shang Properties Realty Corporation** (formerly, The Shang Grand Tower Corporation) has **50 employees**. The breakdown as to type is as follows:

a. Rank and File - 21
b. Supervisory - 9
c. Managerial – 7
d. Project based
   - Rank and File – 3
   - Managerial - 3
e. Consultancy based
   - Supervisory – 6
   - Managerial – 1

The **Shang Property Management Services Inc.** has **56 employees**. The breakdown as to type is as follows:

a. Rank and File - 4
b. Supervisory - 6
c. Managerial - 29
d. Project based
   - Rank and File – 14
   - Supervisory - 3

The **Shang Property Developers, Inc.** has **3 employees**. The breakdown as to type is as follows:

a. Managerial - 1
b. Consultancy based
   - Supervisory – 2

The **KSA Realty Corporation** has **4 employees**. The breakdown as to type is as follows:

a. Rank and File - 2
b. Supervisory – 1
c. Managerial - 1

The **Rise Development Company, Inc.** has **87 employees**. The breakdown as to type is as follows:

a. Rank and File – 13
b. Supervisory - 5
c. Managerial - 3
d. Project based
   - Rank and File – 10
   - Supervisory – 23
   - Managerial – 5
e. Consultancy based
   - Supervisory – 23
   - Managerial – 5

The **Shang Wack Wack Properties, Inc.** has **38 employees**. The breakdown as to type is as follows:

a. Managerial – 1
b. Project based
- Rank and File – 4
- Supervisory – 14
- Managerial – 2

c. Consultancy based
- Supervisory – 17

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

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

a. Mall operations (of SLPC)

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

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

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

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

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

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

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

e. Residential Condominium Sales

The residential condominium projects of the Issuer's subsidiary, Shang Properties Realty Corporation ("SPRC"), Shang Property Developers, Inc. ("SPDI'), Shang Global City Properties, Inc. ("SGCPI"), The Rise Development Company, Inc. ("TRDCI"), and Shang Wack Wack Properties, Inc. ("SWWPI") face competition from other major developers such as Ayala Land and Megaworld. The Issuer is able to compete effectively by offering condominium units that are superior to the other projects in terms of their amenities, design and layout, finishes and professional building management.

Item 2. Properties

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

(B) Description of Properties

On properties owned by Issuer:

(a) A 71,101 sqm property at the heart of Ortigas Center, portions of which are being leased out to Edsa Shangri-La Hotel and the Shangri-La Plaza Corporation for the operation of the Shangri-La Plaza Mall, while some portions are being utilized as carpark areas.

(i) Shangri-La Plaza Corporation's lease of the land on which the Shangri-La Plaza Mall stands is for a period of 25 years. Rental therefore is an amount equivalent to 10% of Shangri-La Plaza Corporation's gross rental income. Shangri-La Plaza Corporation has no option to renew the lease.

(ii) Edsa Shangri-La Hotel's lease of the land on which it stands is for a period of 25 years. Rental arrangement is as follows:

- from hotel operations: 3% of room sales revenue
- from retail/restaurant and other hotel operations: 5% of sales revenue from food and beverage; 3% of sales revenue from dry goods/ services
- from subleasing operations: 5% of sales revenue from food and beverage; 3% of sales revenue from dry goods/services

The hotel has an option to renew the lease for another 25 years.

(b) A carpark building also within the 71,101 sqm area, abutting the Shangri-La Plaza Complex, with a gross floor area of 23,625.72 sqm. and 681 slots.

(c) The Issuer entered into a Memorandum of Agreement with Bank of the Philippine Islands for the purchase of a parcel of land located in Barangay Wack Wack, Mandaluyong City, with an area of 2,275 sqm.

On Properties owned by Issuer's subsidiaries:

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

Shangri-La Plaza Mall, an upscale shopping center at EDSA cor. Shaw Blvd., Mandaluyong City, with a gross floor area of approximately 136,552 sqm.

(b) Properties owned by the SPI Parking Services, Inc.

None. It only manages and operates the carpark facilities described above to be owned by the Issuer.

(c) Properties owned by Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation)

(i) The St. Francis Shangri-La Place, a two-tower high rise residential condominium located along St. Francis Road cor. Internal Road, Shangri-La Complex, Mandaluyong City which was completed in late 2009. The development has been fully sold to date.

(ii) Land with an area of 9,852 sqm. located at Edsa cor. Shaw Blvd., Mandaluyong City, on which the One Shangri-La Place Project has been constructed. The Project was completed in 2016 and fully sold out in 2018.

(d) Properties owned by EPHI Logistics Holdings, Inc.

None

(e) Properties owned by Shang Global City Holdings, Inc.

Shang Global City Holdings, Inc., does not directly own any property. However, Shang Global City Properties, Inc., which is 100% owned by Shang Global City Holdings, Inc., has purchased from Fort Bonifacio Development Corporation ("FBDC"), a 15,120 sqm. parcel of land within the development in Taguig City, Philippines, known as the Bonifacio Global City. Shang Global City Properties, Inc., is also the owner and developer of the Shangri-La at the Fort and Horizon Homes located at Crescent Park West District, Fort Bonifacio, Taguig City.

(f) Properties owned by Shang Fort Bonifacio Holdings, Inc.

None

(g) Properties owned by KSA Realty Corporation

The Enterprise Center, an office condominium along Ayala Avenue, Makati City.

(h) Properties owned by Shang Property Developers, Inc.

The residential condominium project known as Shang Salcedo Place and the parcel of land on which it stands located at the corner of Gil Puyat Ave., Tordesillas St. and H. V. de la Costa St., Salcedo Village, Makati City. The project was completed in 2018 and fully sold out in 2019.

(i) Properties owned by Shang Wack Wack Properties, Inc.

Four (4) contiguous parcels of land at Wack-Wack Road, Brgy. Wack Wack, Greenhills, Mandaluyong City

(i) Properties owned by Classic Elite Holdings, Ltd.

None

(j) Properties owned by Issuer's Joint Venture Agreement with Robinson's Land Corporation:

Two (2) adjoining parcels of land located at McKinley Parkway corner Fifth Ave. and 21st Drive, Bonifacio Global City, Taguig, Metro Manila, owned by the Robinsons Land Corporation and covered by Transfer Certificate of Title (TCT) No. 1784-P and TCT No. 1785-P of the Registry of Deeds for Taguig City. Total land area of the two (2) parcels of land is nine thousand one hundred eighteen square meters (9,118 sq.m.), more or less.

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

Item 3. Legal Proceedings

(C) Legal Proceedings

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

In Shangri-La Properties, Inc. (now Shang Properties, Inc.) v. BF Corporation and BF Corporation v. Shangri-La Properties, Inc., a Notice of Judgement was issued by the Supreme Court on 15 October 2019 (a copy of the Decision was received by Issuer's External Counsel for said case only on 10 January 2020), whereby the Supreme Court ordered Issuer to "pay to BF Corporation the net amount of P52,635,679.70, plus legal interest of 6% per annum reckoned from July 31, 2007, the date of the Arbitral Tribunal's Decision, until this decision becomes final and executory, and thereafter, the principal amount due, plus the interest of 6% per annum, shall likewise earn interest of 6% per annum until full satisfaction." This SC Case stems from an Arbitration Case between the parties before the CIAC in connection with the construction in the late 1990's of the carpark structure of what was then known as the Edsa Plaza project. Shang Properties, Inc. already filed a Motion for Reconsideration of the Supreme Court's ruling on 10 January 2020.

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

There are none.

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

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

(a) The date of the meeting and whether it was an annual or special meeting.

(b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting. Note whether such director was elected as an "independent director" under Section 38 of the Code and SRC Rule 38 thereunder.

(c) A brief description of each matter voted upon at the meeting and state the number of votes cast for, against or withheld, as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

During the Annual Meeting of the Stockholders of the Issuer held on **18 November 2020**, the stockholders approved and ratified the following:

1. Minutes of the Annual Stockholders Meeting held on **19 June 2019;**

2. Annual Report of the Company as of **31 December 2019**, together with its audited financial statements and accompanying explanatory notes;

3. The acts of the Board of Directors and the Management disclosed in the corporate records since the date of the Annual Stockholders Meeting on **18 November 2020;**

4. Election of the following members of the Board of Directors for the period **2020 - 2021:**

   1) **Edward Kuok Khoon Loong**
   2) **Alfredo C. Ramos**
   3) **Cynthia R. Del Castillo**
   4) **Antonio O. Cojuangco**
   5) **Maximo G. Licauco III**
   6) **Wolfgang Krueger**
   7) **Benjamin I. Ramos**
   8) **Wilfred Shan Chen Woo**
   9) **Karlo Marco P. Estavillo**
   10) **Jose Juan Z. Jugo**

5. Appointment of **PriceWaterhouseCooper (Isla Lipana & Co.)** as the Issuer's **external** auditors for **FY 2020 - 2021.**

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

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

No matter has been submitted by the Issuer to a vote of its security holders.

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

(f) The Issuer has not published any such report.

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Instructions to Item 4

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

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

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

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

(1) Market Information

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

Year	High	Low
2020		
First Quarter	**P3.31**	**P2.45**
Second Quarter	P2.99	**P2.55**
Third Quarter	P2.74	P2.50
Fourth Quarter	P2.75	P2.65
2019		
First Quarter	P3.20	**P3.00**
Second Quarter	P3.09	P2.95
Third Quarter	P3.47	P2.95
Fourth Quarter	P3.33	P3.03

The high and low of Issuer's shares for the period **01 January 2021 to 31 March 2021** are as follows:

High: ₱ 2.87
Low: ₱ 2.50

The closing price for the Issuer's shares on 31 March 2021 is ₱2.72.

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

(2) Holders

(a) Issuer has common shares only. As of **31 March 2021**, the Issuer has **5,185** stockholders. Common shares outstanding as of said date is **4,764,056,287.**

The Top 20 stockholders of the Issuer as of 31 March 2021 are:

Name of Stockholders	Number of Shares Held	Percent to Total Outstanding
1. Travel Aim Investment B.V.	1,648,869,372	34.61%
2. Ideal Sites and Properties, Inc.	1,465,144,626	30.75%
3. PCD Nominee Corporation - Fil	1,013,683,267	21.28%
4. SM Development Corporation	189,550,548	3.98%
5. PCD Nominee Corporation – Non-Fil	59,766,567	1.25%
6. KGMPP Holdings, Incorporated	52,925,445	1.11%
7. CCS Holdings, Incorporated	47,633,492	1.00%
8. Pecanola Company Limited	43,175,495	0.91%
9. Kuok Brothers SDN. BHD.	37,023,839	0.78%
10. Kuok Foundation Overseas Limited	37,023,839	0.78%
11. GGC Holdings, Incorporated	26,224,322	0.55%
12. Kerry Holdings Limited	26,090,624	0.55%
13. Kuok (Singapore) Limited	24,848,214	0.52%
14. Kerry (1989) LTD.	12,424,107	0.26%
15. Kuok Traders (Hong Kong) LTD.	11,407,363	0.24%
16. Federal Homes, Inc.	4,808,478	0.10%
17. Luxhart Assets Limited	3,975,714	0.08%

18. Yan, Lucio W. Yan &/or Clara	3,142,857	0.07%
19. Antonio O. Cojuangco	3,026,964	0.06%
20. Exchange Equity Corporation	1,570,000	0.03%
	4,712,315,133	**98.91%**

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.

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

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

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

(3) Dividends

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

Cash Dividends

2021

- During the regular meeting of the Issuer's Board held on 25 March 2021, the Board approved the declaration of P0.08 per share cash dividend to all shareholders of record as of 09 April 2021, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2020, to be paid on or before 16 April 2021.

2020

- During the regular meeting of the Issuer's Board held on 01 April 2020, the Board approved the declaration of P0.11250 per share cash dividend to all shareholders of record as of 17 April 2020 to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2019 to be paid on or before 24 March 2020.

- During the regular meeting of the Issuer's Board held on 20 August 2020, the Board approved the declaration of P0.04400 per share cash dividend to all shareholders of record as of 08 September 2020 to be taken from the unrestricted retained earnings as reflected in the unaudited financial statements of the Issuer as of 30 June 2020 to be paid on or before 18 September 2020.

2019

- During the regular meeting of the Issuer's Board held on 06 March 2019, the Board approved the declaration of P0.10550 per share cash dividend to all shareholders of record as of 21 March 2019 to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2018 to be paid on or before 29 March 2019.

- During the regular meeting of the Issuer's Board held on 16 September 2019, the Board approved the declaration of P0.07000 per share cash dividend to all shareholders of record as of 30 September 2019 to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 30 June 2019 to be paid on or before 10 October 2019.

(b) Describe any restriction that limits the ability to pay dividends on common equity or that are likely to do so in the future.

Stock Dividends

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

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

(4) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

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

Item 6. 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		%
		2020	2019	Change
Turnover	(Php M)	6,220	11,362	-45.26%
Profit Attributable to shareholders	(Php M)	1,470	3,056	-51.90%
Earnings per share	(Php Ctv)	0.309	0.642	-51.90%
Net Asset Value per share	(Php)	7.502	7.353	2.02%
Price Earnings Ratio	(Times)	8.779	4.984	76.14%

- Turnover consists of revenue from condominium sales, rental and cinema, and hotel operations. Shang Properties' gross revenue decreased by ₱5.141B to P6.220B in 2020 from P11.362B in 2019. Sales of residential condominium units of P3.010B accounted for 48% of the Group's turnover in 2020. Revenue from rental and cinema operations amounted to P2.129B or 34% of turnover in 2020 is lower by ₱1.224B from last year's ₱3.353B. Hotel operations of Shangri-La at the Fort contributed revenue amounting to ₱1.082B or 18% of turnover in 2020 is lower by ₱2.498B from last year's ₱3.580B.

- Profit attributable to shareholders pertains to net income from operations of the Group, net of minority shareholders' share. It went down by ₱1.586B or 51.90% compared with last year.

- Earnings per share of P0.309 were lower by 51.90% from last year's ₱0.642.

- 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 2.02% mainly due to Increase of ₱777M in reclassification to Advances from Related Party from additional Investment in and Advances to a Joint Venture of ₱1.121B last year and increase of ₱537M of properties held for sale due to ongoing construction of the Group's different projects.

- Price Earnings ratio is a valuation of the company's current share price compared to earnings per share and calculated by dividing the market value per share by the earnings per share. Price earnings ratio is higher by 76.14% at 8.779 times this year from 4.984 times last year. The Group' year-end share price in 2020 is ₱2.71 from ₱3.20 in 2019.

Results of Operations

Calendar Year 2020 Compared to Calendar Year 2019

Shang Properties' consolidated net income attributable to shareholders for the year ended December 31, 2019 amounted to ₱1.470B, ₱1.586B lower than the ₱3.056B posted in the same period last year.

Decrease in Turnover by ₱5.141B or 45.26% to ₱6.221B in 20209 from ₱11.362B in 2019, mainly due to lower revenue from condominium sales, rental and cinema and hotel operations of Shangri-La at the Fort.

1. Decrease in condominium sales by ₱1.418B is mainly due to decrease in the number of units sold across all projects of the Group mainly due to the COVID 19 pandemic.

2. Decrease in revenue from rental and cinema by ₱1.224B mainly due to lower occupancy rate of both office leasing at The Enterprise Center and mall operations of Shangri-La Plaza.

3. Decrease in revenue from hotel operations by ₱2.498B is mainly due to lower occupancy of the Shangri-La at the Fort Hotel caused by the ongoing travel bans and government-imposed community quarantines.

Cost of sales and services of the Group amounted to ₱3.637B, lower by ₱2.442B compared with last year's ₱6.079B due to the following:

1. Decrease in cost of condominium sales by ₱1.012B mainly due to lower sales across all projects.

2. Decrease in cost of rental and cinema by ₱69M mainly due to lower common area expenses brought about by reduced operations of the Mall as a result of government-imposed restrictions in the operations of certain commercial establishments.

3. Decrease in cost of hotel services by ₱1.361B due to lower occupancy compared to same period last year.

Operating expenses of the Group amounted to ₱1.499B higher by ₱247M or 19.72% from last year's ₱1,252BM mainly due to the net effect of the following:

1. Higher staff cost by ₱54M due to annual salary adjustments and increase in number of employees of the Group.

2. Decrease in taxes and licenses by ₱26.5M mainly due to lower real property tax paid by the Group, brought about by the ongoing turnover of units at The Rise project.

3. Increase in depreciation and amortization by ₱4.79M due to additional office improvements made and other equipment for the year.

4. Decrease in insurance expense by ₱10.6M is mainly due to lower premiums on property insurance as a result of the Group's bidding and negotiation process.

5. Increase in other general and administrative expenses by ₱225.5M mainly due to donations made by the Group to various COVID 19 and typhoon relief operations and provision for restructuring and contingencies of Shangri-La at the Fort.

Other income increased by ₱78M mainly due to higher interest income on discounting of installment contracts receivable as well as income on interest-bearing advances to a joint venture.

Decrease in interest expense and bank charges by ₱132.7M mainly due to lower interest rate on bank loans of Shangri-La at the Fort and Shang Properties Inc. and also lower loan balance due to principal payments during the year.

Provision for income tax is lower by ₱650.6M mainly due to lower taxable income generated during the year.

Calendar Year 2019 Compared to Calendar Year 2018

Shang Properties' consolidated net income attributable to shareholders for the year ended December 31, 2019 amounted to ₱3.056B, ₱44M higher than the ₱3.012B posted in the same period last year.

Increase in Turnover by ₱182M or 1.62% to ₱11.362B in 2019 from ₱11.180B in 2018, mainly due to higher revenue from rental and cinema and hotel operations of Shangri-La at the Fort, partially offset by the decrease in revenue from condominium sales.

1. Increase in revenue from rental and cinema by ₱336M mainly due to higher occupancy rate of both office leasing at The Enterprise Center and mall operations of Shangri-La Plaza. Rental yield of office leases also increase during the year, due to rental escalations of new and renewed leases.

2. Increase in revenue from hotel operations by ₱409M is mainly due to higher occupancy of the Shangri-La at the Fort Hotel and also higher average daily rate this year compared to last year.
3. Decrease in condominium sales by ₱563M is mainly due to fewer available units for sale as the Group's Shang Salcedo Place project became fully sold out during the year and The Rise Makati project already at handover stage.

Cost of sales and services of the Group amounted to ₱6.079B, lower by ₱192M compared with last year's ₱6.271B due to the following:

1. Decrease in cost of rental and cinema by P77M mainly due to higher recovery of common area expenses of Group's Mall operations. Reimbursements from tenants increased during the year due to increase in CUSA rates charged by the Mall and also due to lower electricity rates.

2. Increase in cost of hotel services by P189M due to higher occupancy compared to same period last year.

3. Decrease in cost of condominium sales by P304M mainly due to lower sales across all projects.

Operating expenses of the Group amounted to ₱1.252B higher by ₱64M or 5.4% from last year's ₱1,188M mainly due to the net effect of the following:

6. Higher staff cost by ₱38M due to annual salary adjustments and increase in number of employees of the Group.

7. Increase in taxes and licenses by ₱6M mainly due to documentary stamp tax paid during the year on the transfer of real estate property purchased by the Group.

8. Increase in depreciation and amortization by ₱11M due to additional office improvements made and purchase of vehicles and other equipment for the year.

9. Increase in insurance expense by ₱14M is mainly due to additional property insurance coverage obtained by Shangri-La at the Fort during the year.

10. Decrease in other general and administrative expenses by ₱5M mainly due to decrease in Advertising and Promotions of Shangri-La at the Fort and The Rise Makati project as it nears completion stage.

Other income decreased by P853M mainly due to lower gain on fair value adjustment of investment properties as a significant adjustment was made in the previous year, as appraised by an independent appraiser.

Decrease in interest expense and bank charges by ₱86M mainly due to payment of lower interest rate on bank loans of Shangri-La at the Fort and Shang Properties Inc. and also lower loan balance due to principal payments during the year.

Provision for income tax is lower by ₱217M mainly due to lower taxable income generated during the year.

Calendar Year 2018 Compared to Calendar Year 2017

Shang Properties' consolidated net income attributable to shareholders for the year ended December 31, 2018 amounted to ₱3.012B, ₱334M lower than the ₱3.346B posted in the same period last year.

Decrease in Turnover by ₱2.590B or 18.81% to ₱11.180B in 2018 from ₱13.770B in 2017, mainly due to net effect of decrease in revenue from condominium sales and increase in revenue from rental and cinema and hotel operations of Shangri-La at the Fort.

1. Decrease in condominium sales by ₱3.201B is mainly due to fewer available units for sale due to completed projects.

2. Increase in rental and cinema revenue by ₱36M mainly due to higher rental yield of The Enterprise Center.

3. Increase in revenue from hotel operations by ₱575M is mainly due to higher occupancy this year compared to last year.

Cost of sales and services of the Group amounted to ₱6.270B, lower by ₱1.338B compared with last year's ₱7.608B due to the following:

1. Decrease in cost of condominium sales by ₱1.726B mainly due to lower sales across all projects, particularly Horizon Homes and Shang Salcedo Place as only few units were left for sale this year.

2. Increase in cost of rental and cinema by ₱24M mainly due to higher utility costs, advertising and promotion, janitorial, security and other services and insurance of Shangri-La Mall this year compared to same period last year.

3. Increase in cost of hotel services by ₱365M due to higher occupancy compared to same period last year.

Operating expenses of the Group amounted to ₱1.188B lower by ₱35M or -2.83% from last year's ₱1,222.8M mainly due to the net effect of the following:

1. Decrease in general and administrative expenses mainly due to lower commission expenses paid by Shangri-La at the Fort this year and lower condominium dues paid to One Shangri-La Place Condominium Corporation as units have been turned over to unit owners.

2. Increase in taxes and licenses by ₱15M mainly due to higher real property taxes and documentary stamp tax paid during the year.

3. Increase in depreciation by ₱3M mainly due to additional office improvements made and purchase of other equipment for the year.

4. Decrease in insurance expense by ₱2M mainly due to additional insurance coverage obtained during the year.

Other income increased by ₱390M mainly due to higher gain on fair value adjustment of investment properties and gain on fully depreciated assets.

Increase in interest and bank charges by ₱27M mainly due to payment of interest on bank loans of Shangri-La at the Fort and Shang Properties Inc.

Provision for income tax is lower by ₱193M mainly due to lower taxable income generated during the year.

<u>**Financial Condition**</u>

Calendar Year 2020 Compared to Calendar Year 2019

Total assets of the Group amounted to ₱63.170B, decreased by ₱183.6M from the total assets of ₱63.354B in December 31, 2019. The following are the significant movements in the assets:

- Decrease in cash and cash equivalents by ₱1.090B mainly due to payment of bank loans and cash dividends.

- Decrease in financial assets at fair value through profit or loss by ₱2.7M due to loss on fair value adjustment recognized during the year.

- Increase in trade and other receivables by ₱777M mainly due to reclassification of receivables from related parties from Advances to a Joint Venture.

- Increase in properties held for sale by ₱536.8M mainly due to acquisition cost of land which will be used for project development.

- Net increase in investment in and advances to an associate and a joint venture is mainly due to additional advances during the year and the Group's 50% share in net income of Shang Robinsons Properties, Inc. which is a joint venture with Robinson's Land Corporation (RLC).

- Increase in investment properties by ₱2.010B is mainly due reclassification to investment property of cost of completed retail portion of The Rise and development cost of a commercial project previously part of Real Estate Development Projects. Increase is also due to cost of Aurelia units purchased by the Group and additional improvements of SLPC Building.

- The decrease in the Financial Assets at Fair Value through other comprehensive income by ₱6.1M is mainly due to the fair valuation of unlisted shares of stock being held by the Group as investment.

- Decrease in property, plant and equipment by ₱1.127B is mainly due to periodic depreciation.

- Increase in deferred income tax assets by ₱238M is mainly due to income recognition of SGCPI's NOLCO for the period.

- Increase in other noncurrent assets by ₱421.7M is mainly due to deposits made by SPI for future project developments.

The net decrease in total liabilities by ₱587.8M from ₱22.083B in 2019 to ₱21.496B in 2020 mainly due to the following:

- The Net Decrease in Accounts Payable by ₱485M is mainly due to lower reservation and retention payables.

- Net decrease in installment payable by ₱301.2M is mainly due to quarterly payments during the year.

- Decrease in bank loans mainly due to net repayments amounting to ₱48.5M.

- Increase in deferred lease income by ₱2.7M is mainly due to higher deposits from The Enterprise Center and (TEC) and Shangri-La Plaza.

- Decrease in income tax payable by ₱126.4M mainly due to decrease in taxable income for the year.

- Increase in dividends payable by ₱26.5M due unclaimed dividend checks paid to shareholders during the year.

- Increase in deferred income tax liabilities by ₱152.8M is mainly due to the recognition of higher percentage of completion of The Rise condominium project.

Calendar Year 2019 Compared to Calendar Year 2018

Total assets of the Group amounted to ₱63.354B, increased by ₱3.098B from the total assets of ₱ 60.256B in December 31, 2018. The following are the significant movements in the assets:

- Increase in cash and cash equivalents by ₱208M mainly due to collection from sales of condominium projects (The Rise).

- Decrease in financial assets at fair value through profit or loss by ₱5M due to loss on fair value adjustment recognized during the year.

- Increase in trade and other receivables by ₱1.935B mainly due to additional receivables arising from sales of condominium units from The Rise and Shang Residences at Wack Wack projects.

- Decrease in properties held for sale by ₱801M mainly due to portion recognized as cost of sales of The Rise and Shang Residences at Wack Wack projects.

- Increase in investment in and advances to an associate and a joint venture by ₱1.121B due to advances to the joint venture with Robinson's Land Corporation (RLC) and the ₱101M share in Net Income of said joint venture taken up during the year. Both RLC and SPI own 50% of the outstanding shares in the joint venture under the name of Shang Robinsons Properties Inc.

- Increase in investment properties by ₱392M is mainly due to the fair value adjustment taken up during the year.

- Increase in real estate development projects by ₱992M due to development cost of the retail portion of The Rise Makati project.

- Iincrease in the Financial Assets at Fair Value through other comprehensive income by ₱21M mainly due to the fair valuation of unlisted shares of stock being held by the Group as investment.

- Decrease in property, plant and equipment by ₱943M mainly due to periodic depreciation.

- Increase in deferred income tax assets by ₱105M mainly due to the recognition of higher installment sales of Shang Residences at Wack Wack project.

- Increase in other noncurrent assets by ₱275M mainly due to deposits made by SPI for future project developments.

The net increase in total liabilities by ₱893M from ₱21.190B in 2018 to ₱22.083B in 2019 is mainly due to the following:

- Net Increase in Accounts Payable by ₱778M imainly due to higher accrual of expenses and advance rental collected from tenants of The Enterprise Center (TEC).

- Net decrease in installment payable by ₱97M mainly due to quarterly payments during the year.

- Decrease in bank loans mainly due to net repayments amounting to ₱55M.

- Increase in deferred lease income by ₱18M mainly due to higher deposits from The Enterprise Center and (TEC) and Shangri-La Plaza.

- Increase in income tax payable by ₱89M mainly due to increase in TRDCI's taxable income for the year.

- Increase in dividends payable by ₱5M due to unclaimed dividend checks paid to shareholders during the year.

- Increase in deferred income tax liabilities by ₱209M mainly due to the recognition of higher percentage of completion of The Rise condominium project.

Statement of Cash Flows

The cash inflows in 2020, 2019 and 2018 includes 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. Net cash provided by operating activities in 2020, 2019 and 2018 amounted to ₱1.028B, ₱4.118B and ₱2.836B, respectively.

Net cash used in investing activities in 2020 amounted to (₱0.983B) was mainly used in deposit for future project amounting to ₱465.9M. Net cash used in investing activities in 2019 amounted to ₱2.366B mainly used in the joint venture with Robinsons Land Corp., acquisition of investment properties and deposit for future project amounting to ₱1.020B, ₱1.109B and ₱172M respectively. In 2018, net cash used in investing activities amounted to ₱1.497M mainly used in the joint venture with Robinsons Land Corp, acquisition of investment properties and deposit for future project amounting to ₱1.109B, ₱490M and ₱250M, respectively.

Net cash used in financing activities in 2020, 2019 and 2018 amounted to ₱1.132B, ₱1.539B and ₱3.953B, respectively, mainly used in payments of loan principal, interest and cash dividends.

(b) Interim Periods

Information required by Part III, 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 to 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.

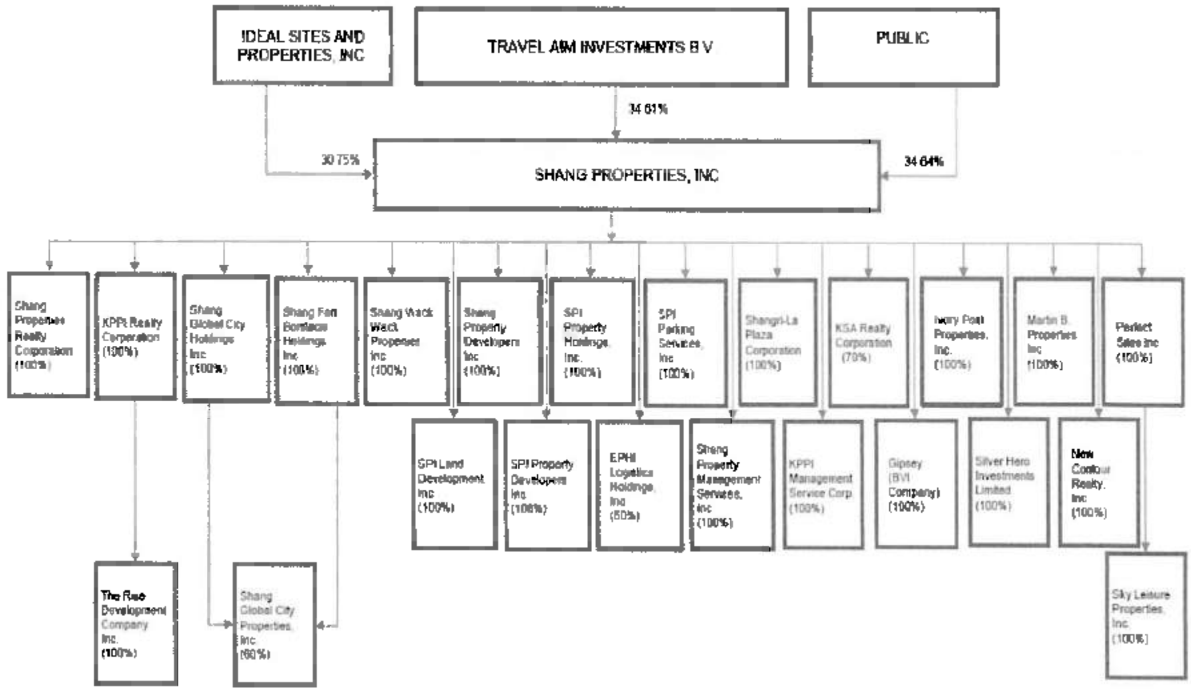
Item 7. Consolidated Audited Financial Statements

The Consolidated Audited Financial Statements of the Group for 2020 are incorporated in the accompanying Exhibits and Schedules.

Statements Required by Rule 68 Securities Regulation Code (SRC)

Shang Properties, Inc. and Subsidiaries

Map of the Group of Companies within which the Reporting Entity Belongs
As at December 31, 2020



Shang Properties, Inc. and Subsidiaries

Financial Soundness Indicators
As at December 31, 2020 and 2019
(With comparative figures as at December 31, 2018)

Ratio	Formula		2020	2019	2018
A. Current and Liquidity Ratios					
1. Current ratio	Total current assets	11,656,214,876	1.06	1.11	1.31
	Divided by: Total current liabilities	10,964,472,104			
	Current ratio	1.06			
2. Acid test ratio	Total current assets	11,656,214,876	0.91	0.99	1.13
	Less: Prepaid taxes and other current assets	1,663,214,222			
	Quick assets	9,993,000,654			
	Divided by: Total current liabilities	10,964,472,104			
	Acid test ratio	0.91			
B. Solvency ratio	Net income	1,421,579,782	0.12	0.21	0.22
	Add: Depreciation*	1,112,455,276			
	Net income before depreciation	2,534,035,058			
	Divided by: Total liabilities	21,495,590,534			
	Solvency ratio	0.12			
C. Debt to equity ratio	Total liabilities	21,495,590,534	0.52	0.54	0.54
	Divided by: Total equity	41,674,367,167			
	Debt to equity ratio	0.52			
D. Asset to equity ratio	Total assets	63,169,957,701	1.52	1.54	1.54
	Divided by: Total equity	41,674,367,167			
	Asset to equity ratio	1.52			
E. Debt ratio	Total liabilities	21,495,590,534	0.34	0.35	0.35
	Divided by: Total assets	63,169,957,701			
	Debt ratio	0.34			

Ratio	Formula		2020	2019	2018
F. Profitability ratios					
1. Return on assets (%)	Net income	1,421,579,782	2.25	5.40	5.91
	Divided by: Total assets	63,169,957,701			
	Return on assets (%)	2.25%			
2. Return on equity (%)	Net income	1,421,579,782	3.41	8.29	9.11
	Divided by: Total equity	41,674,367,167			
	Return on equity (%)	3.41%			
3. Net profit margin	Net income	1,421,579,782	22.85	30.12	31.85
	Divided by: Total revenues	6,220,488,711			
	Net profit margin (%)	22.85%			
G. Earnings per share (EPS) attributable to equity holders of Parent	Net income after minority interest	1,469,965,012	0.31	0.64	0.63
	Divided by: Total shares outstanding	4,761,918,337			
	EPS attributable to equity holders of Parent	0.31			
H. Book value per share (BPS) attributable to equity holders of Parent	Total equity after minority interest	35,724,025,721	7.50	7.35	6.88
	Divided by: Total shares outstanding	4,761,918,337			
	BPS attributable to equity holders of Parent	7.50			

Shang Properties, Inc. and Subsidiaries

Schedule A - Financial Assets
As at December 31, 2020
(All amounts in Philippine Peso)

Description of each issue	Number of shares	Amount shown in the Consolidated Statement of Financial Position	Value based on market quotations at statement date	Income (loss) received and accrued
Cash and cash equivalents*		1,549,970,914	1,549,970,914	12,956,641
Trade and other receivables**		4,996,338,314	4,996,338,314	299,782,769
Financial assets at fair value through profit or loss***		33,626,210	33,626,210	(2,652,634)
Refundable deposits****		139,864,908	139,864,908	-
Financial assets at fair value through other comprehensive income*****				
Quoted shares	8	27,950,000	27,950,000	-
Unquoted shares	298,516	769,618,496	769,618,496	(6,100,000)
		797,568,496	797,568,496	(6,100,000)
		7,517,368,842	7,517,368,842	303,986,776

* See Note 3 to the Consolidated Financial Statements.
** See Note 5 to the Consolidated Financial Statements.
*** See Note 4 to the Consolidated Financial Statements.
**** See Notes 7 and 14 to the Consolidated Financial Statements.
***** See Note 11 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As at December 31, 2020
(All amounts in Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Deduction: Amount collected	Deduction: Amount written-off	Current	Non-current	Balance at end of period
Classic Elite Holdings Inc.	1,144,187,554	-	-	-	-	1,144,187,554	1,144,187,554
One Shangri-la Place Condominium Corp.	42,863,156	14,252,220	(2,768,226)	-	13,720,342	40,626,808	54,347,150
Shang Salcedo Place Condominium Corp.	33,853,953	23,789,805	(593,704)	-	48,836,093	8,213,961	57,050,054
EDSA Shangri-la Hotel & Resorts, Inc.	31,988,514	35,247,771	(58,243,794)	-	8,006,161	986,330	8,992,491
Makati Shangri-la Hotel	8,874,010	1,510,969	(1,779,924)	-	377,475	8,227,580	8,605,055
The St. Francis Shangri-la Place Condominium Corp.	24,384,819	16,259,343	(7,636,925)		15,790,442	17,216,795	33,007,237
The Shang Grand Tower Condominium Corp.	22,540,234	6,888,199	(6,505,903)	-	6,844,672	16,077,858	22,922,530
Ideal Sites Property, Inc.	5,704,580	1,693	-	-	1,693	5,704,580	5,706,273
Mactan Shangri-la Hotel	225,560	325,470	(173,892)	-	248,715	128,423	377,138
The Enterprise Centre Condominium Corp.	8,201,355	36,222,023	(35,354,292)	-	9,001,450	67,636	9,069,086
Shang Robinsons Properties, Inc.	28,036,088	29,665,649	(7,693,554)	-	35,534,789	14,473,394	50,008,183
Others	113,366,302	193,674,240	(97,074,319)	-	151,280,396	58,685,827	209,966,223
	1,464,226,125	357,837,382	(217,824,533)		289,642,228	1,314,596,746	1,604,238,974

See Notes 5 and 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule C - Amounts Receivable from Related Parties
which are eliminated during the Consolidation of Financial Statements
As at December 31, 2020
(All amounts in Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Shangri-la Plaza Corp.	20,208,709	21,985,675	(13,790,297)	-	2,315,208	26,088,879	28,404,087
Shang Property Management Services, Inc.	12,582,910	40,704,508	(26,905,296)	-	25,913,446	468,676	26,382,122
Shang Properties Realty Corporation	189,087,188	177,360,159	(150,941,475)	-	215,123,211	382,661	215,505,872
SPI Parking Services, Inc.	183,494	13,750	(121,701)	-	-	75,543	75,543
KPPI Management Services Corporation	-	-	-	-	-	-	-
Shang Global City Holdings, Inc.	-	-	-	-	-	-	-
Shang Fort Bonifacio Holdings, Inc.	-	-	-	-	-	-	-
KSA Realty Corporation	(1,540,540)	20,690,618	(16,905,546)	-	2,135,032	109,500	2,244,532
Shang Property Developers, Inc.	2,515,189,137	225,948,927	(345,698,337)	-	2,395,435,909	3,818	2,395,439,727
Silver Hero from SPDI	2,317,500,000	-	-	-	-	-	2,317,500,000
The Rise Development Company, Inc.	11,970,175	71,458,575	(6,556,500)	-	64,687,062	12,185,188	76,872,250
New Contour Realty Inc.	4,007,033	13,726	-	-	13,726	4,007,033	4,020,759
Shang Global City Properties, Inc.	5,844,362	9,576,646	(14,637,778)	-	783,230	-	783,230
Shang Wack Wack Properties, Inc.	221,199,045	1,936,632	(220,143,627)	-	2,921,965	70,085	2,992,050
Perfect Sites Inc.	84,908,696	20,100,000	-	-	20,100,000	84,908,696	105,008,696
KPPI Realty Corporation	500,003,612	400,000,000	(850,000,000)	-	50,000,000	3,612	50,003,612
Others	6,889,726,153	2,366,057,718	(1,259,582,884)	-	1,140,239,672	6,852,961,315	7,996,200,987
Total	12,770,869,974	3,355,846,934	(2,905,283,441)	-	3,919,668,461	6,981,265,006	13,221,433,467

See Note 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule D - Long-Term Debt
As at December 31, 2020
(All amounts in Philippine Peso)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related Statement of Financial Position	Amount shown under caption "Long-term debt" in related Statement of Financial Position
10-year loan with fixed interest rate of 4.00% per annum	933,333,333	533,333,333	400,000,000
10-year loan with interest based on the higher between the PHP BVAL rate plus spread of 0.75% per annum and the Bangko Sentral ng Pilipinas (BSP) overnight borrowing rate minus spread of 0.95% per annum	1,196,172,130	-	1,196,172,130
9-month loan with fixed interest rate of 4.08% per annum	50,000,000	50,000,000	-
9-month loan with fixed interest rate of 5.08% per annum	50,000,000	50,000,000	-
6-month loan with fixed interest rate of 5.15% per annum	50,000,000	50,000,000	-
6-month loan with fixed interest rate of 5.75% per annum	500,000,000	500,000,000	-
6-month loan with fixed interest rate of 4.75% per annum	1,100,000,000	1,100,000,000	-
6-month loan with fixed interest rate of 6.00% per annum	190,000,000	190,000,000	-
6-month loan with fixed interest rate of 4.75% per annum	110,000,000	110,000,000	-
3-month loan with fixed interest rate of 4.75% per annum	200,000,000	200,000,000	-
3-month loan with fixed interest rate of 4.50% per annum	200,000,000	200,000,000	-
3-month loan with fixed interest rate of 3.75% per annum	400,000,000	400,000,000	-
3-month loan with fixed interest rate of 3.70% per annum	900,000,000	900,000,000	-
	5,879,505,463	4,283,333,333	1,596,172,130

See Note 16 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule E - Indebtedness to Related Parties
As at December 31, 2020
(All amounts in Philippine Peso)

Name of related party	Balance at beginning of period	Balance at end of period
Shangri-La International Hotel Management Limited	57,131,230	80,774,467
St. Francis Shangri-La Place Condominium Corporation	316,967	316,967
The Enterprise Center Condominium Corporation	1,630,977	8,659,116
Others	41,410,080	82,806,117
	100,489,254	172,556,667

See Notes 15 and 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule F - Guarantees of Securities of Other Issuers
As at December 31, 2020
(All amounts in Philippine Peso)

Name of issuing entity of securities guaranteed by the company for which statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by the company for which statement is filed	Nature of guarantee
		Not applicable		

Shang Properties, Inc. and Subsidiaries

Schedule G - Share Capital
As at December 31, 2020
(All amounts in Philippine Peso)

Title of issue	Number of shares authorized	Number of Shares issued and outstanding	Number of shares reserved for options, warrants, conversions, and other rights	Number of shares held by		
				Affiliates	Directors, officers, and employees	Others
Issued shares:						
Common shares	8,000,000,000	4,764,058,982	-	-	-	-
Outstanding shares:						
Common shares	-	4,764,058,982	-	3,114,016,694	4,053,136	1,645,989,152
Total	-	4,764,058,982	-	3,114,016,694	4,053,136	1,645,989,152

See Note 18 to the Consolidated Financial Statements.

Shang Properties, Inc.

Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2020
(All amounts in Philippine Peso)

Unappropriated Retained Earnings beginning		29,329,234,160
Fair value adjustment of investment properties in prior years, net of tax		(13,029,932,719)
Unappropriated Retained Earnings, as adjusted, beginning		
Net income based on the face of audited financial statements	1,421,579,782	16,299,301,441
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	(129,873,486)	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)		
Unrealized actuarial gain	-	
Fair value adjustment	-	
Fair value adjustment of investment property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP – gain		
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted under the PFRS		
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	-	
Fair value adjustment	1,856,844	
Adjustment due to deviation from PFRS/GAAP – loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net income actually earned during the period	1,293,563,140	1,293,563,140
Add (Less):		
Realized remeasurement loss during the year		
Dividends declarations during the year		(999,900,118)
Appropriations of retained earnings		
Reversal of appropriateness		
Other reserves from restatement due to PAS19 Revised		
Treasury shares		(6,850,064)
TOTAL RETAINED EARNINGS ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY, END AVAILABLE FOR DIVIDEND		16,586,114,399

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 Isla Lipana & Co.:

	2020	2019
Audit Fees	4,458,250	4,393,050
Tax Consultancy Fees	-	-
	4,393,050	**4,393,050**

No other service was provided by external auditors to the Company for the fiscal years 2019 and 2018.

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"

(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.

The Group's external auditors for the last 2 years are Isla Lipana & Co.

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

The Group's external auditors for the last 2 years are Isla Lipana & Co. There were no disagreements with Isla Lipana & Co. on any accounting and financial disclosure matters.

(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

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

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

Directors, Executive Officers, Promoters and Control Persons

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

The Directors, Independent Directors and Executive Officers of the Issuer are as follows (as of **31 March 2021**):

Name	Citizenship	Director/ No. of Years	Age	Office Held	Directorship in other reporting (Listed) Companies
Edward Kuok Khoon Loong	Malaysian	Yes /29 yrs.	68	Chairman	None
Alfredo C. Ramos	Filipino	Yes /32 yrs. & 7 mos.	77	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 /19 yrs & 9 mos.	68		Sanitary Wares & Mfg. Corp.
Benjamin I. Ramos	Filipino	Yes /10 yrs. & 7 mos.	51		None
Wilfred Shan Chen Woo	Canadian	Yes/9 yrs. & 7 mos.	63		None

Name	Citizenship	Director/ No. of Years	Age	Office Held	Directorship in other reporting (Listed) Companies
Antonio O. Cojuangco***	Filipino	Yes /13 yrs. & 7 mos.	69		None
Jose Juan Z. Jugo	Filipino	Yes/3 mos.	49	Executive Vice President	None
Karlo Marco P. Estavillo	Filipino	Yes/4 yrs. & 6 mos.	49	Treasurer/ CFO/COO	None
Wolfgang Krueger	Deutsch	Yes/3 mos.	56	Executive Vice President	None
Maximo G. Licauco III	Filipino	Yes/7 yrs & 4 mos.	70		None
*Rajeev Garg	Indian	(No)	45	VP/Group Financial Controller	None
Federico G. Noel, Jr.	Filipino	(No)	58	Corporate Secretary	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 Atlas Consolidated Mining & Development Corporation and Aquatlas, Inc. He is the Chairman and President of Alakor Corporation, National Book Store, Inc., The Philodrill Corporation, Vulcan Industrial & Mining Corporation, United Paragon Mining Corporation and NBS Subic, Inc. He is also the President of Abacus Book & Card Corporation, MRT Holdings Corporation, Power Books, Inc., TMM Management, Inc. and Zenith Holdings Corporation. He is Vice Chairman of MRT Development Corporation and Shangri-La Plaza Corporation. He is also the Governor of National Book Development Board.

Cynthia Roxas Del Castillo is a Senior Partner and a member of the Executive Board at Romulo, Mabanta, Buenaventura, Sayoc & de los Angeles and has been with the firm for over 30 years. She holds an Ll.B from Ateneo, graduated Valedictorian in 1976 and placed 11th in the 1976 Bar Examinations. She was a former Dean of the Ateneo de Manila University's Law School and the first woman to hold the said position. She currently serves as Corporate Secretary and Director of other various Philippine corporations.

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

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.

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 and Directories Philippines Corporation. He is the President of Calatagan Bay Realty, Chairman and President of Calatagan Golf Club, Inc. and Canlubang Golf and Country Club.

****Jose Juan Z. Jugo*** joined the Issuer last June 2019 as Executive Vice President. From 2017 to 2019, he was the President and CEO of MCT Bhd, a publicly listed full line property developer based in Selangor, Malaysia and owned 67% by Ayala Land, Inc. From 2000 to 2017, he was in the management team of Ayala Land, Inc. (ALI) where from 2013 to 2017, he was a Vice President of the company. From 2011 to 2017, he served as the Managing Director of Ayala Land Premier, the luxury arm of the company. He graduated from De La Salle University, Manila in 1994. Right after earning his undergraduate degree, he pursued and finished his post graduate studies in Marketing and Commercial Management under scholarship in ESEM, in Madrid, Spain. *(He replaced Mr. Koay Kean Choon who resigned as a member of the Board as of 03 December 2020. Mr. Jugo will serve as member of the board for the remainder of Mr. Koay's term and until his successor is duly elected and qualified)*

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.

****Wolfgang Krueger*** was the Regional Executive Vice President for Shangri-La International Hotels Limited and looked after all the Shangri-La Hotels in the Philippines. He joined Shangri-La Group in 2003 and has been with the group for over 18 years. *(He replaced Mr. Louie Chi Kong Wong who resigned as a member of the Board as of 03 December 2020. Mr. Krueger will serve as member of the board for the remainder of Mr. Wong's term and until his successor is duly elected and qualified)*

Maximo G. Licauco III is the President of Filstar Distributors Corporation (Licensee of Hallmark Cards and exclusive distributor of BIC Products). He was previously an Area Vice President of National Book Store, Inc. where he spent 34 years in the retail business. He graduated at the Ateneo De Manila University with Bachelor of Arts Degree major in Economics.

Rajeev Garg is the new Vice President and Group Financial Controller of the Issuer. He has been with the Kuok Group for a total of 14 years covering various functions including Finance in Shangri-La Dubai, Aberdeen Marina Club, Hong Kong, two (2) Shangri-La Development Projects in Sri Lanka and another development project in Colombo before moving to Issuer.

He holds a Bachelor's Degree in Accounting and Accounting Certificate from the Institute of Chartered Accountants of India and PG Diploma in Management. *(Mr. Rajeev Garg was elected as Vice President and Group Financial Controller of the Issuer as of 06 March 2019.)*

Federico G. Noel, Jr. is the General Counsel and the Corporate Secretary of the Company. He is also the Corporate Secretary, General Counsel and a member of the Board of Directors of 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.

***** Messrs. Maximo G. Licauco III, Antonio O. Cojuangco, and Benjamin I. Ramos 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. Licauco 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 proceeding, 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/her involvement in any type of business, securities, commodities or banking activities;

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

Item 10. Executive Compensation

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

The following is a summary of the aggregate compensation paid or accrued during the last two (2) fiscal years, i.e. **2019 and 2020** and to be paid in the ensuing fiscal year **2021** 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 Php)		
		BASIC	BONUS	TOTAL
2021		62,928,573.50	9,584,814.18	72,513,387.68
Wolfgang Krueger				
Jose Juan Z. Jugo				
Rajeev Garg				
Federico G. Noel Jr.				
Karlo Marco P. Estavillo				
2020		78,026,520.00	21,844,891.95	99,871,411.95
Wolfgang Krueger				
Karlo Marco P. Estavillo				
Rajeev Garg				
Federico G. Noel Jr.				
Koay Kean Choon				
Jose Juan Z. Jugo				
2019		58,540,326.00	24,097,463.32	82,637,789.32
Gregory Allan Dogan				
Karlo Marco P. Estavillo				
Rajeev Garg				
Federico G. Noel Jr.				
Koay Kean Choon				
Danila Regina I. Fojas				

Compensation of Directors

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

Other arrangements with Directors

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

Warrants and options

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

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

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

Following are the stockholders who are known to the Issuer to be directly or indirectly the record and/or beneficial owner of more than 5% of any class of the Issuer's voting shares as of **31 March 2021**.

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	Percentage
Common	Travel Aim Investment B. V. 25/F Kerry Centre 683 King's Road Quarry Bay, HK	R	Filipino	1,648,869,372	34.61%
Common	Ideal Sites & Properties, Inc.	R	Filipino	1,465,144,627	30.75%
Common	PCD Nominee Corporation (Filipino) G/F, MSE Building 6767 Ayala Avenue Makati City	R	Filipino	1,013,683,267	21.28%

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.

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

(2) Security Ownership of Management **(as of 31 March 2021) --- FOR REVIEW OF MS. BELLE**

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	0.017%
Common	Alfredo C. Ramos	213,734(D)	Filipino	0.000%
Common	Wolfgang Krueger	10,000(D)	Deutsch	0.000%
Common	Cynthia R. Del Castillo	1(D)	Filipino	0.000%
Common	Benjamin I. Ramos	2(D)	Filipino	0.000%
Common	Maximo G. Licauco III	1(D)	Filipino	0.000%
Common	Antonio O. Cojuangco	3,026,964(D)	Filipino	0.064%
Common	Wilfred Shan Chen Woo	1,000(D)	Canadian	0.000%
Common	Karlo Marco P. Estavillo	5,000(D)	Filipino	0.000%
Common	Jose Juan Z. Jugo	1,000(D)	Filipino	0.000%

**Mr. Wolfgang Krueger and Mr. Jose Juan Jugo replaced Mr. Louie Chi Kong Wong and Mr. Koay Kean Choon, respectively, who both resigned as of 03 December 2020. They will serve as such for the remainder of Mr. Wong's and Koay's term and until their successors are duly elected and qualified.*

As of the reporting of SEC Form 17-A for 2020, the aggregate ownership of all directors and officers as a group unnamed is **4,065,710** shares or **0.000%** of the outstanding shares of Issuer.

(3) Voting trust holders of 5% or more

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

(4) Changes in Control

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

Item 12. Certain Relationships and Related Transactions

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

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

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

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

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

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

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

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

In compliance with PSE Memorandum No. 2010-0505 which requires the disclosure of the level of public ownership of the Issuer, as of **31 March 2021** is **34.55%** of the Issuer's total issued and outstanding shares is publicly owned in accordance with the PSE's guidelines for the computation of public ownership.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

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

(a) The evaluation system established by the company to measure or determine the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance;

<u>An internal self-rating system can measure the performance of the Board and Management in accordance with the criteria provided for in the Issuer's Revised Manual on Corporate Governance.</u>

<u>The creation and implementation of such self-rating system, including its salient features, may be disclosed in the corporation's annual report.</u>

(b) Measures being undertaken by the company to fully comply with the adopted leading practices on good corporate governance;

<u>The internal audit conducts periodic review, of the effectiveness of the Issuer's system and internal controls governing the good corporate governance practice, to assess with the board-approved manual on corporate</u>

governance, periodically evaluate and monitor the implementation of policies and strategies, including the business plans, operating budgets and Management's overall performance.

(c) Any deviation from the company's Manual of Corporate Governance. It shall include a disclosure of the name and position of the person/s involved, and the sanction/s imposed on said individual;

None

(d) Any plan to improve corporate governance of the company.

The Issuer periodically reviews its Manual on Corporate Governance to ensure that it meets its objectives.

PART V — EXHIBITS AND SCHEDULES

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

(a) Exhibits

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

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

	Description	12-1	17-C	17-Q	17-A
12	Letter re: Unaudited Interim Financial Information	x		x	
13	Letter re: Change in Certifying Accountant—n2	x	x		n/a
14	Letter re: Director Resignation		x		
15	Letter re: Change in Accounting Principles				n/a
16	Report Furnished to Security Holders			x	n/a
17	Other Documents or Statements to Security Holders			x	
18	Subsidiaries of the Issuer	x			x
19	Published Report Regarding Matters Submitted to Vote of Security Holders	x			n/a
20	Consents of Experts and Independent Counsel	x	x-n3	x-n3	x-n3
21	(a) Power of Attorney (b) Power of Attorney—Foreign Issuer	x	x	x	n/a
22	Statement of Eligibility of Trustee	x			

23	Exhibits To Be Filed With Commercial Papers/Bond Issues	x			
24	Exhibits To Be Filed With Stock Options Issues	x			
25	Exhibits To Be Filed By Investment Companies	x			
26	Notarized Curriculum Vitae and Photographs of Officers and Members of the Board of Directors	x			
27	Copy of the BOI Certificate for BOI Registered Companies	x			
28	Authorization re: Issuer's Bank Accounts.	x			
29	Additional Exhibits	x	x	x	n/a
30	Copy of Board Resolution approving the securities offering and authorizing the filing of the Registration Statement	x			
31	Duly verified resolution of the issuer's Board of Directors approving the disclosures contained in the registration statement and assuming liability for the information contained therein	x			
32	Secretary's Certificate as to adoption by the Board of certain corporate governance principles	x			
33	Exhibits to be filed for proprietary or non-proprietary shares issues	x			
34	Exhibits to be filed for Warrants Issues	x			

(b) Reports on SEC Form 17-C

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

Following are the reports, in SEC Form 17-C, which were filed during the fiscal year ended 31 December 2020:

1. **15 January 2020** – Reports that during the regular meeting of the Issuer's Board of Directors on 15 January 2020, the Board clarified the News Report on the Online Edition of Business World.

2. **16 March 2020** – Reports that during the regular meeting of the Issuer's Board of Directors held on 16 March 2020, the Board approved the following:

    - The Issuer filed its Current Report under Section 17 of the Securities Regulation Code on the impact of COVID-19 Pandemic on its business operations, including measures to mitigate its risks.

3. **01 April 2020** – Reports that during the regular meeting of the Issuer's Board of Directors held on 01 April 2020, the Board approved the following:

    i) The declaration of P0.11250 per share cash dividend to all shareholders of record as of 17 April 2020 to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2019, to be paid on or before 24 April 2020.

    ii) Passed resolution to approve the audited financial statements of the Issuer for the year ended 31 December 2019.

4. **20 April 2020** – Report that during the regular meeting of the Issuer's Board of Directors held on 17 April 2020, the Board taken up Cash Dividend Declaration as follows:

    - On 01 April 2020, the Issuer declared cash dividends to its stockholders on record as of 17 April 2020 payable on 24 April 2020. However, due to the government's declaration of enhanced community quarantine (ECQ) which requires strict home quarantine and suspension of work for private establishments, the check payments for the cash dividends may not be distributed to all stockholders of record on Payment Date. This distribution of check payments for the cash dividends will resume within five (5) trading days from the lifting of the ECQ while cash dividends of shares lodged under PCD Nominee Corp. (PCD) will be credited on the payment date.

5. **05 June 2020** – Reports that during the regular meeting of the Issuer's Board of Directors held on 05 June 2020, the Board approved the following:

   - Pursuant to the authority passed by the Board of Directors of Issuer during its Board Meeting held on 01 April 2020, the Office of the Corporate Secretary confirmed the postponement of Issuer's Annual Stockholders' Meeting which is supposed to be held on any day in June as per the By-Laws of the Issuer, to a later date, tentatively on the third week of August 2020.

6. **24 August 2020** – Reports that during the regular meeting of the Board of Directors of the Issuer's Board of Directors held on 20 August 2020, the Board approved:

   i) The declaration of P0.04400 per share cash dividend to all shareholders of record as of 08 September 2020 to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 30 June 2020, to be paid on or before 18 September 2020.

7. **19 November 2020** - Reports that during the Issuer's Annual Stockholders' Meeting held on 18 November 2020, the following matters were taken up:

   i) Election of Directors

   The following were elected to serve as members of the Board of Directors for the year 2020-2021, namely:

   1) Edward Kuok Khoon Loong
   2) Alfredo C. Ramos
   3) Cynthia R. Del Castillo
   4) Karlo Marco P. Estavillo
   5) Wilfred Shan Chen Woo
   6) Louis Wong Chi Kong
   7) Kean Choon Koay
   8) Maximo G. Licauco III – Independent Director
   9) Antonio O. Cojuangco – Independent Director
   10) Benjamin I. Ramos – Independent Director

   ii) Issuer's Certifying Accountant

   PriceWaterhouseCoopers Philippines was appointed as external auditors for the year **2020-2021**.

   iii) During the Issuer's Board of Directors Organizational Meeting held immediately after the Stockholders' Meeting, the following transpired:

   Election of Officers:

1)	Edward Kuok Khoon Loong	-	Chairman
2)	Alfredo C. Ramos	-	Vice Chairman
3)	Karlo Marco P. Estavillo	-	Treasurer/CFO/COO
4)	Jose Juan Z. Jugo	-	Executive Vice President
5)	Wolfgang Krueger	-	Executive Vice President
6)	Federico G. Noel, Jr.	-	Corporate Secretary

   Audit Committee:

1)	Maximo G. Licauco III	-	Chairman
2)	Benjamin I. Ramos	-	Member
3)	Cynthia R. Del Castillo	-	Member
4)	Michelle Ching	-	Secretary

   Corporate Governance Committee:

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

4) Federico G. Noel, Jr. - Secretary

8. **03 December 2020** – Reports that during the regular meeting of the Issuer's Board of Directors held on 03 December 2020, the Board approved the following:

- Resignation of Director – Mr. Kean Choon Koay and Mr. Louie Chi Kong Wong formally tendered their resignation as Director of the Issuer effective close of the business hours of 03 December 2020.

- Election and Appointment of New Director - Mr. Wolfgang Krueger and Mr. Jose Juan Z. Jugo were elected as member of the Board to replace Mr. Louie Chi Kong Wong and Mr. Kean Choon Koay, respectively, and serve as such for the remainder of Mr. Wong's and Mr. Koay's term and until their successors are duly elected and qualified.

Following are the reports, in SEC Form 17-C, which were filed as of 31 March 2021:

1. **25 March 2021** – Reports that during the regular meeting of the Issuer's Board of Directors held on 25 March 2021, the Board approved the following:

i) The declaration of P0.08 per share cash dividend to all shareholders of record as of 09 April 2021 to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2020, to be paid on or before 16 April 2021.

ii) Passed resolution to approve the audited financial statements of the Issuer for the year ended 31 December 2019.

iii) The Board proposed the amendment of Article II and III of the Issuer's By-Laws.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong on this MAY 1 4 2021 day of 2021.

By:

KARLO MARCO P. ESTAVILLO
Chief Operating Officer/
Chief Financial Officer

RAJEEV GARG
Group Financial Controller

FEDERICO G. NOEL, JR.
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 1 4 2021 day of ______ affiant(s) exhibiting to me their Passports, as follows

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
RAJEEV GARG	Z4911342	02 FEB 2018	COLOMBO
KARLO MARCO P. ESTAVILLO	P3455986B	07 OCT. 2019	DFA NCR CENTRAL
FEDERICO G. NOEL, JR.	P6098076A	20 FEB. 2018	DFA MANILA

Doc No. 126;
Page No. 27;
Book No. 18;
Series of 2021.

NOTARY PUBLIC

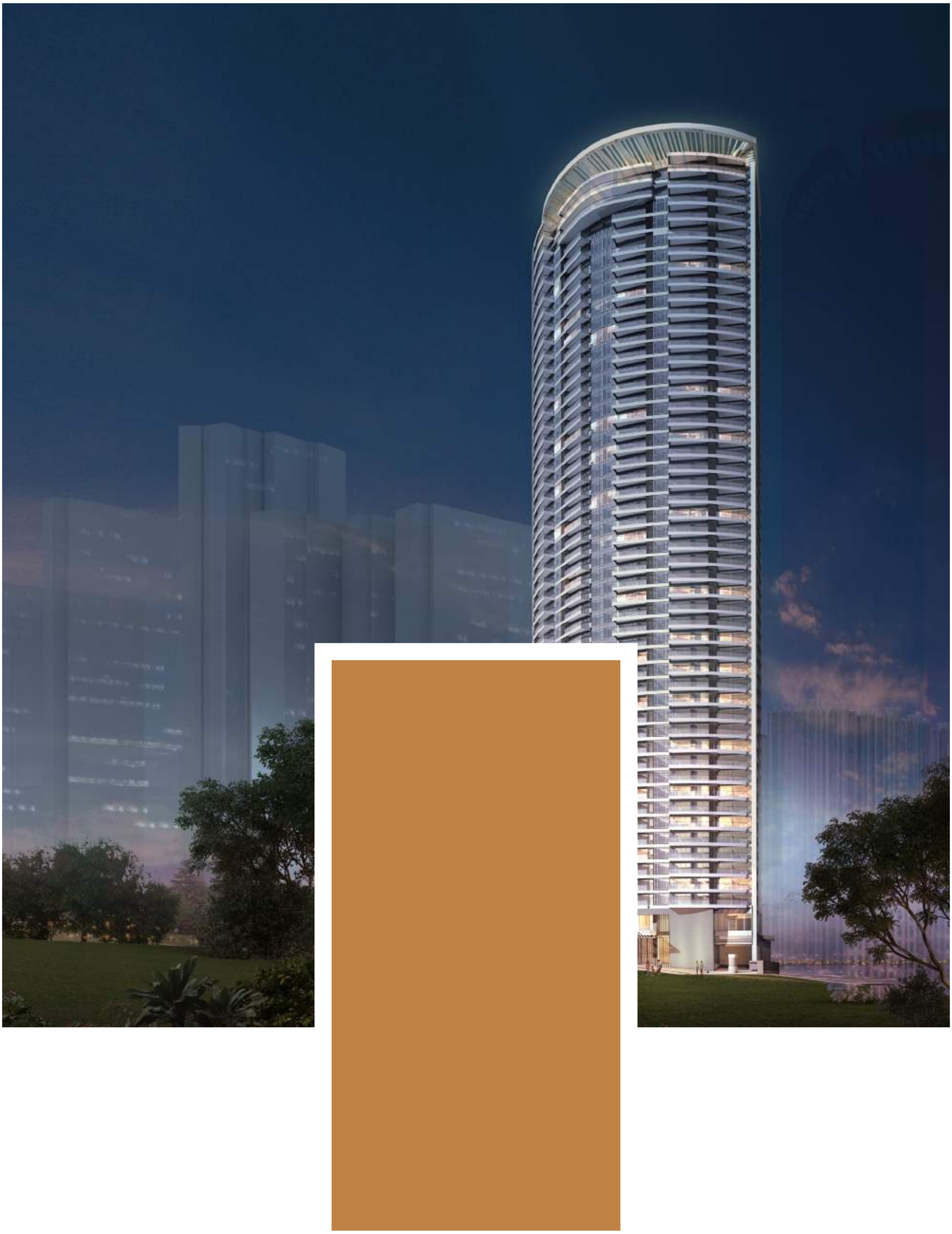
JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0283-19 VALID UNTIL JUNE 30, 2021
AS PER SC EN BANC RESOLUTION DATED DECEMBER 1, 2020
ROLL NO. 53970
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
PTR NO. 4581076; 1-4-21; MANDALUYONG
MCLE COMPLIANCE NO. VI 0017960 14 APRIL 2022
METRO MART COMPLEX, MANDALUYONG CITY

SHANG
PROPERTIES®

ANNUAL SUSTAINABILITY REPORT 2020

IN THE MIDST OF THE COVID-19 PANDEMIC

CONTENTS



GENERAL INFORMATION

Contextual Information

COMPANY DETAILS	
Name of Organization:	Shang Properties, Inc. (SPI)
Location of Headquarters:	Administration Office Shangri – La Plaza EDSA corner Shaw Boulevard, Mandaluyong City
Report Boundary: *Legal Entities (e.g. Subsidiaries) included in this Report*	This annual sustainability performance report covers the holding company, Shang Properties, Inc. (SPI) and the following subsidiaries / affiliates: **SHANGRI – LA PLAZA CORPORATION (SLPC)** SLPC manages the Philippines' most established premier upscale shopping and lifestyle destination, Shangri – La Plaza Mall. **KSA REALTY CORPORATION (KSA)** KSA Realty Corporation is the majority owner of The Enterprise Center, an Information Technology (IT) building registered with the Philippine Economic Zone Authority (PEZA) that offers tax incentives to tenants. **SPI PARKING SERVICES, INC. (SPSI)** SPSI, formerly EDSA Parking Services, Inc., provides top of the line parking management services. **SHANG PROPERTIES REALTY CORPORATION (SPRC)** SPRC, formerly The Shang Grand Tower Corporation, is the developer of the following upscale projects: The Shang Grand Tower, which is built along Dela Rosa Street, Legaspi Village, Makati City, as well as St. Francis Shangri – La Place and One Shangri – La Place, which are both located at the Shangri – La Place in Ortigas, Central Business District at the corner of Shaw Boulevard, Internal Drive and EDSA in Mandaluyong City. **SHANG PROPERTY DEVELOPERS, INC. (SPDI)** SPDI is the developer of the upscale Makati development, Shang Salcedo Place located at Sen. Gil Puyat Avenue Corner Tordesillas Street, Salcedo Viillage, Makati City. **THE RISE DEVELOPMENT COMPANY, INC. (TRDCI)** TRDCI is a joint venture with VDCI and the developer of The Rise Makati, a mixed – use condominium project located at Malugay Street, San Antonio Village, Makati City **SHANG WACK WACK PROPERTIES, INC. (SWWPI)** SWWPI is a realty development company and the developer of Shang Residences Wack Wack located strategically close to the renown Wack Wack Golf and Country Club in Greenhills, Mandaluyong City

COMPANY DETAILS

SHANG GLOBAL CITY PROPERTIES, INC. (SGCPI)
SGCPI is the owner, developer, and operator of Shangri – La at the Fort, the country's premier and leading luxury hotel located at 3rd Avenue Corner 30thStreet, Fort Bonifacio Global City, Taguig City and Horizon Homes at the Fort, the most luxurious condominium development project in the country situated at the top levels of the Shangri – La at the Fort hotel building.

SHANG PROPERTY MANAGEMENT SERVICES, INC. (SPMSI)
SPMSI, formerly EPHI Project Management Services Corporation, provides top of the line property management services.

SHANG ROBINSONS PROPERTIES, INC. (SRPI)
SRPI is a joint venture between Shang Properties, Inc. (SPI) and Robinsons Land Corporation (RLC) and the developer of the ultra – upscale and posh Aurelia Residences located at Mc Kinley Parkway Corner Fifth Avenue and 21st Drive, Fort Bonifacio Global City, Taguig City, as well as an upcoming posh condominium project located at Bridgetowne Estate, Pasig City.

Business Model, including Primary Activities, Brands, Products, and Services:	Shang Properties, Inc. (SPI) is engaged in property investment and development (residential development and condominium sales), real estate management, office and retail leasing, and mall, carpark, and hotel operations.
Reporting Period:	01 January 2020 – 31 December 2020
Highest Ranking Person Responsible for this Report:	**ATTY. ELMER G. PEDREGOSA** Compliance Officer / Deputy General Counsel

Materiality Process

EXPLAIN HOW YOU APPLIED THE MATERIALITY PRINCIPLE (OR THE MATERIALITY PROCESS) IN IDENTIFYING YOUR MATERIAL TOPICS*

**See GRI 102 – 46 (2016) for more guidance*

Shang Properties, Inc. (SPI) prepared its annual sustainability performance report in compliance with the Philippines Securities and Exchange Commission (SEC) Memorandum Circular No. 4, Series of 2019 and made reference to the Global Reporting Initiative (GRI) Standards.

SPI has adopted the subsequent approach to assess material topics:

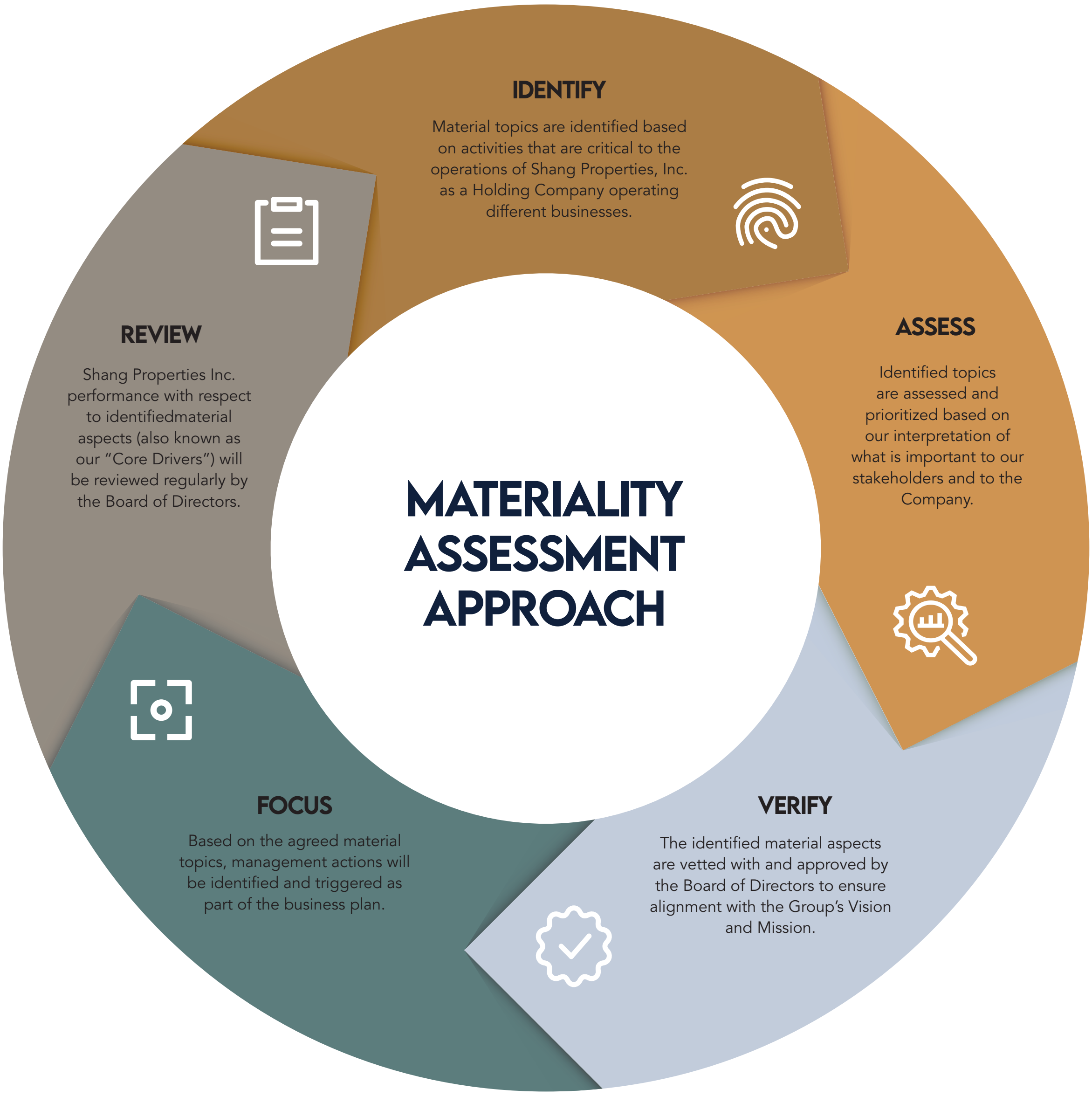


Figure 1 Materiality Assessment Approach

SPI has identified and prioritized the following Core Drivers for the Company and its Stakeholders as duly reflected in its Sustainability Framework based on the Materiality Assessment.

Figure 2 SPI Core Drivers

INVESTMENT MANAGEMENT
Direct Economic Value Generated (Revenue); Direct Economic Value Distributed

GOOD GOVERNANCE
Training on Anti-Corruption Policies & Procedures; Incidents of Corruption; Labor-Management Relations

RESPONSIBLE BUSINESS
Resource Management (Energy, Materials); Water & Effluents; Air Emissions (GHG, NO_x,SO_x,PM); Solid & Hazardous Wastes; Environmental Compliance; Diversity, Equal Opportunity, & Anti-Discrimination

RISK MANAGEMENT
Occupational Health & Safety; Supply Chain Management; Customer Privacy; Data Security

EMPLOYEE WELFARE
Employee Hiring & Benefits; Employee Training & Development; Labor Standards & Human Rights

CUSTOMER EXPERIENCE
Customer Satisfaction; Customer Health & Safety

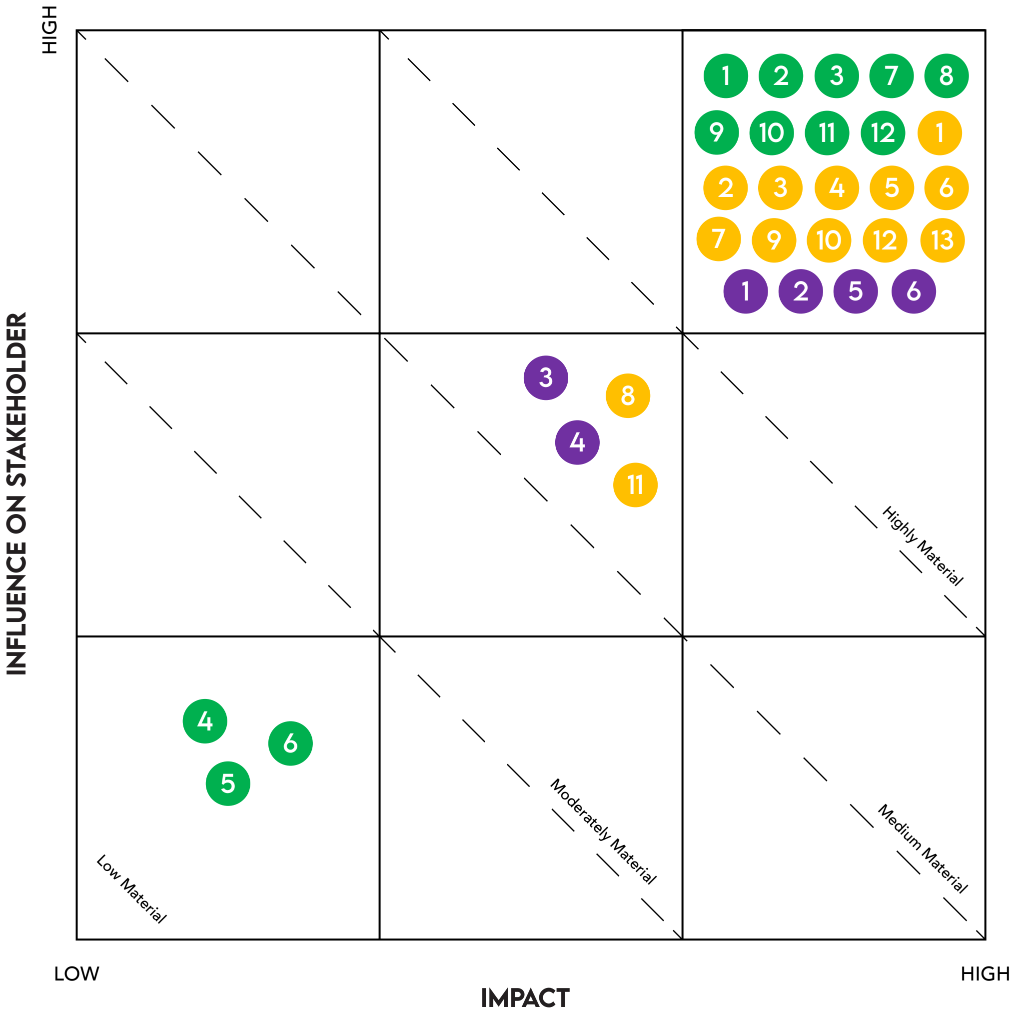
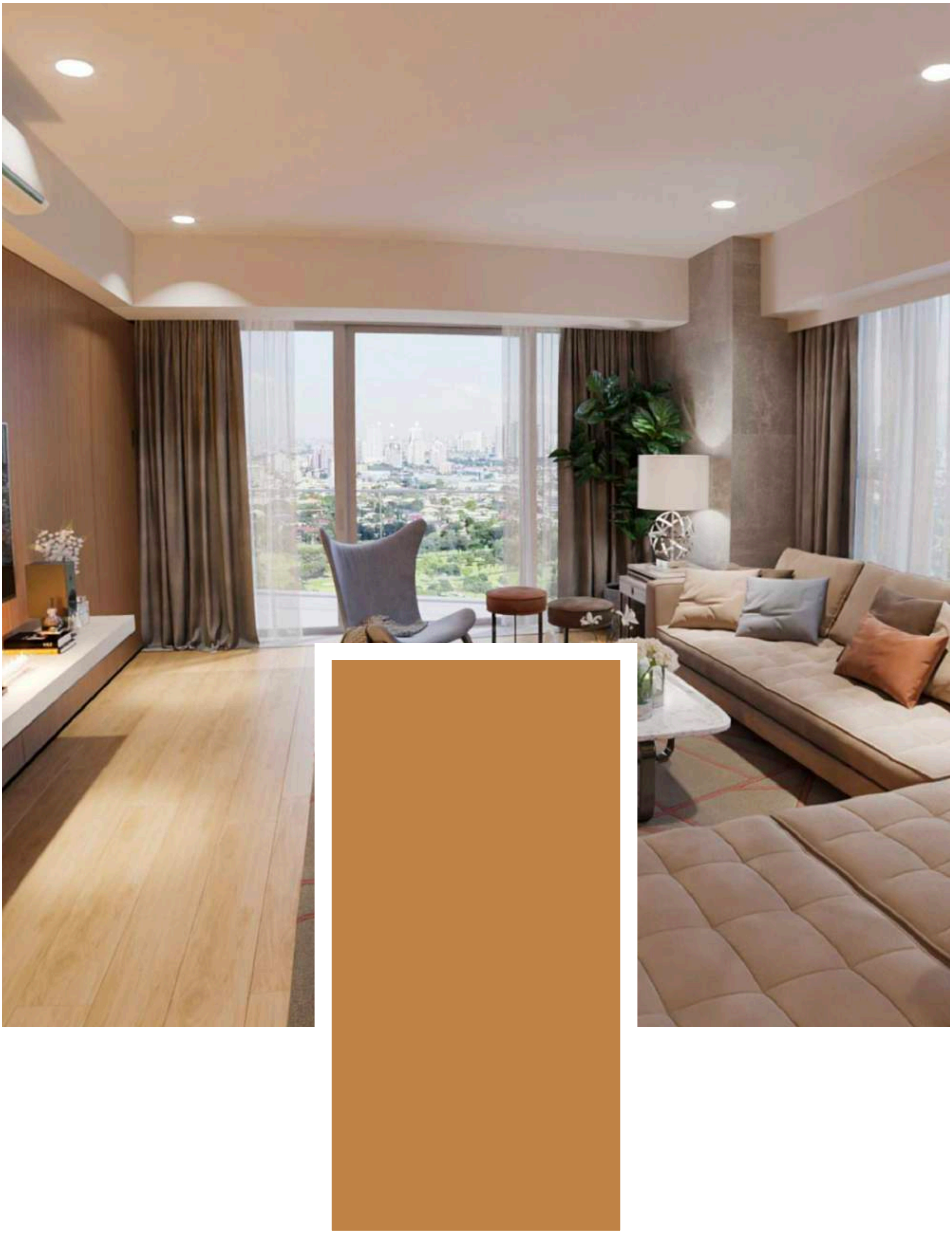


Figure 3 Materiality Assessment Matrix

ECONOMIC	ENVIRONMENTAL	SOCIAL
1 - Direct Economic Value Generated	1 - Energy	1 - Employee Hiring & Benefits
2 - Direct Economic Value Distributed	2 - Water	2 - Employee Training & Development
3 - Climate-related Risks & Opportunities	3 - Materials	3 - Labor - Management Relations
4 - Proportion of Spending on Local Suppliers	4 - Watersheds	4 - Diversity, Equal Opportunity, & Anti-Discrimination
5 - Training on Anti-Corruption Policies & Procedures	5 - Marine	5 - Occupational Health & Safety
6 - Incidents of Corruption	6 - IUCN/KBA	6 - Labor Standards & Human Rights
	7 - Air Emission	7 - Supply Chain Management
	8 - GHG	8 - Significant Impacts to Local Communities
	9 - NO_x, SO_x, PM	9 - Customer Satisfaction
	10 - Solid & Hazardous Waste	10 - Health & Safety
	11 - Effluents	11 - Marketing & Labeling
	12 - Environmental Compliance	12 - Customer Privacy
		13 - Data Privacy

Data for some disclosure topics in this annual sustainability performance report are from specific subsidiary(ies) of SPI and not all Companies within the Group. This is reflective of its materiality and relevance to the operations of SPI and the maturity of data collection systems that are currently in place on reporting the sustainability performance. We have provided specific information on such disclosures in the coming sections.



ECONOMIC

ECONOMIC PERFORMANCE

Direct Economic Value Generated & Distributed

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
Direct Economic Value Generated (Revenue)	PHP	9,293,678,969.00	5,047,369,943.00
Direct Economic Value Distributed:			
a. Operating Cost	PHP	4,707,932,098.00	2,987,374,564.00
b. Employee Wages & Benefits	PHP	244,082,645.00	227,029,031.00
c. Payments to Suppliers, Other Operating Costs	PHP	578,466,985.00	560,029,119.00
d. Dividends given to Stakeholders & Interest Payments to Loan Providers	PHP	2,283,031,542.00	2,380,108,478.00
e. Taxes given to Government	PHP	98,081,840.00	99,547,506.00
f. Investments to Community (e.g. Donations, CSR)	PHP	4,424,980.00	106,478,173.00

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
The impact of the economic performance happens at multiple levels including influence on the shareholder value, amount of money spent to develop local businesses (suppliers), develop local community (CSR), and most importantly, the ability to support nation building through taxes.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; and • Community where the business operates.	SPI has sustained its economic performance despite the prevailing COVID – 19 pandemic through proactively conducting a thorough monthly update of Income and Cash Flow Forecast, ensuring expenditures are covered and profitability is achieved. SPI continuously conducts its quarterly and annual business review as part of the organization's Performance Management System. SPI also continuously conducts its Annual Strategic Planning, which includes the preparation of the annual budget for the succeeding business year, as well as its Feasibility Studies for all of SPI's development projects. In addition, SPI has proactively responded to the mandate of the Department of Human Settlement and Urban Development (DHSUD) and Bayanihan Acts 1 & 2 through: • Extended rental assistance in the form of reduced rental rates and, to a certain extent, rental holidays on selected tenant categories; • More relaxed lease term renegotiation policies to encourage tenants to extend their leases; • Extended payment due dates for condominium buyers; and • Allowed restructuring of payments to help buyers retain their purchases.

Furthermore, SPI has undertaken the initiative to launch stimulus plans and referral programs, as well as to provide flexible payment schemes and increased cash discounts to boost the sales velocity of its condominium projects.

WHAT ARE THE RISKS IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
The revenue performance of SPI can be affected by multiple factors, both internal and external to the Organization. External factors include: • Interest rate risk or the risk that the value of a financial instrument will fluctuate due to changes in market interest rates; • Credit risk or the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the organization; • Inflation rate that impacts the operational costs; • Less discretionary spending anticipated with reduced income levels due to prolonged COVID – 19 impact, wherein people prioritizes their needs vs their wants; • Restricted capacities in hotel, outlets, and events spaces that caps market demand; and • Imposition of new laws and ordinances by the government that may result in delays in the estimated project completion. Internal factors include: • Liquidity risk or the risk that the organization will not be able to meet its financial obligations as they fall due; and • Increase in labor costs and wages.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; and • Community where the business operates.	SPI effectively manages the identified risks to its revenue performance through the continuous implementation of established multiple risk management initiatives. SPI continuously implemented its established interest rate risk management policy that focuses on reducing the overall interest expense and exposure to changes in interest rates by closely monitoring its fluctuations and negotiating with banks to lower the rates. Interest on financial instruments with floating rates is repriced at intervals of less than one (1) year, while, interest on financial instruments with fixed rates is fixed maturity. In addition, SPI has proactively responded to the mandate of the Department of Human Settlement and Urban Development (DHSUD) and Bayanihan Acts 1 & 2 through: • Extended rental assistance in the form of reduced rental rates and, to a certain extent, rental holidays on selected tenant categories; • More relaxed lease term renegotiation policies to encourage tenants to extend their leases; • Extended payment due dates for condominium buyers; and • Allowed restructuring of payments to help buyers retain their purchases. SPI has also undertaken the initiative to launch stimulus plans and referral programs, as well as to provide flexible payment schemes and increased cash discounts to boost the sales velocity of its condominium projects. Furthermore, SPI continuously implements its requirements for leasing tenants, whenever necessary, to put up security deposits and pay advance rentals based on the credit evaluation results. Hotel guests may opt to avail and be provided with a credit line based on the credit evaluation results. Credit line is being approved by the Financial Controller and the General Manager and is being reviewed annually. Special ad hoc arrangements that requires deposits, pre – payments, or credit card guarantees as collaterals are allowed for hotel guests who were not given a credit line. SPI further continues to proactively conduct market reviews in its ongoing efforts to increase its market shares and control the impacts of inflation.

SPI also continues to strictly maintain sufficient cash and cash equivalents despite the prevailing COVID – 19 pandemic through the implementation of the following stricter cash flow monitoring and management:

- Prioritizing urgent and critical expenditures;
- Stricter monitoring of Accounts Receivables (ARs) to speed up cash collection;
- Ensuring continuous cash flow forecasting;
- Close monitoring of signs of financial distress;
- Ensuring collection follow ups are done regularly for late paying tenants; and
- Exploring other avenues that would generate revenue streams and cash flows, including the utilization of SPI's borrowing capacity to further bolster its cash reserves.

SPI further ensures its strict compliance with the mandated safety protocols of the Inter – Agency Task Force (IATF) and the respective Local Government Unit (LGU) during the continued operations of SPI's construction sites.

SPI also ensures that it is not exposed to any legal liability as a result of delayed project completion and turnover of units by conducting a thorough review of contracts and commitments.

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
SPI has identified the following opportunities to enhance its revenue performance: • Explore other revenue and cash flow generation streams; and • Address the increasing demand to travel in the domestic market based on: - Easement of travel restrictions and mobility across areas of different quarantine levels; and - Changes on consumer sentiments, which now focus on health & safety.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; and • Community where the business operates.	SPI strictly maintains its compliance to government – mandated protocols whilst exploiting opportunities brought about by changes on legislations and undertaking the following initiatives as other revenue and cash flow generation streams: • Improve energy efficiency; and • Manpower rationalization which includes: - Deferment on hiring of budgeted new positions; - Reduced manpower for contracted services such as security guards and janitors; and - Reduced salary for employees. Furthermore, the hotel operations of SPI remain optimistic on the recovery of the industry and focuses on strengthening SPI's value propositions by: • Establishing market confidence in the implemented housekeeping and health & safety policies and procedures, leveraging on the hotel's various certifications; • Creating flexible staycation packages that drive revenue opportunities; and

- Creating demands for virtual corporate events, outside catering, and meeting packages, targeting new and existing industries.

The policy of the Organization on economic performance is embedded in SPI's **Revised Manual on Corporate Governance** *[03.pdf (shangproperties.com)].*

ANTI-CORRUPTION

Training on Anti-Corruption Policies & Procedures

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
Percentage of Employees to whom the Organization's Anti-Corruption Policies & Procedures have been Communicated To	%	100.00	100.00
Percentage of Business Partners to whom the Organization's Anti-Corruption Policies & Procedures have been Communicated To	%	100.00	100.00
Percentage of Directors and Management that have Received Anti – Corruption Training	%	48.63	50.00
Percentage of Employees that have Received Anti-Corruption Training	%	48.63	50.00

Incidents of Corruption

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
Number of Incidents in which Directors were Removed or Disciplined for Corruption	#	0	0
Number of Incidents in which Employees were Dismissed or Disciplined for Corruption	#	0	0
Number of Incidents when Contracts with Business Partners were Terminated due to Incidents of Corruption	#	0	0

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Corruption can occur across various functions in the Organization and has significant impact on the Company's reputation and competitiveness, detrimentally affects the employees' morale, may adversely impact the Company's relationship with its Suppliers, and may eventually diminish Shareholder value.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Suppliers of the Organization; • Customers of the Organization; and • Government Regulators.	SPI has effectively managed the risks of wrongful conduct despite the prevailing COVID – 19 pandemic through its established and implemented Anti – Corruption Policy incorporated in SPIs Code of Business Ethics and Code of Conduct. SPI extends the implementation of its Anti – Corruption Policy to SPI Business Partners through SPI's Business Ethics on Vendor Engagement during Supplier Accreditation. SPI continuously reinforces the existing anti – corruption policy and practices through scheduled training for Directors, Management, Officers, and Employees and through scheduled quarterly assembly of Business Partners and annual review of SPI's Business Partners.

WHAT ARE THE RISKS IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
The Organization needs to be cognizant of the risk of ensuring the integrity and commitment of adherence to the Organization's existing anti – corruption policies, rules, regulations, and practices during the employment of the Organization's Directors, Management, Officers, and Employees and while working with Small to Medium Enterprises (SMEs) as Suppliers.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Suppliers of the Organization; • Customers of the Organization; and • Government Regulators.	SPI strives to ensure the adequate and strict implementation of all existing anti – corruption policies, rules, regulations, and practices, as well as its supplier accreditation process. SPI further strives to continuously find ways to reinforce the strict implementation of all existing anti – corruption policies, rules, regulations, and practices through anti – corruption training programs, including supplier orientation.

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
With an increased reliance on technology and the reality of an economic uncertainty in the prevailing COVID – 19 pandemic that can possibly lead to fraud, the Organization has identified the need to increase the number of Directors, Management, Employees, and Business Partners trained on the Organization's Anti – Corruption Policies and Practices.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Suppliers of the Organization; • Customers of the Organization; and • Government Regulators.	SPI continuously undertakes the initiative to identify and select the most suitable training program for Directors, Management, Employees, and Business Partners, as well as explore alternative methods of learning to be adapted. However, implementation has been put on hold as a result of uncontrollable constraints during the prevailing COVID – 19 pandemic and has been re – planned for FY 2021.

The policy of the Organization on anti - corruption is embedded in SPI's **Code of Business Ethics** *[Code-of-Business-Ethics.pdf (shangproperties.com)]*, on SPI's **Code of Conduct** *[Microsoft Word - CODE OF CONDUCT as of 20 Aug 2015.doc (shangproperties.com)]*, on SPI's **Fraud Policy** *[Fraud-Policy.pdf (shangproperties.com)]*, and on SPI's **Whistle Blowing Policy** *[WHISTLEBLOWING POLICY (shangproperties.com)]*.

ENVIRONMENT

RESOURCE MANAGEMENT

Energy Consumption within the Organization

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
Energy Consumption (Renewable Sources)	GJ	-	0.00
Energy Consumption (Gasoline)	GJ	-	2,806.40
Energy Consumption (LPG)	GJ	-	16,272.80
Energy Consumption (Diesel)	GJ	-	4,419.00
Energy Consumption (Electricity)	kWh	-	118,809,538.00

Energy Reduction within the Organization

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
Energy Reduction (Gasoline)	GJ	-	0.00
Energy Reduction (LPG)	GJ	-	0.00
Energy Reduction (Diesel)	GJ	-	0.00
Energy Reduction (Electricity)	kWh	-	30,602,575.00
Energy Reduction (Gasoline)	GJ	-	0.00

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
The impact of improper energy management happens at multiple levels including influence of the economic performance of the Organization, depletion of energy resources that may lead to scarcity, and limitation on access to decent life / livelihood of the extended Community where the Organization operates.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; and • Community where the business operates.	SPI has significantly reduced its electricity consumption amidst the prevailing COVID – 19 pandemic through the proactive setting of stringent energy reduction targets, as well as implementing measures to reduce energy consumption in our chiller operations whilst ensuring the comforts of our customers and guests.

WHAT ARE THE RISKS IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Scarcity of energy resources that limits access to decent life / livelihood of the extended Community where the Organization operates.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Suppliers of the Organization; • Customers of the Organization; • Government Regulators; and • Community where the business operates.	SPI proactively sets stringent energy reduction targets, as well as implement energy reduction measures in its chiller operations. SPI further conducts energy usage inspections and audits to identify potential areas for further energy reduction.

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Explore opportunities to optimize the Organization’s energy resources and minimize the associated environmental footprint.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Suppliers of the Organization; • Customers of the Organization; • Government Regulators; and • Community where the business operates.	SPI has undertaken the initiative to identify and implement the most feasible and most suitable energy saving technologies such as: • Maximizing chiller operations; • Reducing operational hours of public areas air conditioning units; • Closure of vacant guest floors; and • Reducing operational hours of lifts fan motors, blowers, and lighting.

The policy of the Organization on energy consumption and energy reduction within the Organization is embedded in SPI’s **Revised Manual on Corporate Governance** *[03.pdf (shangproperties.com)]*.

Materials Used by the Organization

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
Materials Used by Weight or Volume:			
a. Renewable	kg/liters	-	0.00
b. Non-Renewable	kg/liters	-	8,182,068.46
Percentage of Recycled Input Materials Used to Manufacture the Organization's Primary Products and Services	%	-	0.00

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Improper utilization of resources limits access to decent life / livelihood of the extended Community where the Organization operates.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Suppliers of the Organization; • Customers of the Organization; • Government Regulators; and • Community where the business operates.	SPI continuously ensures its compliance to all applicable environmental laws, rules, and regulations through the consistent implementation of good environmental practices through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations.

WHAT ARE THE RISKS IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Scarcity of resources that limits access to decent life / livelihood of the extended Community where the Organization operates. Accidental release or spill of materials that impacts the extended Community where the Organization operates and may result into long – term ill – health effects for exposed individuals and may eventually lead to limited access to decent life / livelihood.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Suppliers of the Organization; • Customers of the Organization; • Government Regulators; and • Community where the business operates.	SPI ensures the effective and consistent implementation of best practices through the strict enforcement of Environmental, Occupational Health, and Safety (EHS) and security protocols and standards for loading, unloading, and transport of materials. SPI further designates a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations.

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Possibility of tapping, applying, and / or experimenting on alternative ways to optimize the Organization's resource utilization.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Suppliers of the Organization; • Customers of the Organization; • Government Regulators; and • Community where the business operates.	SPI further invests in boosting its Organizational knowledge on sustainable economy and latest sustainability trends.

The policy of the Organization on materials used by the Organization is embedded in SPI's **Revised Manual on Corporate Governance** *[03.pdf (shangproperties.com)]*.

ENVIRONMENTAL IMPACT MANAGEMENT

Air Emissions

GHG

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
Direct (Scope 1) GHG Emissions	Tonnes CO_2e	-	0.00
Energy Indirect (Scope 2) GHG Emissions	Tonnes CO_2e	-	0.00
Emissions of Ozone – Depleting Substances (ODS)	Tonnes CO_2e	-	6.64

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Significant environmental footprint is inevitable in the entire operations of the Organization and its subsidiaries. If not properly managed, these may add up to the effects of global warming and may lead to potential impacts to human health and the surrounding communities.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Government Regulators; and • Community where the business operates.	SPI is committed to minimize its environmental footprint, as well as to ensure its compliance to all applicable environmental laws, rules, and regulations through the proactive accounting of its Greenhouse Gas (GHG) emissions. SPI further ensures the consistent implementation of good environmental practices through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations.

WHAT ARE THE RISKS IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Unaccounted GHG emissions	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Government Regulators; and • Community where the business operates.	SPI undertakes the initiative to establish an inventory of all of its GHG sources.

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Explore the needs to further enhance SPI's accounting and monitoring of its GHG emissions.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Government Regulators; and • Community where the business operates.	SPI has designated a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations. SPI further undertakes the initiative to establish an inventory of all of its GHG sources.

The policy of the Organization on GHG used by the Organization is embedded in SPI's **Revised Manual on Corporate Governance** *[03.pdf (shangproperties.com)]*.

Air Pollutants

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
NO_x	kg	-	0.29840
SO_x	kg	-	0.00012
Persistent Organic Pollutants (POPs)	kg	-	0.00000
Volatile Organic Compounds (VOCs)	kg	-	0.00000
Hazardous Air Pollutants (HAPs)	kg	-	0.00000
Particulate Matter (PM)	kg	-	0.00000

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Improperly managed emissions may lead to ill health effects to the surrounding community.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Customers of the Organization; • Government Regulators; and • Community where the business operates.	SPI ensures its compliance to all applicable environmental laws, rules, and regulations through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations. SPI further effectively ensures the reliability and optimum operations of its generator sets and boilers through its periodic servicing and maintenance being undertaken based on planned schedule.

WHAT ARE THE RISKS IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Fugitive emissions that fails to meet the allowable limits set by the Department of Environment and Natural Resources (DENR).	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Customers of the Organization; • Government Regulators; and • Community where the business operates.	SPI further effectively ensures the reliability and optimum operations of its generator sets and boilers through its periodic servicing and maintenance being undertaken based on planned schedule.

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Explore the needs to further enhance SPI's emission monitoring system.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Customers of the Organization; • Government Regulators; and • Community where the business operates.	SPI has designated a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations. SPI further effectively ensures the reliability and optimum operations of its generator sets and boilers through its periodic servicing and maintenance being undertaken based on planned schedule.

The policy of the Organization on air pollutants is embedded in SPI's **Revised Manual on Corporate Governance** *[03.pdf (shangproperties.com)]*.

SOLID & HAZARDOUS WASTES

Solid Waste

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
Total Solid Waste Generated	kg	88,189.64	1,523,191.30
Reusable	kg	0.00	0.00
Recyclable	kg	61,369.94	325,127.00
Composted	kg	0.00	0.00
Incinerated	kg	0.00	0.00
Residuals / Landfilled	kg	26,820.00	1,198,064.30

Hazardous Waste

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
Total Weight of Hazardous Waste Generated	kg	9,915.68	5,058.00
Total Weight of Hazardous Waste Transported	kg	8,800.42	560.00

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
The operations of the Organization and its subsidiaries inevitably generates solid and hazardous wastes that, if improperly managed, present potential impacts to human health and the immediate surrounding Community where the Organization operates.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Customers of the Organization; • Government Regulators; and • Community where the business operates.	SPI ensures its compliance to all applicable environmental laws, rules, and regulations through the consistent implementation of good environmental practices such as the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations. The dedicated PCO conducts classroom trainings / seminars regarding Solid and Hazardous Waste Management, as well as Spill Response and Management. SPI strives to improve its waste reduction and further continues the development stage of its Waste Data Collection System (WDCS) to manage the various waste streams of SPI by properly implementing suitable waste segregation schemes based on the collected data. The hotel operations of SPI effectively implements paperless check – in through a mobile check – in platform, as well as the recycling of old printed collaterals in creating intricate flower arrangement decorations.

WHAT ARE THE RISKS IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
The incidental exposure of the Community where the Organization operates to improperly managed solid and hazardous wastes due to road traffic accident and accidental release or spill may result into long – term ill – health effects for exposed individuals and may eventually lead to limited access to decent life / livelihood.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Customers of the Organization; • Government Regulators; and • Community where the business operates.	SPI ensures its compliance to all applicable environmental laws, rules, and regulations through the consistent implementation of good environmental practices such as the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations. The dedicated PCO conducts classroom trainings / seminars regarding Solid and Hazardous Waste Management, as well as Spill Response and Management. The dedicated PCO ensures that all generated solid and hazardous wastes are appropriately transported by the Department of Environment and Natural Resources (DENR) – Environmental Management Bureau (EMB) accredited transporters, treated, and disposed to DENR – EMB accredited facilities, consistently employing good environmental practices.

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Exploring options to divert wastes away from the landfill supports the aim of the Organization to minimize its environmental footprint.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Customers of the Organization; • Government Regulators; and • Community where the business operates.	SPI has effectively managed its various waste streams through the proper implementation of waste segregation schemes that is suitable for the Organization. The hotel operations of SPI effectively implements paperless check – in through a mobile check – in platform, as well as the recycling of old printed collaterals in creating intricate flower arrangement decorations.

The policy of the Organization on solid and hazardous wastes is embedded in SPI's **Revised Manual on Corporate Governance** *[03.pdf (shangproperties.com)]*.

WATER & EFFLUENTS

Water Consumption within the Organization

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
Water Withdrawal	Cubic Meters	-	0.00
Water Consumption	Cubic Meters	-	878,578.00
Water Recycled & Reused	Cubic Meters	-	252,362.00

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Improper utilization of water resources limits access to clean and safe water, as well as access to decent life / livelihood, for the host Community where the Organization operates.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Customers of the Organization; • Government Regulators; and • Community where the business operates.	SPI ensures its compliance to all applicable environmental laws, rules, and regulations through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations. The dedicated PCO monitors the water consumption and wastewater discharges of SPI, ensuring the consistent implementation of good environmental practices and identifying areas for water conservation. SPI further implements water saving initiatives such as adjusting water supply valves, as well as shutting off water supply valves in unoccupied areas.

WHAT ARE THE RISKS IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Scarcity of water supply in the host Community where the Organization operates leading to limited access to clean and safe water.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Customers of the Organization; • Government Regulators; and • Community where the business operates.	SPI ensures its compliance to all applicable environmental laws, rules, and regulations through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations. The dedicated PCO monitors the water consumption and wastewater discharges of SPI, ensuring the consistent implementation of good environmental practices and identifying areas for water conservation.

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Explore innovative and new ways to optimize the Organization's water resource utilization, taking into consideration business continuity.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; • Customers of the Organization; • Government Regulators; and • Community where the business operates.	SPI ensures its compliance to all applicable environmental laws, rules, and regulations through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations. The dedicated PCO monitors the water consumption and wastewater discharges of SPI, ensuring the consistent implementation of good environmental practices and identifying areas for water conservation.

The policy of the Organization on water consumption within the organization is embedded in SPI's **Revised Manual on Corporate Governance** *[03.pdf (shangproperties.com)]*.

WATER & EFFLUENTS

Effluents

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
Total Volume of Water Discharges	Cubic Meters	640,638.67	438,366.00
Percent of Wastewater Recycled	%	38.55	0.00

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Improperly managed effluents affect the Organization at multiple levels including: • Potential loss in revenues due to imposition of monetary fines and non – monetary sanctions; • Potential loss of reputation of the Organization due to potential revocation of Environmental Compliance Certificate (ECC) and License to Operate (LTO); and • Potential impacts to the health and safety of the host Community where the Organization operates.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; and • Community where the business operates.	SPI ensures its compliance to all applicable environmental laws, rules, and regulations through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations. The dedicated PCO monitors the water consumption and wastewater discharges of SPI, ensuring the consistent implementation of good environmental practices and identifying areas for wastewater recycling. SPI further continues to conduct regular checks, maintenance, and cleaning of its wastewater tanks, as well as conduct quarterly wastewater sampling and analysis of SPI's effluents based on the requirements of the Department of Environment and Natural Resources (DENR).

WHAT ARE THE RISKS IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Scarcity of water supply in the host Community where the Organization operates leading to limited access to clean and safe water.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; and • Community where the business operates.	SPI ensures its compliance to all applicable environmental laws, rules, and regulations through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations. The dedicated PCO monitors the water consumption and wastewater discharges of SPI, ensuring the consistent implementation of good environmental practices and identifying areas for wastewater recycling.

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Explore various options and potentials to increase the percentage of wastewater being recycled by the Organization.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; and • Community where the business operates.	SPI ensures its compliance to all applicable environmental laws, rules, and regulations through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations. The dedicated PCO monitors the water consumption and wastewater discharges of SPI, ensuring the consistent implementation of good environmental practices and identifying areas for wastewater recycling.

The policy of the Organization on effluents is embedded in SPI's **Revised Manual on Corporate Governance** *[03.pdf (shangproperties.com)]*.

ENVIRONMENTAL COMLIANCE

Non-Compliance with Environmental Laws & Regulations

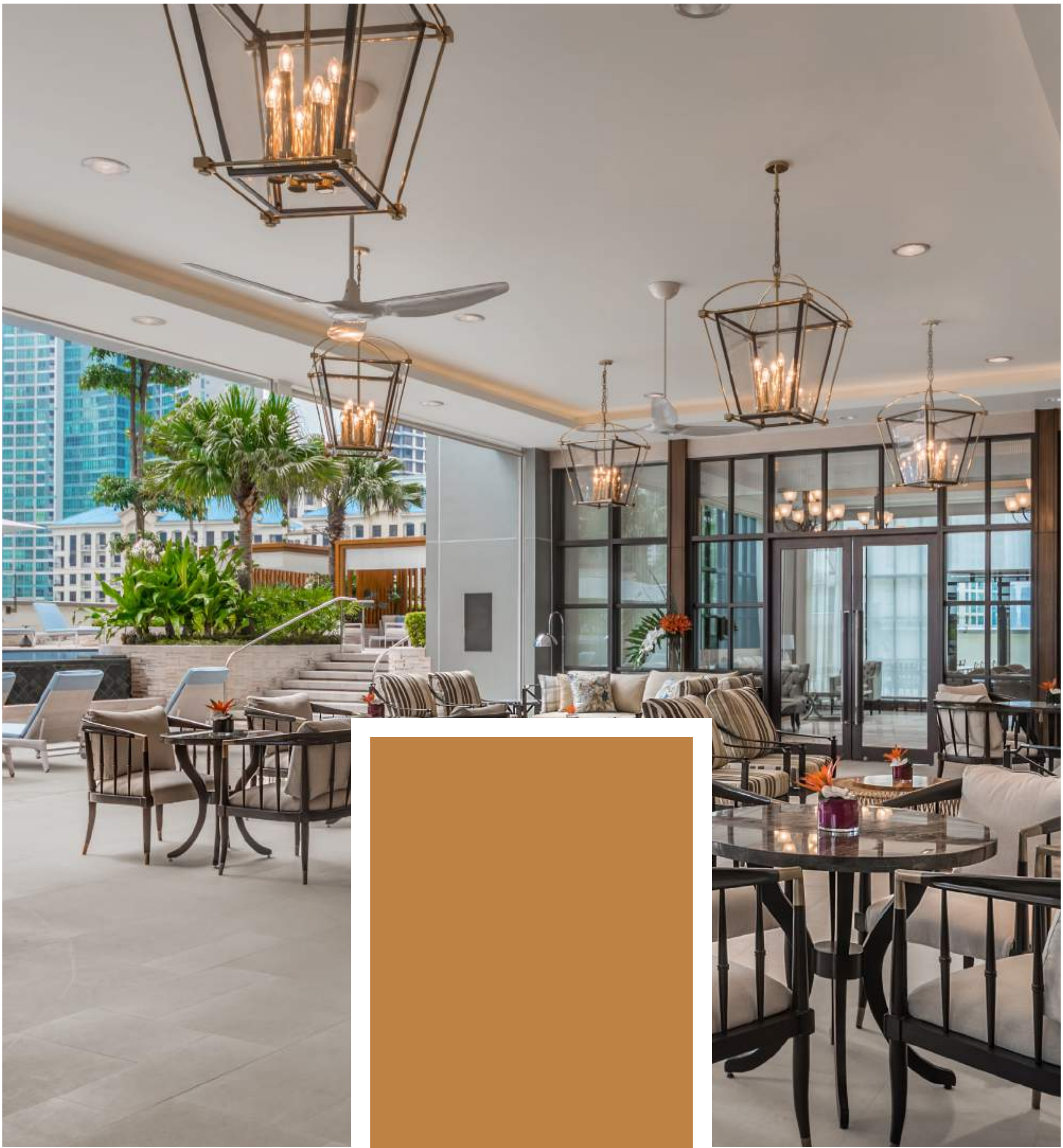
DISCLOSURE	UNIT	QUANTITY	
		2019	2020
Total Amount of Monetary Fines for Non-Compliance with Environmental Laws and/or Regulations	PHP	4,103,900.00	0.00
No. of Non – Monetary Sanctions for Non-Compliance with Environmental Laws and/or Regulations	#	0	0
No. of Cases Resolved through Dispute Resolution Mechanism	#	0	0

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Failure to comply with all applicable environmental laws, rules, and regulations limits access to decent life / livelihood as it impacts the financial performance of the Organization, the livelihood of the Small and Medium Enterprise (SME) Suppliers, and the reputation of the Organization.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; and • Community where the business operates.	SPI effectively ensures its compliance to all applicable environmental laws, rules, and regulations and continuously undertakes cleaning and hauling of all wastewater tanks, as well as continuous quarterly effluent sampling and analysis to ensure compliance to the requirements of the Department of Environment and Natural Resources (DENR).

WHAT ARE THE RISKS IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Incidence of non – compliance to any applicable environmental laws, rules, and regulations affects the Organization at multiple levels including: • Potential loss in revenues due to imposition of monetary fines and non – monetary sanctions; • Potential loss of reputation of the Organization due to potential revocation of Environmental Compliance Certificate (ECC) and License to Operate (LTO); and • Potential impacts to the health and safety of the host Community where the Organization operates.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; and • Community where the business operates.	SPI continuously ensures its compliance to the conditions stipulated in the environmental permits and consistently implement good environmental practices through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations.

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Strategic incorporation of sustainable environmental practices in exploring opportunities for wastewater pre – treatment facility.	Affected Stakeholders are: • Shareholders and Investors of the Organization; • Employees of the Organization; and • Community where the business operates.	SPI ensures its compliance to all applicable environmental laws, rules and regulations, as well as the conditions stipulated in the environmental permits and implements good environmental practices through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations. SPI continues the development stage of its undertaken initiative of installing a pre – treatment facility to safeguard its water and wastewater systems.

The policy of the Organization onenvironmental compliance is embedded in SPI's **Revised Manual on Corporate Governance** *[03.pdf (shangproperties.com)]*.



SOCIAL

EMPLOYEE MANAGEMENT

Employee Hiring & Benefits

Employee Data

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
Total Number of Employees*			
a. No. of Female Employees	#	550	502
b. No. of Male Employees	#	616	578
Attrition Rate**	Rate	7.725	0.046
Ratio of Lowest Paid Employee Against Minimum Wage***	Ratio	1:1.26	1:1.35

** Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)*
*** Attrition Rate = (No. of New Hires – No. of Turnovers) ÷ [(Total No. of Employees of Previous Year + TotalNo. of Employees of Current Year) ÷ 2]*
**** Ratio = Minimum Wage : Lowest Paid Employee*

Employee Benefits

DISCLOSURE	Y/N		% OF EMPLOYEES WHO AVAILED FOR THE YEAR			
			FEMALE		MALE	
	2019	2020	2019	2020	2019	2020
SSS	Y	Y	53.27	55.87	57.79	53.18
PhilHealth	Y	Y	52.55	51.25	57.30	50.71
PAG-IBIG	Y	Y	53.45	53.38	58.12	51.94
Parental Leaves	Y	Y	5.98	5.78	3.24	4.24
Vacation Leaves	Y	Y	100.00	100.00	100.00	100.00
Sick Leaves	Y	Y	95.97	79.17	92.54	77.74
Medical Benefits (Aside from PhilHealth)	Y	Y	59.68	54.00	62.21	53.00
Housing Assistance (Aside from PAG-IBIG)	Y	N	0.18	0.00	2.76	0.00
Retirement Fund (Aside from SSS)	Y	Y	2.13	1.60	0.63	1.40
Further Education Support	N	N	0.00	0.00	0.00	0.00
Company Stock Options	N	N	0.00	0.00	0.00	0.00
Telecommuting	N	N	0.00	0.00	0.00	0.00
Flexible – Working Hours	Y	Y	44.00	59.50	52.76	54.00

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	MANAGEMENT APPROACH
Non – competitive employment benefits limits access to decent life / livelihood for the Employees and may eventually result in a declining trend for the employment rate in the Community where the Organization operates its business.	SPI effectively sustained its compliance to the requirements of all relevant and existing labor laws, rules, and regulations of the Department of Labor and Employment (DOLE) and all other appropriate government entities during the prevailing COVID – 19 pandemic through the proactive establishment, implementation, and maintenance of SPI's relevant company policies. SPI management has continued payment of Employees' salaries and benefits, as well as streamlined its work processes by implementing flexible work arrangements. SPI further continuously conducts its annual Employees' Performance Management Review, as well as its annual review of Employees' compensation vis – a – vis the present industry standards.

WHAT ARE THE RISKS IDENTIFIED?	MANAGEMENT APPROACH
The overall competitiveness of the Organization is affected by Employees' dissatisfaction and attrition / loss of Employees to competition. Potential exposure of Employees to COVID – 19 that may result to fear and anxiety.	SPI, through the initiative of its management, proactively allocates sufficient budget to ensure the health, safety, and well – being of its Employees. SPI further ensures the availability of technical support and the regular conduct of team meetings to set priorities. SPI also ensures that the Employees' health condition is consistently monitored by the respective HR Account Specialist. SPI has established and implemented its COVID – 19 protocol guidelines requiring all employees to strictly follow or face serious consequences.

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	MANAGEMENT APPROACH
Review and update SPI's business continuity plans to ensure operational excellence	SPI considers updating its current business continuity plan to cover and include specific courses of actions during the prevalence of a pandemic. SPI further considers to streamline its work processes using value engineering, lean six sigma, and operational excellence principles, investing on digital and automation technology, and ensuring that technical support is always readily available.

The policy of the Organization on employee hiring and benefits is embedded in SPI's **Revised Manual on Corporate Governance** *[03.pdf (shangproperties.com)]*.

EMPLOYEE TRAINING & DEVELOPMENT

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
Total Training Hours Provided to Employees			
a. Female Employees	hours	-	28,224.00
b. Male Employees	hours	-	38,238.00
Average Training Hours Provided to Employees			
a. Female Employees	hours/employee	-	56.22
b. Male Employees	hours/employee	-	66.16

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	MANAGEMENT APPROACH
The impact of appropriately trained Employees happens at multiple levels, including influence on the ability of the Organization to operate at the highest business ethical standards, Customer satisfaction, career advancement of the respective Employee, and promoting safe and healthy workplace.	SPI proactively sustained its provision for Employee learning and development opportunities during the prevailing COVID – 19 pandemic through the adoption and implementation of guidelines for an online learning platform. SPI deferred several training programs and shifted its focus on informational campaign and awareness on COVID – 19. The hotel operations of SPI launched its Shangri – La Academy and introduced the program *My SLFM Learning Journey in 2020* to engage its Employees to upskill during the lockdown period.

WHAT ARE THE RISKS IDENTIFIED?	MANAGEMENT APPROACH
The lack of commitment from Employees to proactively participate in the provided training due to stress and anxiety experienced, as well as technological challenges encountered.	SPI developed a well – defined and strategic training plan aimed to address the post – COVID – 19 pandemic training and development requirements of SPI Employees through an Employee feedback mechanism SPI further established, implemented, and maintained relevant company policies for training and personnel development.

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	MANAGEMENT APPROACH
Appropriately trained Employees enhance the operations of the Organization through the establishment, implementation, and maintenance of innovative work process.	SPI, through the initiative of its management, allocates sufficient budget for Employee training and development. SPI further leverages on digital learning platforms and continues to develop relevant e-learning modules, as well as introduce coaching and mentoring.

The policy of the Organization on employee training and development is embedded in SPI's **Revised Manual on Corporate Governance** *[03.pdf (shangproperties.com)]*.

LABOR - MANAGEMENT RELATIONS

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
% of Employees Covered with Collective Bargaining Agreement	%	Not Applicable	Not Applicable
No. of Consultations Conducted with Employees Concerning Employee-Related Policies	#	No Recorded Data	21

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	MANAGEMENT APPROACH
The process of consulting Employees enhances access to decent life / livelihood of the Employees and may eventually result in an increasing trend for the employment rate in the Community where the Organization operates its business.	SPI effectively sustained its compliance to the requirements of all applicable relevant and existing labor laws, rules, and regulations of the Department of Labor and Employment (DOLE) and all other appropriate government entities during the prevailing COVID – 19 pandemic through the proactive implementation and maintenance of established relevant company policies. SPI continuously implements its established Employees' Grievance and Feedback Mechanism that enables the collection and analysis of data for work – related issues and concerns of SPI Employees and encourages the open communication between management and Employees. SPI proactively conducts its annual Organizational Climate Survey for the periodic assessment of Employee's satisfaction. SPI further has designated dedicated HR Account Specialists, who are the focal point persons for Employee consultation.
WHAT ARE THE RISKS IDENTIFIED?	**MANAGEMENT APPROACH**
The overall competitiveness of the Organization is affected by Employees' dissatisfaction and attrition / loss of Employees to competition.	SPI further has designated dedicated HR Account Specialists, who are the focal point persons for Employee consultation.
WHAT ARE THE OPPORTUNITIES IDENTIFIED?	**MANAGEMENT APPROACH**
Benchmarking with relevant industry top performers to identify means to further enhance the competitiveness of the Organization.	SPI continuously implements its established Employees' Grievance and Feedback Mechanism that enables the collection and analysis of data for work – related issues and concerns of SPI Employees and encourages the open communication between management and Employees. SPI proactively conducts its annual Organizational Climate Survey for the periodic assessment of Employee's satisfaction. SPI further considers the establishment and implementation of regular programmed Employee engagements, as well as to upskill its HR Account Specialists.

The policy of the Organization on labor – management relations is embedded in SPI's **Revised Manual on Corporate Governance** *[03.pdf (shangproperties.com)]*.

DIVERSITY & EQUAL OPPORTUNITY

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
% of Female Workers in the Workforce	%	47.17	46.33
% of Male Workers in the Workforce	%	52.83	53.67
No. of Employees from Indigenous Communities and / or Vulnerable Sector*	#	12	12

** Vulnerable Sector includes Elderly, Persons with Disabilities (PWDs), Vulnerable Women, Refugees, Migrants, Internally Displaced Persons, People Living with HIV and Other Diseases, Solo Parents, and the Poor or Base of the Pyramid (BOP: Class D & E)*

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	MANAGEMENT APPROACH
Diverse and equal opportunity enhances access to decent life / livelihood of the Employees and may eventually result in an increasing trend for the employment rate in the Community where the Organization operates its business.	SPI effectively ensures its compliance to all applicable relevant diversity and equal opportunity laws, rules, and regulations, as well as all other applicable labor laws, rules, and regulations issued by the Department of Labor and Employment (DOLE) through the proactive implementation of the established anti – discrimination, anti – harassment, and human rights policies and procedures embedded in SPI's Code of Conduct and Business Ethics. SPI further continuously conducts employee training and awareness programs on diversity and equal opportunity.

WHAT ARE THE RISKS IDENTIFIED?	MANAGEMENT APPROACH
Incidents of discrimination and harassment may lead to the voluntary separation of Employees.	SPI has established and implemented anti – discrimination, anti – harassment, and human rights policies and practices based on relevant labor standards.

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	MANAGEMENT APPROACH
Appropriately informed Employees provides assurance that the Organization is operating at the highest standard of business ethics.	SPI has established and implemented anti – discrimination, anti – harassment, and human rights policies and practices based on relevant labor standards. SPI further continuously conducts employee training and awareness programs on diversity and equal opportunity.

The policy of the Organization on diversity and equal opportunity is embedded in SPI's **Revised Manual on Corporate Governance** *[03.pdf (shangproperties.com)]*.

WORKPLACE CONDITIONS, LABOR STANDARDS, & HUMAN RIGHTS

Occupational Health & Safety

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
Safe Man-Hours	Man-Hours	4,985,057	743,189
No. of Work – Related Injuries	#	57	17
No. of Work – Related Fatalities	#	0	0
No. of Work – Related Ill Health	#	0	18
No. of Safety Drills	#	263	372

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	MANAGEMENT APPROACH
The impact of Occupational Health and Safety (OHS) performance happens at multiple levels including influence on Employee's morale, operational cost, and quality of service that the Organization provides.	SPI effectively sustained its compliance to the requirements of Occupational Health & Safety (OHS) based on all applicable international and local OHS laws, rules, and regulations during the prevailing COVID – 19 pandemic through the proactive establishment of an Occupational Health and Safety Management System (OHSMS) in accordance with the requirements of ISO 45001:2018 and the proactive standardization and implementation of an OHS program that incorporates SPI's commitment to comply, as a minimum, with relevant OHS legislation, Codes of Conduct, guidelines, and Zero Accident Vision. SPI, with the approval of its management, allocates sufficient budget for providing the required Personal Protective Equipment (PPE) for its employees and for the effective implementation of all Environmental, Health and Safety (EHS) – related programs and activities. SPI also conducts EHS trainings and orientations based on the individual employee's training needs, as well as various emergency response and preparedness drills.

WHAT ARE THE RISKS IDENTIFIED?	MANAGEMENT APPROACH
Fatality, serious injury, and / or damage to property resulting from: • Fire; • Vehicular accident; • Chemicals exposure; • Exposure to equipment / machine parts during maintenance and repair; • Exposure to high voltage during equipment / machine maintenance and repair; • Terrorist attack; and / or • Illumination may lead io increased operational costs and loss of confidence of the Community where the Organization operates, which may eventually result in a declining trend in the employment preference for the Organization.	SPI effectively sustained its compliance to the requirements of Occupational Health & Safety (OHS) based on all applicable international and local OHS laws, rules, and regulations during the prevailing COVID – 19 pandemic through the proactive establishment of an Occupational Health and Safety Management System (OHSMS) in accordance with the requirements of ISO 45001:2018 and the proactive standardization and implementation of an OHS program that incorporates SPI's commitment to comply, as a minimum, with relevant OHS legislation, Codes of Conduct, guidelines, and Zero Accident Vision. SPI has identified and controlled potential occupational health and safety hazards in the workplace through the proactive implementation of SPI's Hazard Identification, Risk Assessment and Control (HIRAC) procedure, ensuring that no work shall be done without a proper work assessment conducted by a team who has direct knowledge of the work.

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	MANAGEMENT APPROACH
Boost employees' morale through the allocation of sufficient resources to provide a safe and healthy work environment and strengthen incident reporting protocol.	SPI effectively sustained its compliance to the requirements of Occupational Health & Safety (OHS) based on all applicable international and local OHS laws, rules, and regulations during the prevailing COVID – 19 pandemic through the proactive establishment of an Occupational Health and Safety Management System (OHSMS) in accordance with the requirements of ISO 45001:2018 and the proactive standardization and implementation of an OHS program that incorporates SPI's commitment to comply, as a minimum, with relevant OHS legislation, Codes of Conduct, guidelines, and Zero Accident Vision. SPI continuously educates its Employees on OHS - related, as well as EHS – related, topics and emphasizes the important roles of Supervisors and Managers, as well as Employees.

The policy of the Organization on occupational health and safety is embedded in SPI's **Health, Security, and Welfare Policy** *(https://www.SPI.com.ph/company_policy/141107_SPI_policy_health_security_&_welfare.pdf)*, on SPI's **Code of Business Conduct and Ethics** *(https://www.SPI.com.ph/code_business_conduct.php)*, and on SPI's **Revised Manual on Corporate Governance** *[03.pdf (shangproperties.com)]*.

Labor Standards and Human Rights

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
No. of Legal Actions or Employees Grievance involving Forced or Child Labor	#	0	0

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace? **YES**

https://www.SPI.com.ph/company_policy.php
https://www.SPI.com.ph/code_business_conduct.php

TOPIC	Y / N	IF YES, CITE REFERENCE IN COMPANY POLICY
Forced Labor	Y	Code of Business Conduct and Ethics
Child Labor	Y	Code of Business Conduct and Ethics
Human Rights	Y	Code of Business Conduct and Ethics

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	MANAGEMENT APPROACH
The impact of non – compliance to all relevant and existing labor laws, rules, and regulations happen at multiple levels, including influence on the Organization's reputation and financial performance, as well as on the livelihood of Small and Medium Enterprise (SME) Suppliers and the extended Community where the Organization operates.	SPI effectively sustained its compliance to the requirements of all relevant and existing labor laws, rules, and regulations of the Department of Labor and Employment (DOLE) and all other appropriate government entities during the prevailing COVID – 19 pandemic through the proactive establishment, implementation, and maintenance of SPI's Code of Business Conduct and Ethics and relevant company policies. SPI further established and implemented an Employees' Grievance and Feedback Mechanism that will enable SPI to collect and analyze data for work – related issues and concerns of the employees. SPI regularly conducts its periodic Employees' Satisfaction Survey.

WHAT ARE THE RISKS IDENTIFIED?	MANAGEMENT APPROACH
Failure to comply with the relevant and existing labor laws, rules, and regulations may result in the loss of confidence of the extended Community where the Organization operates and may eventually lead to the closure of the business.	SPI ensures its sustained compliance to the requirements of all relevant and existing labor laws, rules, and regulations of the Department of Labor and Employment (DOLE) and all other appropriate government entities during the prevailing COVID – 19 pandemic through the proactive establishment, implementation, and maintenance of SPI's Code of Business Conduct and Ethics and relevant company policies.

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	MANAGEMENT APPROACH
Benchmarking with other relevant Organizations to ensure the implementation of the relevant industry's good labor practices.	SPI ensures its sustained compliance to the requirements of all relevant and existing labor laws, rules, and regulations of the Department of Labor and Employment (DOLE) and all other appropriate government entities during the prevailing COVID – 19 pandemic through the proactive establishment, implementation, and maintenance of SPI's Code of Business Conduct and Ethics and relevant company policies. SPI further established and implemented an Employees' Grievance and Feedback Mechanism that will enable SPI to collect and analyze data for work – related issues and concerns of the employees. SPI regularly conducts its periodic Employees' Satisfaction Survey.

SUPPLY CHAIN MANAGEMENT

Do you have a Supplier Accreditation Policy? **YES**
If YES, please attach the Policy or link to the Policy:

Annex 1 DC-SPI-PROC 1.8 Vendor Accreditation Procedure
Annex 2 Supplier Code of Conduct

Do you consider the following Sustainability Topics when accrediting Suppliers?

TOPIC	Y / N	IF YES, CITE REFERENCE IN SUPPLIER POLICY
Environmental Performance	Y	Section 5.11.2.3 of DP-SPI-PROC 1.8 Vendor Accreditation Procedure Section 5 of Supplier Code of Conduct
Forced Labor	Y	Section 5.11.2.3 of DP-SPI-PROC 1.8 Vendor Accreditation Procedure Section 4 of Supplier Code of Conduct
Child Labor	Y	Section 5.11.2.3 of DP-SPI-PROC 1.8 Vendor Accreditation Procedure Section 4 of Supplier Code of Conduct
Human Rights	Y	Section 5.11.2.3 of DP-SPI-PROC 1.8 Vendor Accreditation Procedure Section 4 of Supplier Code of Conduct
Bribery and Corruption	Y	Vendor Accreditation Business Ethics Section 7 of Supplier Code of Conduct

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	MANAGEMENT APPROACH
The impact of dealing with Suppliers / Vendors non – conforming with sustainability topics happen at multiple levels, including influence on the Organization's reputation and financial performance, as well as on the livelihood of Small and Medium Enterprise (SME) Suppliers and the extended Community where the Organization operates.	SPI ensures its sustained compliance to the requirements of all relevant and existing supply chain management laws, rules, and regulations during the prevailing COVID – 19 pandemic through the proactive establishment, implementation, and maintenance of SPI's Vendor Accreditation Business Ethics and relevant company policies. SPI further requires prospective Suppliers to submit all required documents and undergo a strict accreditation process based on SPI's set parameters.

WHAT ARE THE RISKS IDENTIFIED?	MANAGEMENT APPROACH
Approval of fraudulent Suppliers / Vendors due to misunderstood regulatory requirements specified in DC-SPI-PROC 1.8 Vendor Accreditation Procedure.	SPI ensures its sustained compliance to the requirements of all relevant and existing supply chain management laws, rules, and regulations during the prevailing COVID – 19 pandemic through the proactive establishment, implementation, and maintenance of SPI's Vendor Accreditation Business Ethics and relevant company policies. SPI further conducts periodic review and update of its Procurement Policies, incorporating sustainability topics.

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	MANAGEMENT APPROACH
Benchmarking with other relevant Organizations to ensure the implementation of the relevant industry's good supply chain management practices.	SPI ensures its sustained compliance to the requirements of all relevant and existing supply chain management laws, rules, and regulations during the prevailing COVID – 19 pandemic through the proactive establishment, implementation, and maintenance of SPI's Vendor Accreditation Business Ethics and relevant company policies. SPI proactively ensures its continuous monitoring on compliance and adherence of its accredited Suppliers to all applicable relevant supply chain management laws, rules, and regulations through frequent Supplier communication and visitation as the need arises.

The policy of the Organization on supply chain management is embedded in SPI's **Revised Manual on Corporate Governance** *[03.pdf (shangproperties.com)]*.

CUSTOMER MANAGEMENT

Customer Satisfaction

DISCLOSURE	SCORE		DID A THIRD PARTY CONDUCT THE CUSTOMER SATISFACTION STUDY? (Y / N)	
	2019	2020	2019	2020
Customer Satisfaction	91%	91%	Y	Y

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	MANAGEMENT APPROACH
Customers experiencing inconvenience may become physically or verbally abusive that affects the servicing employee(s), exposing such employee(s) to physical, mental, and / or emotional stress, thus, impacting the overall performance of the Organization.	SPI effectively sustained the overall satisfaction of its Customers despite the prevailing COVID – 19 pandemic through the proactive establishment of a dedicated Customer Relations Unit (CRU), which provides a single after - sales Customer interface. CRU is tasked to provide after sales services such as follow – up on Customers payments, as well as monitoring and tracking Customer's overall satisfaction. The hotel operations of SPI utilizes an independent comprehensive feedback measuring tool, *TrustYou*, to monitor and track Customer satisfaction, linking the results directly to the Balance Scorecard of the respective employee's regular performance review.

WHAT ARE THE RISKS IDENTIFIED?	MANAGEMENT APPROACH
Customer satisfaction has been impacted by the following: • Government issuances during the onset of the prevailing COVID – 19 pandemic such as the Department of Human Settlement and Urban Development (DHSUD) Department Order 2020-004 dated 03 April 2020 and the Bayanihan Acts 1 and 2, which provide grace periods and extension on deferred payments without any penalties nor interests, particularly to Customers paying Monthly Amortization (MA); • Implemented travel restrictions that limited Customers unit acceptance and final balance payments; and • Requested deferred payment beyond the legal extensions provided by government issuances as a result of business and economic downturn.	SPI effectively sustained the overall satisfaction of its Customers despite the prevailing COVID – 19 pandemic through the proactive establishment of a dedicated Customer Relations Unit (CRU), which provides a single after - sales Customer interface. CRU is tasked to provide after sales services such as follow – up on Customers payments, as well as monitoring and tracking Customer's overall satisfaction. CRU ensures that Customer – issued Post Dated Checks (PDCs) were initially verified with the respective Customer prior to being deposited. CRU further sends computation and payment schedules to Customers who requested to avail of the provisions of Bayanihan Acts 1 and 2. Furthermore, SPI accorded grace periods provided by law to Customers who requested to defer the acceptance of their respective unit(s) and allowed Customers more flexible payment terms at recalibrated contract prices. The hotel operations of SPI continuously implement its established complaint management system, the *DR3 (Defect Reporting, Recording, and Resolution) system.*

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	MANAGEMENT APPROACH
Motivated and appropriately informed Employees manifest excellent Customer service, as well as provides assurance that the Organization is operating at the highest standard of business ethics.	SPI continuously establishes and implements a Customer service culture through the conduct of employee training and awareness programs on customer engagement and complaints management, as well as the conduct of continuous review of SPI's implemented Customer management systems and procedures.

The policy of the Organization on customer satisfaction is embedded in SPI's **Revised Manual on Corporate Governance** *[03.pdf (shangproperties.com)].*

Health & Safety

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
No. of Substantiated Complaints* on Product or Service Health & Safety	#	9,067	4,886
No. of Complaints Addressed	#	9,067	4,886

** Substantiated Complaints include complaints from Customers that went through the Organization's formal communication channels and grievance mechanisms, as well as complaints that were lodged to and acted upon by government agencies.*

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	MANAGEMENT APPROACH
The impact of unresolved incident(s) on product or service health & safety happens at multiple levels including influence on Employee's morale, operational cost, and quality of service that the Organization provides.	SPI effectively sustained its commitment to improve Customer experience through the continuous implementation of its established complaint management system, the *DR3 (Defect Reporting, Recording, and Resolution) system.* SPI continuously undertakes the initiative to obtain certifications for compliance to relevant local and international standards on quality, food safety, and health & safety, including the appointment of a dedicated Fire & Life Safety Officer / Health & Safety Officer, as well as a dedicated Hygiene Manager. SPI further continues to undertake its established periodic inspection and preventive maintenance of all health & safety equipment. SPI also continues to conduct employee training and awareness programs on complaints management, as well as various emergency response and preparedness drills.

WHAT ARE THE RISKS IDENTIFIED?	MANAGEMENT APPROACH
Health & safety incidents may lead to the loss of trust and confidence of the Organization's Shareholders, Investors, Employees, Customers, Suppliers, and Government Regulators.	SPI continuously undertakes the initiative to obtain certifications for compliance to relevant local and international standards on quality, food safety, and health & safety, including the appointment of a dedicated Fire & Life Safety Officer / Health & Safety Officer, as well as a dedicated Hygiene Manager. SPI further ensures the well – being and comfort of its Customers during the prevailing COVID – 19 pandemic through its strict compliance to established guidelines by the World Health Organization (WHO), as well as the implementation of internal health & safety standards.

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	MANAGEMENT APPROACH
Appropriately informed Employees provides assurance that the Organization is operating at the highest standard of business ethics.	SPI continues to conduct employees training and awareness programs on complaints management, as well as various emergency response and preparedness drills. SPI further conducts developmental study to provide better and easy access to its Customer complaint management system thru a secured internet connection.

The policy of the Organization on health and safety is embedded in SPI's **Revised Manual on Corporate Governance** *[03.pdf (shangproperties.com)]*.

Customer Privacy

DISCLOSURE	UNIT	QUANTITY	
		2019	2020
No. of Substantiated Complaints* on Customer Privacy	#	1	0
No. of Complaints Addressed	#	1	0
No. of Customers, Users, and Account Holders whose Information is Used for Secondary Purposes	#	0	0

** Substantiated Complaints include complaints from Customers that went through the Organization's formal communication channels and grievance mechanisms, as well as complaints that were lodged to and acted upon by government agencies.*

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	MANAGEMENT APPROACH
The impact of unreported incidents of breach(es) to customer privacy happens at multiple levels including influence on Employee's morale, operational cost, and quality of service that the Organization provides.	SPI effectively sustained its compliance to the requirements of the Data Privacy Act of 2012 (RA 10173) during the prevailing COVID – 19 pandemic through the proactive implementation of its established Data Privacy statements and Data Security practices, as well as the appointment of a dedicated Data Privacy Officer (DPO), who fulfills the responsibility of managing SPI's compliance to all applicable data privacy and data security laws, rules, and regulations. SPI continuously implements its established annual internal and external comprehensive security audits, as well as its strict physical security practices, including the installation and 24 / 7 monitoring of Closed Circuit Televisions (CCTVs) within the area of SPI's operations. SPI further identifies its critical files, ensuring these are adequately protected from loss through regular, periodic back – up systems and regular, periodic updating of installed anti – virus software. Furthermore, SPI continuously conducts employees training and awareness programs on customer privacy, as well as various data security response and preparedness drills.

WHAT ARE THE RISKS IDENTIFIED?	MANAGEMENT APPROACH
Customer privacy breach(es) may lead to the loss of trust and confidence of the Organization's Shareholders, Investors, Employees, Customers, Suppliers, and Government Regulators.	SPI effectively sustained its compliance to the requirements of the Data Privacy Act of 2012 (RA 10173) during the prevailing COVID – 19 pandemic through the proactive implementation of its established Data Privacy statements and Data Security practices, as well as the appointment of a dedicated Data Privacy Officer (DPO), who fulfills the responsibility of managing SPI's compliance to all applicable data privacy and data security laws, rules, and regulations. SPI continuously implements its established annual internal and external comprehensive security audits, as well as its strict physical security practices, including the installation and 24 / 7 monitoring of Closed Circuit Televisions (CCTVs) within the area of SPI's operations.

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	MANAGEMENT APPROACH
Appropriately informed Employees provides assurance that the Organization is operating at the highest standard of business ethics.	SPI effectively sustained its compliance to the requirements of the Data Privacy Act of 2012 (RA 10173) during the prevailing COVID – 19 pandemic through the proactive implementation of its established Data Privacy statements and Data Security practices, as well as the appointment of a dedicated Data Privacy Officer (DPO), who fulfills the responsibility of managing SPI's compliance to all applicable data privacy and data security laws, rules, and regulations. Furthermore, SPI continuously conducts employees training and awareness programs on customer privacy, as well as various data security response and preparedness drills.

The policy of the Organization on customer privacy is embedded in SPI's **Revised Manual on Corporate Governance** *[03.pdf (shangproperties.com)]*.

DATA SECURITY

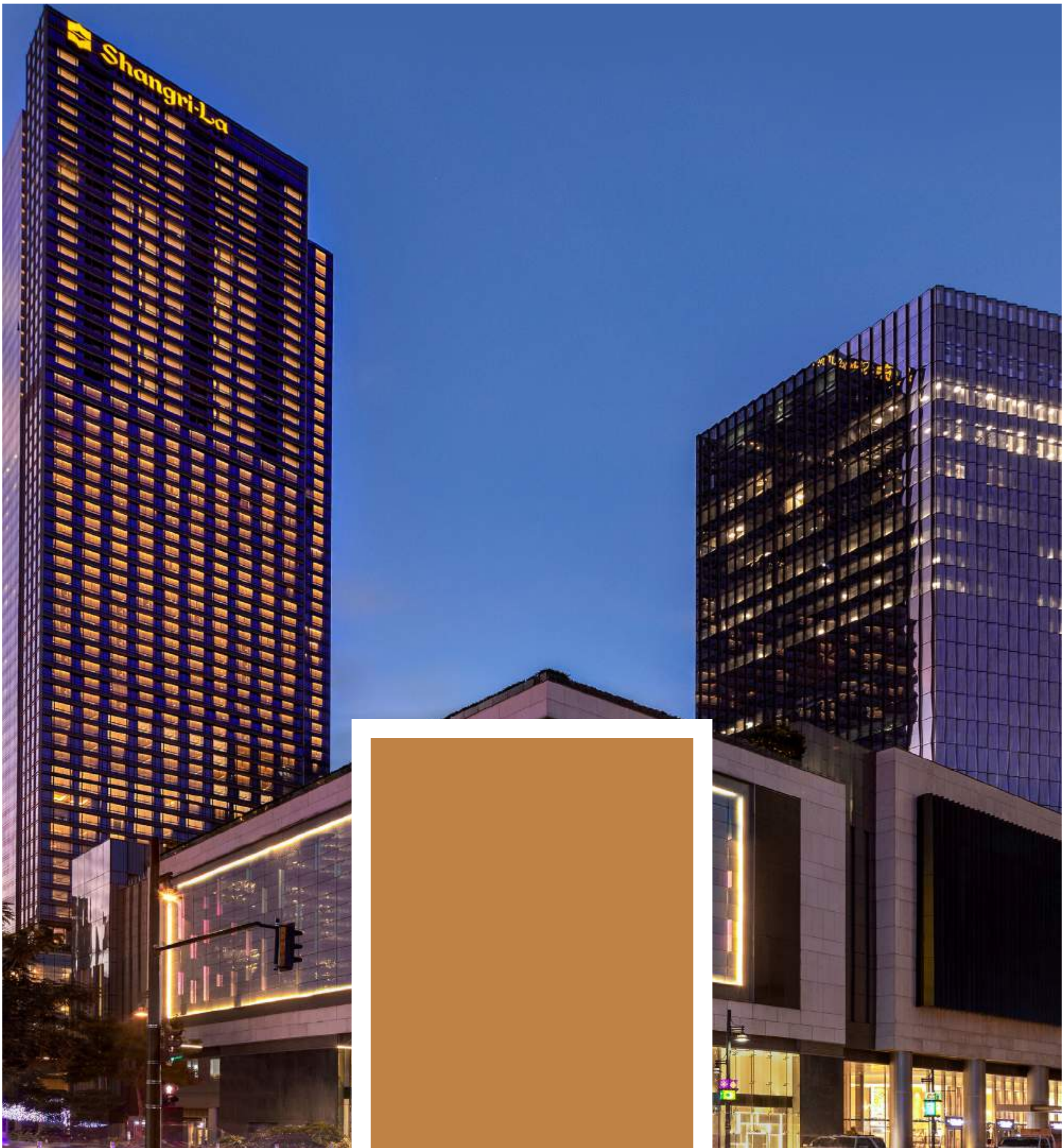
DISCLOSURE	UNIT	QUANTITY	
		2019	2020
No. of Data Breaches, including Leaks, Thefts, and Losses of Data	#	0	0

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	MANAGEMENT APPROACH
The impact of unreported incidents of data security breach(es) and / or data loss(es) happens at multiple levels including influence on Employee's morale, operational cost, and quality of service that the Organization provides.	SPI effectively sustained its compliance to the requirements of the Data Privacy Act of 2012 (RA 10173) during the prevailing COVID – 19 pandemic through the proactive implementation of its formulated Privacy Management Programs and created Data Privacy Manual, as well as its established Data Privacy statements and Data Security practices. SPI has appointed a dedicated Data Privacy Officer (DPO), who fulfills the responsibility of managing SPI's compliance to all applicable data privacy and data security laws, rules, and regulations. SPI continuously implements its established regular, periodic penetration tests and independent reviews of its IT applications and environment (VAPT), as well as its established IT fraud detection system. Furthermore, SPI continuously conducts employees training and awareness programs on data security and protection, as well as various data security response and preparedness drills.

WHAT ARE THE RISKS IDENTIFIED?	MANAGEMENT APPROACH
Increased possibility of data loss, breach, leak, and theft due to increase online activity during the prevailing COVID – 19 pandemic may lead to the loss of trust and confidence of the Organization's Shareholders, Investors, Employees, Customers, Suppliers, and Government Regulators.	SPI effectively sustained its compliance to the requirements of the Data Privacy Act of 2012 (RA 10173) during the prevailing COVID – 19 pandemic through the proactive implementation of its formulated Privacy Management Programs and created Data Privacy Manual, as well as its established Data Privacy statements and Data Security practices. SPI continuously implements its established regular, periodic penetration tests and independent reviews of its IT applications and environment (VAPT), as well as its established IT fraud detection system.

WHAT ARE THE OPPORTUNITIES IDENTIFIED?	MANAGEMENT APPROACH
Appropriately informed Stakeholders (Shareholders, Investors, Employees, Customers, Suppliers, and Government Regulators) of the Organization provide assurance that the Organization is operating at the highest standard of business ethics.	SPI effectively sustained its compliance to the requirements of the Data Privacy Act of 2012 (RA 10173) during the prevailing COVID – 19 pandemic through the proactive implementation of its established Data Privacy statements and Data Security practices, as well as the appointment of a dedicated Data Privacy Officer (DPO), who fulfills the responsibility of managing SPI's compliance to all applicable data privacy and data security laws, rules, and regulations. SPI continuously updates its existing security systems with the most current solutions, as well as continuously contracts third party service provider for its regular, periodic IT risk assessment, monitoring, and reporting. Furthermore, SPI continuously conducts employees training and awareness programs on data security and protection, as well as various data security response and preparedness drills.

The policy of the Organization on data protection is embedded in SPI's **Revised Manual on Corporate Governance** *[03.pdf (shangproperties.com)]*.



ANNEX 1

DC-SPI-PROC 1.8
VENDOR ACCREDITATION PROCEDURE

SHANG PROPERTIES®

TITLE: Vendor Accreditation Procedures

1. PURPOSE AND SCOPE:

1.1 Purpose: To ensure that the vendors for goods and services who wish to do business with the Shang Properties Inc. are duly accredited in terms of compliance with legal, financial requirements and technical competency and to establish inter-department representation to Vendor Accreditation Committee (VAC).

1.2 Scope: This procedure is applicable to all Shang Properties employees and shall be observed by all business units except the Projects Group Division.

This accreditation process shall cover all vendors of goods and services excluding the following:

a. Authorized dealers/distributors of motor vehicles.
b. Three (3) largest oil companies in the Philippines and their authorized dealers.
c. Government accredited agencies or institution
d. Pharmaceutical companies or its authorized distributors/dealers such as Mercury Drug Stores and their vaccine authorized dealers
e. Foreign principals or suppliers
f. Vendors which supplies special items which are purchased thru petty cash from stores located at Divisoria, Binondo, etc.
g. Kuok affiliates/subsidiaries
h. Broadcast/Media Network
i. Law, Accounting, Audit Firms and other Consultancy Services
j. Non-profit and Charitable Institutions
k. Top 10 Insurance Companies
l. Hotels and resorts, restaurants and food chains, Wine Cellars and Dealers, Training or seminar venues and exclusive Membership Club
m. Government Agencies, Cooperatives and Associations
n. Hospitals, Dental and Optical Clinics, Medical Laboratories

o. Utility companies (electricity, water, and gas)

p. Banks

q. Newspaper or publishing companies,

r. Telecom companies

s. Garbage Haulers

t. SPI Mall Tenants

u. Top 100 companies in the Philippines declared by Securities and Exchange Commission (SEC).

v. Spot Purchase less than 3,000.00 PHP.

w. Vendors with less than Ten (16) Purchase Orders and not more than PHP 300,000.00 of annual cumulative purchase.

1.3 Support Document: Approval Authorization Chart approved by the Chairman.

2. REFERENCED DOCUMENTS

2.1 DP-SPI PROC 1.1 PR to PO Procedure

2.2 DP-DPI PROC 1.8 Vendor Accreditation Procedures

2.3 DP-SPI PROC 1.2 Procurement Bidding Procedure

2.4 DP-SPI PROC 1.3 Exemption from Bidding and Canvassing Procedure

2.5 Approval Authorization Chart Approved by the Chairman

3. MATERIALS AND EQUIPMENT: N/A

4. SAFETY: N/A

5. PROCESS DEFINITION AND CONTROL

5.1 Only accredited vendors shall be considered for bidding of goods and services.

5.2 All potential vendors who will supply goods and services to the company must undergo an accreditation process, either through in-house accreditation or under third party assessment, to ensure that the Company deals only with legal, technically competent and financially capable vendors. In emergency cases, or for one-time supply, the accreditation process may not be immediately undertaken. However, prior approval from the Head-Purchasing shall be secured before proceeding with the procurement processes.

5.3 Approval for accreditation by the VAC must be unanimous. Refer to the Approval Authorization Chart approved by the Chairman.

5.4 There are two (2) types of Assessment:

5.4.1 In-House Assessment and Accreditation – All vendors with total cumulative amount of purchase not more than PHP 300,000.00 annually and more than fifteen (15) Purchase Orders must undergo in-house assessment and accreditation.

The initiative must be done by the members of the VAC committee – from the compilation of requirements, assessment and up to issuance of the certificate of accreditation to the vendor.

5.4.2 Third Party Assessment – All vendors with total amount of purchase with more than PHP 300,000.00 annually must undergo Third Party Assessment.

Evaluation, Ratings and Issuance of Accreditation Certificate is still under the Vendor Accreditation Committee (VAC).

5.5 Vendors that are exempted to this process may refer to section item 1.2.

5.6 Accreditation of Vendors shall be done whenever the following instances are encountered:

5.6.1 New requirement arises

5.6.2 Need to make a supply situation more competitive

5.6.3 Replacement of vendors due to following reasons:

5.6.3.1 Vendor has gone out of business

5.6.3.2 Vendor has discontinued production of a particular line;

5.6.3.3 Outdated technology; or,

5.6.3.4 Vendors' performance review results to poor performance as defined in Vendor Performance Evaluation

5.6.3.5 Existing vendor is recommended for blocking as defined in Vendor Performance Evaluation

5.6.4 Every three (3) years renewal for existing accredited vendor

5.7 Sources of Potential Vendors for Accreditation:

5.7.1 Purchasing Department shall source individual vendors where a product /service can be ordered. These include manufacturers or independent distributors and direct service providers. These can be done through the following sources:

5.7.1.1 Company's database of current and past vendors;

5.7.1.2 Trade directories, buyer's guides, yellow pages;

5.7.1.3 Vendors themselves through visits from sales force or direct mail shots;

5.7.1.4 Exhibitions and conferences;

5.7.1.5 Periodicals;

5.7.1.6 Professional colleagues within the Kuok group and outside the Company;

5.7.1.7 Embassies; and,

5.7.1.8 E-bay and other electronic portals

5.8 Vendor Accreditation Committee (VAC) Members

5.8.1 Chairmanship of the Vendor Accreditation Committee shall be the Vice President and Group Financial Controller. The chairman shall convene the committee meetings, resolve issues, and break impasses as regards Vendor Accreditation whenever necessary.

5.8.2 The committee shall be composed of representatives from Finance, Technical and Purchasing who shall conduct and determine the following:

5.8.2.1 The desk top review of all documents and the application form submitted by the Vendor for completeness. Relevant documents to evaluate suitability of the product or services being offered by the vendor shall be reviewed in coordination with the concerned department.

5.8.2.2 Finance Representative – to conduct an analysis of financial viability of Vendor.

5.8.2.3 Technical representative – shall determine the vendor's technical background and capability to perform required works and services.

5.8.3 Technical Representative who shall check the acceptability and adaptability or interoperability functions of the vendor's products and/or services based on the user's specific and documented requirements and standards. It shall be coordinated with Purchasing.

5.8.4 Each member of the VAC shall complete the Approval Sheet, indicating the findings/ comments/ assessment and/ or recommendations. Refer to the Approval Authorization Chart approved by the Chairman.

5.9 Accreditation Requirements

5.9.1 Vendors applying for accreditation shall submit relevant documents listed in Annex 1, depending on the type of product or service offered.

5.9.2 Each VAC member (refer to section 5.8 for membership composition) shall be given a set of documents relevant to their review based on the accreditation criteria (refer to section 6).

5.9.3 The actual site visit shall be done by Purchasing and a representative from the Requestor and other subject matter experts (whenever necessary) who are familiar with the product/service of the vendor. Representatives from other groups such as Legal, Technical, HRAS, and Finance may be consulted or invited to confirm findings and observations during vendor visit, which shall serve as basis for accreditation.

5.10 Vendor visit is required for:

5.10.1 The accreditation of new/first-time vendors who will potentially supply both categories of products/services:

5.10.1.1 Category A – service providers with potentially more than PHP 5 Million annual contract. Vendor visit must be done prior of any award.

5.10.1.2 Category B – vendors with one-time contract and has more than PHP 3 Million potential purchase. Vendor visit must be done prior of any award.

5.10.2 Validation of accreditation or capability of existing vendors with regular/repeated contract having an annual spend of PHP 5 Million. Vendor visit must be done at least once every three years.

5.10.3 Whenever necessary, samples or demonstration units shall be required from the vendor to ensure the quality and interoperability of the products being offered. The testing or application of samples shall be coordinated with the user department. If the product is of such nature that testing is impractical due to the time or expense required, VAC would depend on the Technical evaluation of the design and specifications, qualifications and reputation of the vendor.

5.11 Accreditation Criteria and Documentation Requirements

5.11.1 A vendor applying for accreditation shall be evaluated based on three criteria - legal requirements compliance, its financial stability, and technical capability.

5.11.2 LEGAL CAPABILITY

5.11.2.1 The documentary requirements shall be as follows:

a. Business Registration Certificates [Certificate of Incorporation/Partnership from the Securities Exchange Commission (SEC) – for corporation/partnership, Certificate from the Department of Trade & Industry (DTI) – for sole proprietorship]

b. Incorporation Papers (Articles of Incorporation/Partnership/By-Laws)

c. Tax Identification Number (TIN)

d. BIR Registration 2303

e. Business Permit/Licenses: Mayor's permit; Health Permit; Fire Clearance Certificate; Sanitary Permit

f. Exclusive Distributorship Agreement

5.11.2.2 Vendors applying for accreditation shall be requested to present the original documents to the Company's authorized representative who will validate the authenticity of submitted documents.

5.11.2.3 Regulatory Requirements:

a. SSS Certificate of Payments

b. Service Contracts: Department of Labor and Employment (DOLE) / NLRC Clearance

c. Philippine Contractor Accreditation Board (PCAB) License

d. Any other legal requirements that may be deemed necessary for the specific product or service being offered.

5.11.2.4 Note: In case any of the documents presented were found insufficient, further documentation requirements shall be required.

5.11.3 FINANCIAL STABILITY

5.11.3.1 The VAC Approval sheet including the following pertinent documents shall be forwarded to Finance for proper evaluation:

a. Last two (2) years Audited Financial Statement (companies operating for 3 yrs. or more) or one (1) year Audited Financial Statement (companies operating for 1 to 2 year/s old); or

b. Un-audited Financial Statements, should be certified true and correct by the President / CFO in every page using the company's letterhead (for one (1) - year old companies whose audited FS is not yet available at the time of accreditation); or

c. Interim Financial Statements should be certified true and correct by the President / CFO in every page using the company's letterhead (for companies who wishes to present their interim FS given the remarkable performance/recent developments which now becomes more relevant as compared to historical audited.

5.11.3.2 Finance Representative shall review the financial strengths/capability of all vendors applying for accreditation.

5.11.3.3 Only those vendors who pass will be included in the pool of accredited suppliers.

5.11.3.4 The result of financial evaluation shall be reflected in the VAC approval sheet including the findings/comments/assessment/ recommendations.

5.11.3.4.1 Re-evaluation of financial capability of accredited Vendors must be done at least once every three years.

5.11.3.4.2 Purchasing & Finance shall perform an updated actual spend analysis.

5.11.3.4.3 Vendor Master shall review the vendor profile and compare against the updated actual total spend per vendor description to check if there are vendors that change its risk/value profile. These Vendors shall be re-classified whenever necessary.

5.11.4 TECHNICAL CAPABILITY

5.11.4.1 Purchasing & the technical representative of the requisitioning department shall evaluate on the acceptability and suitability of the product or services offered by the vendor. This can be verified based on the conformance to regulatory and Company's standards, past performance/ relevant experience relative to the product/service offered can also be considered.

5.11.4.2 The vendor's adequacy of facilities, manpower and equipment to deliver the products or services on a continuing basis shall be validated thru any of the following:

5.11.4.2.1 Vendor Visit (Please refer to the section 9.4)

5.11.4.2.2 3rd Party validation

5.11.4.2.3 Interview of reference sites

5.11.4.3 The following documents shall be used to check on the product acceptability and adequacy of resources of the vendor:

a. Legal Documentary requirement for Contractors (Min: A): License from Philippine Contractor's Accreditation Board (PCAB)

b. Summary of Completed and on-going contracts (related to services offered) or List of Clients who have been using the products offered.

c. Certificate of Product Type Approval from regulatory / governing agency / international accrediting bodies, when the type of product requires it

d. Table of Organization/ Competencies of Technical Personnel (For service related vendors)

e. Technical Catalogs & Brochures for List of products / services carried

f. Statement of Types of Machineries & Equipment Owned

5.12 Inclusion in the List of Accredited Vendors

5.12.1 Once the overall accreditation process is completed and the Vendor has been successfully accredited, relevant information shall be entered in Vendor Master Data/Procurement System.

5.12.2 All Units involved in the purchasing process shall be informed of the newly accredited vendors. They should refer to and consider only those included in Vendor Master Data/Procurement System in the processing of a Purchase Requisition and in the issuance of Request for Quotation / Invitation to Bid or Purchase Order except the vendors in the exclusion list.

5.12.3 Purchasing shall be responsible for:

5.12.3.1 Ensuring that only accredited vendors are included in Vendor Master Data/Procurement System.

5.12.3.2 Ensuring that all changes to critical vendor data are regularly updated in Vendor Master Data/Procurement System; and,

5.12.3.3 Securing Vendor Master Data/Procurement System against unauthorized access/modifications. Finance shall review all accredited vendors inputted to the system by Purchasing.

5.13 All accredited vendors are required to submit the following documents for validation purposes and to update the Vendor Master file:

5.13.1 Audited Financial Statement

5.13.2 Business Permit (Mayor's Permit)

5.13.3 Updated or new product Catalogs

5.13.4 Above documents will validate legal existence and financial soundness of the existing vendors of the company on a continuing basis.

5.14 Issuance of Certificate of Accreditation

5.14.1 A letter to certify accreditation shall be given to all vendors who have passed the accreditation process of the Company stating the specific product or service to be offered.

5.14.2 The certification shall be valid for three (3) years from the date of issuance.

5.14.3 The Company shall consider accredited vendors as "Partners in Business". Vendors shall sign Business Ethics Agreement to protect the interest of both Parties.

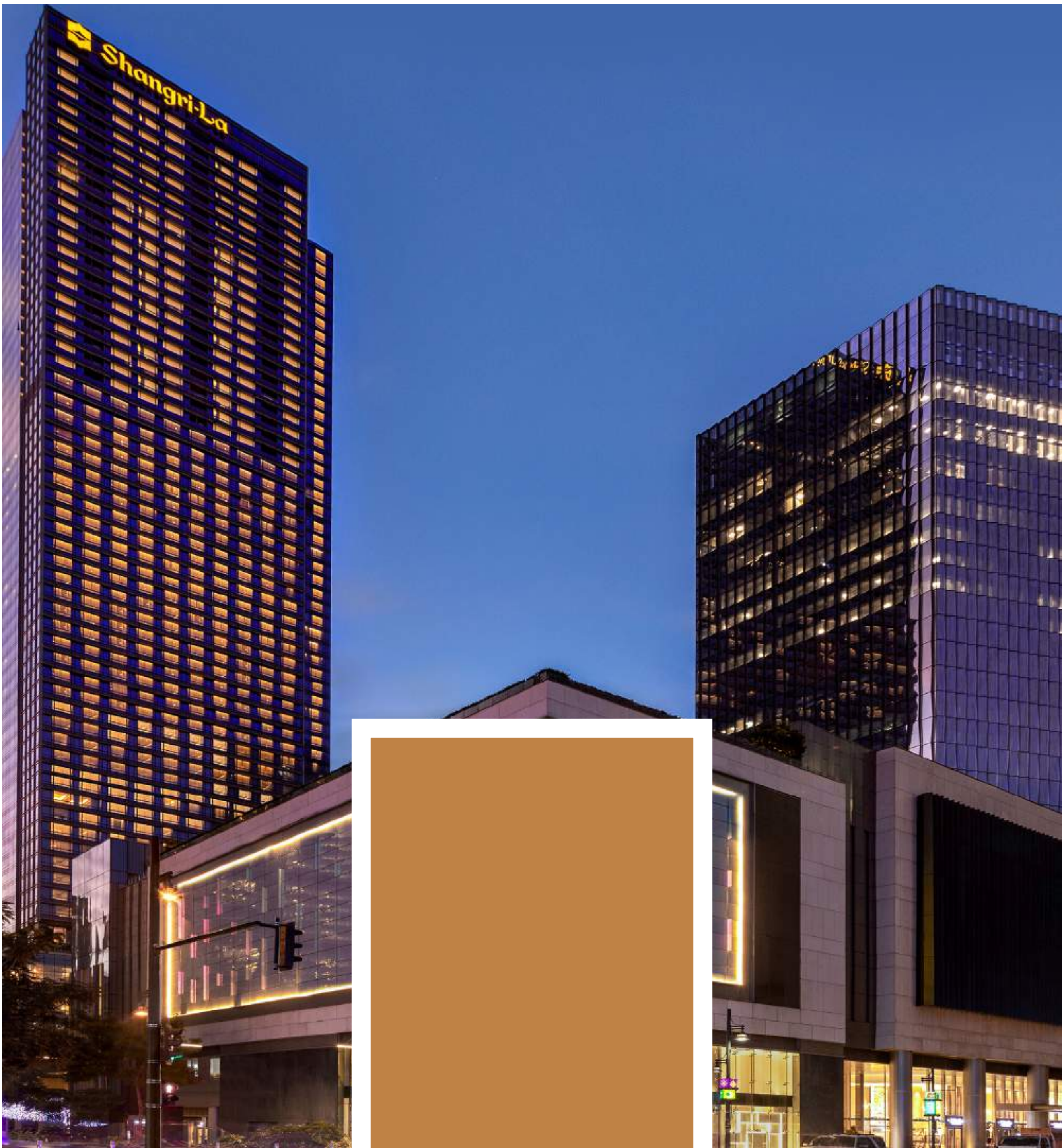
6. ACCREDITATION REQUIREMENTS CHART:
   Vendors shall be requested to submit the following documents for accreditation process:

Legal Compliance	Financial Requirement	Technical Competency
▪ Letter of Intent (with Vendor's company letterhead) ▪ Vendor Information Sheet ▪ SEC Business Registration Certificate for Corporations, ▪ DTI – Sole Proprietorship ▪ (Articles of Incorporation or ▪ Partnership / By – Laws) ▪ Tax Identification Number ▪ Business Permit / Licenses ▪ VAT or Non-VAT Registration ▪ PCAB and/or ▪ DOLE License ▪ Exclusive Distributorship Agreement ▪ Any other legal requirements that may deemed necessary for specific product or service being offered.	**For In-House Assessment and Accreditation :** ▪ Last Two (2) years Audited Financial Statement (co. existent for 3 yrs. or more) or ▪ One (1) year Audited Financial Statement (for 1-year old companies). **Third Party Assessment:** ▪ Last Five (5) years Audited Financial Statement (co. existent for 3 yrs. or more) or ▪ Two (2) years Audited Financial Statement (for 1-year old companies). *** Un-audited Financial Statements, should be certified true and correct by the President / CFO in every page using the company's letterhead (for 1-year old companies whose audited FS is not yet available at the time of accreditation)	▪ **For Service Providers:** Summary of Completed and on-going contracts (related to the services offered) ▪ **For Goods Vendors:** List of Clients who have been using the products being offered. ▪ Table of Organization including CV's / Competencies of Technical Personnel (For service related Vendors). ▪ Technical Catalogs & Brochures for List of products / services carried. ▪ Statement of Types of Equipment Owned (for Service Providers only). ▪ And other requirements that may deemed necessary for specific product or service being offered.

7. VENDOR ACCREDITATION PROCEDURE

Process	Requirements / Remarks
Letter of Intent/ Invitation Letter	• Responsible: Purchasing/ Third Party Assessor • Purchasing is responsible for informing the vendor about the accreditation process and requirements.
Vendor Information Sheet (VIS)	• Responsible: Vendor/ Third Party Assessor • Vendors shall submit complete details of their company through VIS Form. • For Third Party Assessor - must include all required information in their Report.
Compilation of the Requirements	• Responsible: Purchaser/Third Party Assessor • Purchaser must consolidate all Legal, Technical and Financial Requirement, same with the Third Party Assessment through DNB Report.
Vendor Rating Sheet	• Responsible: Purchasing • Purchasing must prepare and seek the approval rating of all VAC Member Committees. • Vendor Rating Sheet must be approved in accordance to the Approval Authorization Chart
Vendor Accreditation Certificate	• Responsible: Purchasing • Once accredited and approved as per Approval Authorization chart, Purchasing must issue an Accreditation Certificate to vendor.
Vendor Master File (VMF)	• Responsible: Purchasing • Purchasing must prepare a list of all vendor information necessary in VMF database.

Prepared by:	Reviewed and Checked by:	Initial Issue Date
Lenie M. Parto Assistant Purchasing Manager	Eric G. Santos Senior Purchasing Manager	Oct 04, 2018
Recommended by: Rajeev 4/24/19 Rajeev Garg Vice President/ Group Financial Controller	Approved by: Karlo P Estavillo Chief Operations Officer/Chief Finance Officer	Revision No.



ANNEX 2

SUPPLIER CODE OF CONDUCT

SUPPLIER CODE OF CONDUCT

The Shangri-La group of companies including Shangri-La Asia Limited, Shangri-La International Hotel Management Limited, their respective subsidiaries, affiliates and controlled entities, as well as hotels and properties operated by the Group (collectively, "**Group**"), are committed to the core values that define the Group's reputation and brand: integrity, fairness, respect, ethical business conduct and excellence in service.

We require our suppliers, their employees, subsidiaries, affiliates and sub-contractors (collectively, "**Suppliers**") to uphold the Group's core values and adhere to ethically, socially and environmentally responsible practices when doing business with the Group. These requirements are set out in more detail in this code of conduct ("**Code**").

As a minimum, Suppliers are required to comply with the Code. Failure to comply with any provision of the Code could result in termination of the business and/or contractual relationship with the Group. The Group prefers to do business with Suppliers whose operations and business practices exceed the requirements of the Code.

1. Compliance with Laws and Regulations

Suppliers shall comply with all applicable laws, rules and regulations, including (but not limited to) those relating to labour, health and safety, and the environment, of the place in which they operate or conduct business.

Suppliers shall notify the Group immediately of any violation of applicable laws, rules and regulations that may affect their ability to supply products or services to the Group in accordance with the Code.

2. Product Quality and Safety

Suppliers shall supply products and services that are safe, fit for purpose, of merchantable quality and comply with all applicable laws, rules and regulations.

3. Business Integrity and Ethics

Suppliers shall deal honestly, fairly and ethically in every aspect of their business, including sourcing, operations and relationships with clients, employees, suppliers and business partners.

Suppliers must not resort to anti-competitive, deceptive, discriminatory, dishonest, unlawful or unethical business practices.

4. Labour Standards and Practices

Suppliers shall comply with all applicable laws, rules and regulations pertaining to working hours, wages, benefits, minimum age, working conditions, occupational health and safety, and industrial relations.

Suppliers shall implement fair, humane and non-discriminatory employment practices, treat their employees fairly, with dignity and respect, and respect diversity and inclusion. Suppliers shall ensure that no threats of violence, physical punishment, or other forms of physical, sexual, psychological or verbal harassment or abuse are used as a method of discipline or control of their employees. Suppliers shall not use any form of forced labour, including coerced, bonded, indentured or child labour. Any form of slavery and/or human trafficking, or any contribution thereto, is strictly prohibited.

Suppliers shall provide a safe and healthy work environment to their employees and take measures to prevent workplace hazards and accidents.

Where employee housing is provided, we expect our Suppliers to meet or exceed the standards for health and safety as those that apply in the workplace.

Suppliers shall provide employees with avenues to raise issues of concern in confidence, without fear of reprisal or negative repercussion.

Where the right to freedom of association and collective bargaining is not restricted under law, Suppliers shall respect the rights of their employees to join or form trade unions and to bargain collectively.

5. Environment

Suppliers shall comply with all applicable environmental codes, laws, rules and regulations in the place where they operate and ensure that they obtain and maintain all necessary environmental permits and registrations to conduct their business.

Suppliers shall adopt appropriate environmentally friendly practices to minimise negative environmental impacts of their operations, products and services through measures such as proper waste management, pollution control and recycling, while continually advancing the sustainability of the products and services provided to the Group.

6. Community Engagement

Suppliers are encouraged to engage with, promote and contribute to the communities in which they operate to help foster social and economic development and sustainability.

7. Anti-Corruption

Any and all forms of corruption and bribery are strictly prohibited. Suppliers must comply with all applicable anti-corruption laws, rules and regulations of the country where their businesses are being conducted.

Suppliers shall not, directly or indirectly, offer, solicit, pay or accept any form of unlawful advantages such as (but not limited to) bribes, kickbacks, secret commissions, reward, favours, cash, gifts, loans, employment, facilitation payments or any other thing of value ("**Advantages**") to secure improper business advantages.

Suppliers doing business with the Group must not offer, solicit, pay or accept any form of Advantages to or from the Group's employee or representative on account of the Supplier's business dealings with the Group. Likewise, Suppliers must not offer any employee or representative of the Group excessive business entertainment that could be seen to compromise their objectivity in making decisions, that creates the appearance of impropriety, or that violates the law.

A Supplier must not offer or transfer any form of Advantages, directly or indirectly, to any public official, body or agency in order to secure any improper business advantage for or on behalf of the Group.

The Group is required to comply with various anti-corruption laws and regulations, including without limitation Hong Kong's Prevention of Bribery Ordinance (Cap. 201). Suppliers doing business with the Group must be familiar and comply with the requirements of these laws and regulations.

8. Accurate Books and Records

Suppliers shall maintain proper, accurate and complete books and records in accordance with applicable laws, rules, regulations and recognised accounting standards and practices.

Suppliers shall promptly and in good faith, provide accurate information reasonably required to enable the Group to comply with its legal, regulatory and reporting obligations to governmental authorities, financial and stock exchange regulators. The intentional creation of false, misleading and deceptive books, records or documents is strictly prohibited.

9. Confidentiality

All information provided by the Group or otherwise obtained by Suppliers in their course of dealings with the Group ("**Group Information**"), including without limitation those pertaining to the Group's businesses, operations and policies, shall be treated as confidential, sensitive and proprietary information. Suppliers shall only use the Group Information for legitimate business purposes, in accordance with non-disclosure agreement(s), local laws, rules and regulations. Unless specifically authorised by the Group or otherwise required under law, Suppliers shall not disclose or communicate any Group Information to unauthorised third parties, the public and/or the media.

10. Data Protection

The Group is required to comply with various data privacy laws and regulations, including without limitation Hong Kong's Personal Data (Privacy) Ordinance (Cap. 486) ("**PDPO**"). In the event that a Supplier receives, becomes privy to or is given access to the personal data of the Group's guest(s), customer(s) and/or employee(s) ("**Personal Data**"), we expect our Suppliers to collect, use, handle, process, store, disclose and transfer such Personal Data in compliance with the Group's policies, the PDPO and all data protection and privacy laws and regulations of all applicable jurisdictions. Suppliers shall not use or disclose any such Personal Data, or engage and/or authorise any third-party service providers to process any such Personal Data, without the prior written consent from the Group.

Suppliers shall promptly notify us in the event of any unauthorised disclosure, leakage or use of Personal Data ("**Data Incident**") and work with us in good faith to mitigate the impact of any Data Incident on us, our guest(s), customers and employees and in compliance with the applicable data protection and privacy laws and regulations.

11. Intellectual Property Rights

Suppliers shall recognise and respect the Group's intellectual property rights in its trademarks, copyright, design and patents. Suppliers shall not engage in any activities that may infringe upon any of the Group's intellectual property rights or tarnish the Group's reputation.

12. Implementation of the Code

Suppliers shall take appropriate steps to ensure that the principles of this Code are communicated to, adopted and applied by their employees and throughout their own supply chains (including their suppliers, sub-contractors and business partners who are involved in the provision of products and services to the Group), where applicable. The Group reserves the right, upon provision of reasonable notice to Suppliers, to conduct compliance audit with Suppliers on the Code. Suppliers shall promptly and in good faith, provide relevant information to demonstrate compliance with the Code. If necessary, Suppliers shall facilitate site visits by us and/or our auditor(s) to assess compliance with the Code.

Reporting Violations

Suppliers shall report any violations or suspected violations of applicable laws, regulations and the Code to the Group. To report a violation confidentially, please click on the following link: http://www.shangri-la.com/corporate/about-us/supplier-code-of-conduct/violation-reporting/

The Code may be updated from time to time. Suppliers should refer to the Group's website at: http://www.shangri-la.com/corporate/about-us/supplier-code-of-conduct/ for the most up-to-date version of the Code.

SHANG PROPERTIES

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, 2020 and 2019, 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 of 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.

Isla Lipana and Co., the independent auditors appointed by the stockholders for the period December 31, 2020 and 2019, respectively, have audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their 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 Chairman of the Board

Karlo Marco P. Estavillo
Treasurer/Chief Finance Officer and Chief Operating Officer

SUBSCRIBED AND SWORN TO BEFORE ME in the City of Mandaluyong this ___ day of MAY 14 2021 affiant exhibiting to me his/her ___ as competent evidence of identity.

Signed this 25th day of March, 2021

Doc. No. 127;
Page No. 27;
Book No. 18;
Series of 2021.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0265-19 VALID UNTIL JUNE 30, 2021
AS PER SC EN BANC RESOLUTION DATED DECEMBER 1, 2020
ROLL NO. 53970
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
PTR NO. 4581076; 1-4-21; MANDALUYONG
MCLE COMPLIANCE NO. VI 0017960 14 APRIL 2022
METRO MART COMPLEX, MANDALUYONG CITY

SHANG
PROPERTIES®

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, 2020 and 2019, 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 of 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.

Isla Lipana and Co., the independent auditors appointed by the stockholders for the period December 31, 2020 and 2019, respectively, have audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their 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 Chairman of the Board

Karlo Marco P. Estavillo
Treasurer/Chief Finance Officer and Chief Operating Officer

Signed this 25th day of March, 2021

SUBSCRIBED AND SWORN TO BEFORE ME in the City of Mandaluyong this ___ day of MAY 14 2021 affiant exhibiting to me his/her competent evidence of identity.

JOVEN [illegible]
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. [illegible] VALID UNTIL JUNE 30, 2021
AS PER SC EN BANC RESOLUTION DATED DECEMBER 1, 2020
ROLL NO. 53977
IBP LIFETIME NO. [illegible]; 12-28-12; RIZAL
PTR NO. [illegible]; 1-4-21; MANDALUYONG
MCLE COMPLIANCE NO. VI [illegible] APRIL 2022
METRO MART COMPLEX, MANDALUYONG CITY

Doc. No. 128
Page No. 27
Book No. 18
Series of 2021

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	4	5	4	9	0

COMPANY NAME

SHANG PROPERTIES, INC.

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

ADMINISTRATION OFFICE SHANGRI-LA PLAZA MALL EDSA CORNER SHAW BOULEVARD MANDALUYONG CITY

Form Type	Department requiring the report	Secondary License Type, if Applicable
AFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
www.shangproperties.com	8-370-2700	N/A

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
5,191	any day in June	12/31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Federico G. Noel, Jr.	bobong.noel@shangproperties.com	8-370-2700	N/A

CONTACT PERSON's ADDRESS

5/F Administration Office, Shangri-La Plaza, Edsa corner Shaw Boulevard, Mandaluyong City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

www.pwc.com/ph

Shang Properties, Inc.

Separate Financial Statements
As at and for the years ended December 31, 2020 and 2019

pwc

Isla Lipana & Co.

pwc

Isla Lipana & Co.

Independent Auditor's Report

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

Report on the Audits of the Separate Financial Statements

Our Opinion

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of Shang Properties, Inc. (the "Company") as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

What we have audited

The separate financial statements of the Company comprise:

- the statements of financial position as at December 31, 2020 and 2019;
- the statements of total comprehensive income for the years ended December 31, 2020 and 2019;
- the statements of changes in equity for the years ended December 31, 2020 and 2019;
- the statements of cash flows for the years ended December 31, 2020 and 2019; and
- the notes to the separate financial statements, which include a summary of significant accounting policies.

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 Separate Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

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

In preparing the separate 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 Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 separate 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Isla Lipana & Co.

Statements Required by Rule 68
Securities Regulation Code (SRC)
As Amended on October 20, 2011

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

We have audited the financial statements of Shang Properties, Inc. (the "Company") as at and for the year ended December 31, 2020, on which we have rendered the attached report dated March 25, 2021.

In compliance with SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of work performed by us, the Company has five thousand one hundred ninety-one (5,191) shareholders owning one hundred (100) or more shares as at December 31, 2020.

Isla Lipana & Co.

Imelda Ronnie de Guzman-Castro
Partner
CPA Cert. No. 89352
P.T.R. No. 0011287; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 1769-A, Category A; effective until September 2, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 152-015-095
BIR A.N. 08-000745-44-2018; issued on October 19, 2018; effective until October 18, 2021
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
March 25, 2021

Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)
As Amended on October 20, 2011

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

We have audited the financial statements of Shang Properties, Inc. as at and for the year ended December 31, 2020, on which we have rendered the attached report dated March 25, 2021. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration, is presented for purposes of filing with the Securities and Exchange Commission and is not required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic separate financial statements. In our opinion, the supplementary information has been prepared in accordance with Part 1, Section 5 of Rule 68 of the SRC.

Isla Lipana & Co.

Imelda Ronnie de Guzman-Castro
Partner
CPA Cert. No. 89352
P.T.R. No. 0011287; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 1769-A, Category A; effective until September 2, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 152-015-095
BIR A.N. 08-000745-44-2018; issued on October 19, 2018; effective until October 18, 2021
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
March 25, 2021

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 Bureau of Internal Revenue Requirement

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 26 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic separate financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Imelda Ronnie de Guzman-Castro.

Isla Lipana & Co.

Imelda Ronnie R. Castro

Imelda Ronnie de Guzman-Castro
Partner
CPA Cert. No. 89352
P.T.R. No. 0011287; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 1769-A, Category A; effective until September 2, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 152-015-095
BIR A.N. 08-000745-44-2018; issued on October 19, 2018; effective until October 18, 2021
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
March 25, 2021

Statement Required by Section 8-A, Revenue Regulations No. V-1

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

None of the partners of the firm has any financial interest in Shang Properties, Inc. or any family relationships with its president, manager, or shareholders.

The supplementary information on taxes and licenses is presented in Note 26 to the separate financial statements.

Isla Lipana & Co.

Imelda Ronnie de Guzman-Castro
Partner
CPA Cert. No. 89352
P.T.R. No. 0011287; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 1769-A, Category A; effective until September 2, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 152-015-095
BIR A.N. 08-000745-44-2018; issued on October 19, 2018; effective until October 18, 2021
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
March 25, 2021

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAY 12 2021 TSIS
RECEIVED
RHEA ARAGON

Shang Properties, Inc.

Statements of Financial Position
As at December 31, 2020 and December 31, 2019
(All amounts in Philippine Peso)

	Notes	2020	2019
ASSETS			
Current assets			
Cash and cash equivalents	2	132,031,110	280,738,936
Financial assets at fair value through profit or loss	3	3,450,947	2,450,793
Trade and other receivables, net	4	2,591,896,350	1,468,712,445
Properties held for sale, net	5	12,082,779	13,395,279
Prepayments and other current assets	6	282,086,682	263,026,646
Total current assets		3,021,547,868	2,028,324,099
Non-current assets			
Investments and advances	7	15,788,094,865	17,013,799,065
Investment properties	8	14,565,680,839	14,228,882,687
Financial assets at fair value through other comprehensive income, net	9	187,083,642	193,183,642
Property and equipment, net	10	73,186,110	82,701,599
Retirement benefit asset	18	-	6,127,631
Other non-current assets	11	908,066,924	470,967,336
Total non-current assets		31,522,112,380	31,995,661,960
Total assets		34,543,660,248	34,023,986,059
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and other current liabilities	12	2,224,061,560	2,058,521,292
Current portion of bank loans	13	4,233,333,334	3,553,333,333
Dividends payable	14	52,609,087	47,544,516
Total current liabilities		6,510,003,981	5,659,399,141
Non-current liabilities			
Long-term bank loans, net of current portion	13	-	933,333,334
Deferred income tax liabilities, net	19	3,946,149,360	3,934,362,728
Retirement benefit liability	18	13,316,584	-
Deposits from tenants		1,269,161	1,269,161
Total non-current liabilities		3,960,735,105	4,868,965,223
Total liabilities		10,470,739,086	10,528,364,364
Equity			
Share capital	14	4,764,058,982	4,764,058,982
Share premium	14	1,210,073,869	1,210,073,869
Treasury shares	14	(6,850,064)	(6,850,064)
Other comprehensive income	9, 18	57,211,054	67,367,115
Retained earnings	14	18,048,427,321	17,460,971,793
Total equity		24,072,921,162	23,495,621,695
Total liabilities and equity		34,543,660,248	34,023,986,059

The notes on pages 1 to 51 are integral part of these separate financial statements.

Shang Properties, Inc.

Statements of Total Comprehensive Income
For the years ended December 31, 2020 and 2019
(All amounts in Philippine Peso)

	Notes	2020	2019
Revenue			
Rental	8, 22	83,136,766	249,930,202
Sale of condominium units		864,966	1,660,714
		84,001,732	251,590,916
Costs and expenses			
Staff costs	15	260,791,069	336,330,948
Taxes and licenses	16	39,699,950	48,103,735
Depreciation and amortization	10	21,197,029	20,063,481
Cost of condominium units sold	5	1,312,500	2,467,500
Other operating expenses	16	97,224,180	109,606,958
		420,224,728	516,572,622
Other income (expense)			
Dividend income	20	1,445,140,517	1,781,553,950
Gain on fair value adjustment of investment properties	8	-	1,445,898,813
Interest expense	13	(46,199,930)	(104,993,758)
Interest income	2, 7	63,671,165	3,922,554
Miscellaneous	17	37,745,125	121,687,296
		1,500,356,877	3,248,068,855
Income before share in net income of a joint venture		1,164,133,881	2,983,087,149
Share in net income of a joint venture	7	185,533,552	101,237,114
Income before provision for income tax		1,349,667,433	3,084,324,263
Provision for income tax	19	(16,971,787)	(364,919,967)
Net income for the year		1,332,695,646	2,719,404,296
Other comprehensive (loss) income			
Items that will not be subsequently reclassified to profit or loss			
(Decrease) Increase in fair value of equity investments at fair value through other comprehensive income, net of tax	9	(5,185,000)	18,673,650
Derecognition of the fair value of equity investments written-off, net of tax	9	-	1,079,500
Remeasurement (loss) gain on retirement benefit obligation, net of tax	18	(4,971,061)	580,973
		(10,156,061)	20,334,123
Total comprehensive income for the year		1,322,539,585	2,739,738,419
Basic and diluted earnings per share	14	0.28	0.57

The notes on pages 1 to 51 are integral part of these separate financial statements.

Shang Properties, Inc.

Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(All amounts in Philippine Peso)

	Share capital (Note 14)	Share premium (Note 14)	Treasury shares (Note 14)	Other comprehensive income (loss): Cumulative changes in fair value of FVOCI (Note 9)	Other comprehensive income (loss): Remeasurement loss on defined benefit plan (Note 18)	Other comprehensive income (loss): Total comprehensive income	Retained earnings (Note 14)	Total equity
Balances at January 1, 2019	4,764,058,982	1,210,073,869	(6,850,064)	73,682,022	(26,649,030)	47,032,992	15,577,284,046	21,591,599,825
Comprehensive income								
Net income for the year	-	-	-	-	-	-	2,719,404,296	2,719,404,296
Other comprehensive income	-	-	-	19,753,150	580,973	20,334,123	-	20,334,123
Total comprehensive income	-	-	-	19,753,150	580,973	20,334,123	2,719,404,296	2,739,738,419
Transaction with owners								
Cash dividends declared (Note 14)	-	-	-	-	-	-	(835,716,549)	(835,716,549)
Balances at December 31, 2019	4,764,058,982	1,210,073,869	(6,850,064)	93,435,172	(26,068,057)	67,367,115	17,460,971,793	23,495,621,695
Comprehensive income								
Net income for the year	-	-	-	-	-	-	1,332,695,646	1,332,695,646
Other comprehensive loss	-	-	-	(5,185,000)	(4,971,061)	(10,156,061)	-	(10,156,061)
Total comprehensive income	-	-	-	(5,185,000)	(4,971,061)	(10,156,061)	1,332,695,646	1,322,539,585
Transaction with owners								
Cash dividends declared (Note 14)	-	-	-	-	-	-	(745,240,118)	(745,240,118)
Balances at December 31, 2020	4,764,058,982	1,210,073,869	(6,850,064)	88,250,172	(31,039,118)	57,211,054	18,048,427,321	24,072,921,162

The notes on pages 1 to 51 are integral part of these separate financial statements.

Shang Properties, Inc.

Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(All amounts in Philippine Peso)

	Notes	2020	2019
Cash flows from operating activities			
Income before provision for income tax		1,349,667,433	3,084,324,263
Adjustments for:			
Interest expense	13	46,199,930	104,993,758
Depreciation and amortization	10	21,197,029	20,063,481
Retirement benefit expense	18	14,903,238	9,793,557
Unrealized foreign exchange loss, net	2	1,004,314	1,809,141
Loss on write-off of financial assets at fair value through profit or loss	9, 17	-	1,550,000
Gain on fair value adjustment of financial assets at fair value through profit or loss	3	(1,000,154)	(176,828)
Gain on sale of property and equipment	17	-	(1,050,726)
Interest income	2, 7	(63,671,165)	(3,922,554)
Share in net income from a joint venture	7	(185,533,552)	(101,237,114)
Gain on fair value adjustment of investment Properties	8	-	(1,445,898,813)
Dividend income	20	(1,445,140,517)	(1,781,553,950)
Operating loss before working capital changes		(262,373,444)	(111,305,785)
Changes in working capital:			
Trade and other receivables		(1,092,594,267)	9,792,574
Properties held for sale	5	1,312,500	252,762,500
Prepayments and other current assets		(21,199,741)	119,461,434
Other non-current assets		28,788,412	(47,980,912)
Accounts payable and other current liabilities		171,557,402	172,224,995
Cash (absorbed by) generated from operations		(1,174,509,138)	394,954,806
Interest received		63,878,525	3,762,220
Contributions paid to retirement plan	18	-	(12,872,582)
Retirement benefits paid directly by the Company	18	(1,015,381)	-
Retirement benefit liabilities released due to transfers	18	(1,545,157)	-
Net cash (used in) provided by operating activities		(1,113,191,151)	385,844,444
Cash flows from investing activities			
Dividends received	20	1,414,343,517	1,764,453,950
Decrease in investments and advances	7	1,421,999,998	137,944,253
Proceeds from sale of property and equipment		-	1,050,728
Proceeds from sale of financial assets at fair value through other comprehensive income	9	-	66,500
Additions to:			
Investment in a joint venture	7	(10,762,246)	(1,021,075,486)
Restricted fund	11	(465,888,000)	(422,000,000)
Investment properties	8	(336,798,152)	(971,294,670)
Property and equipment	10	(11,681,540)	(19,190,752)
Net cash provided by (used in) investing activities		2,011,213,577	(530,045,477)
Cash flows from financing activities			
Availment of loan	13	2,100,000,000	3,145,000,000
Payments of:			
Cash dividends	14	(740,175,547)	(830,855,683)
Loan principal	13	(2,353,333,333)	(1,958,333,333)
Interest	13	(52,217,058)	(105,932,524)
Net cash (used in) provided by financing activities		(1,045,725,938)	249,878,460
Net (decrease) increase in cash and cash equivalents for the year		(147,703,512)	105,677,427
Cash and cash equivalents as at January 1		280,738,936	176,870,650
Effects of exchange rate changes on cash and cash Equivalents		(1,004,314)	(1,809,141)
Cash and cash equivalents as at December 31	2	132,031,110	280,738,936

The notes on pages 1 to 51 are integral part of these separate financial statements.

Shang Properties, Inc.

Notes to the Separate Financial Statements
As at and for the years ended December 31, 2020 and 2019
(In the notes, all amounts are shown in Philippine Peso, unless otherwise stated)

Note 1 - General information

Shang Properties, Inc. ("the Company"), a corporation duly organized and existing in the Philippines, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 21, 1987 to acquire, own, develop, subdivide, sell, mortgage, exchange, lease or hold for investment, real properties of all kinds.

The Company is the owner of the land being leased out to a related party that operates the main building and main-wing parking building of Shangri-La Plaza Mall in Mandaluyong City. It also owns the carpark building located in the north wing of the same mall in Mandaluyong City to another related party. The Company is also the developer of SPI Tower, an office condominium project located in Mandaluyong City, that is expected to be completed in December 2024.

The Company's registered office address, which is also its principal place of business, is at Administration Office, Shangri-La Plaza Mall, EDSA corner Shaw Boulevard, Mandaluyong City.

The Company has its primary listing on the Philippine Stock Exchange (PSE). It was registered on June 13, 1991 with total listed shares of 4,764,058,982, which was initially issued at P1.18 per share. As at December 31, 2020, the Company has 5,191 shareholders (2019 - 5,200). The details of the Company's shareholders are disclosed in the annual report.

COVID-19 pandemic

During the first quarter of 2020, local and worldwide social and economic activities were severely affected by the spread and threat of COVID-19 pandemic. The Company took actions to minimize risk to its employees, including restricting travel and instituting extensive work from home protocols in response to the enhanced community quarantine (ECQ) mandated by the Philippine government. Measures have been implemented to protect the health and safety of its employees, clients and partners, to support business continuity and to manage financial impact to a minimum. These measures have caused disruptions to businesses and economic activities, and their impact on businesses continue to evolve. The ECQ began on March 16, 2020 and was further extended and modified by the government up to June 15, 2020. While quarantine measures over highly urbanized cities in the National Capital Region (NCR) were relaxed following the proclamation of a modified enhanced community quarantine effective May 16, 2020, and subsequently, a general community quarantine effective June 1, 2020, operations across various industries remain below full capacity in several areas.

Despite of these adverse effects, the Company assessed that the impact of this event is insignificant to these 2020 separate financial statements. The Company continues to pay close attention to the developments on the pandemic and will evaluate its impact on the financial position and operating results of the Company. Measures to manage financial and business risks are in place to ensure that the impact of events that expose the Company to risks arising from COVID-19, if any, are kept to a minimal extent.

The separate financial statements have been approved and authorized for issue in accordance with a resolution of the Board of Directors on March 25, 2021.

Note 2 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2020	2019
Cash on hand	132,767	132,768
Cash in banks	66,113,178	38,913,464
Cash equivalents	65,785,165	241,692,704
	132,031,110	280,738,936

For the purpose of presentation in the statement of cash flows, cash equivalents include short-term, highly liquid investments (e.g. time deposit placements) with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Deposits with banks and cash equivalents earn interest at prevailing market rates. Total interest income earned and interest receivable for the year ended and as at December 31, 2020 amounted to P893,387 and P3,364, respectively (2019 - P3,922,554 and P210,724, respectively) (Note 4).

The carrying amounts of the Company's cash and cash equivalents are generally denominated in Philippine Peso, US Dollar and Hong Kong Dollar. The Company's foreign currency denominated cash and cash equivalents as at December 31 are as follows:

	2020			2019		
	Foreign currency	Exchange rate	Peso Equivalent	Foreign currency	Exchange rate	Peso Equivalent
US Dollar	372,140	48.02	17,870,163	500,197	50.74	25,379,996
HK Dollar	2,000	6.39	12,780	2,000	6.52	13,040
			17,882,943			25,393,036

Realized and unrealized foreign exchange loss charged to income for the year ended December 31, 2020 amounted to P1,182,670 and P1,004,314, respectively (2019 - P719,559 and P1,809,141, respectively) (Note 17).

Note 3 - Financial assets at fair value through profit or loss

The account represents shares of stock of various publicly listed companies based on current bid prices in an active market (Level 1 valuation). Movements in the account for the years ended December 31 are as follows:

	Note	2020	2019
January 1		2,450,793	2,273,965
Gain on fair value adjustments (included in Miscellaneous)	17	1,000,154	176,828
December 31		3,450,947	2,450,793

Note 4 - Trade and other receivables, net

Trade and other receivables, net, as at December 31 consist of:

	Notes	2020	2019
Trade			
Rental - related parties	20	46,954,147	57,321,620
Rental - third parties		951,819	339,607
Non-trade			
Receivables from related parties	20	2,540,230,794	1,404,274,392
Advances to officers and employees		1,380,011	1,237,868
Interest	2	3,364	210,724
Others		4,508,258	7,460,277
		2,594,028,393	1,470,844,488
Allowance for impairment of non-trade receivables		(2,132,043)	(2,132,043)
		2,591,896,350	1,468,712,445

All receivables are expected to be collected within 12 months (current). They are carried at amortized cost which approximates fair value as of reporting date.

Trade receivables
Rent receivables are non-interest-bearing and pertain to rental fees charged to the Company's subsidiaries, an affiliate and third parties for the use of commercial and carpark spaces. The normal credit terms range from 30 to 60 days.

Receivables from related parties
Receivables from related parties comprise mainly advances for operating capital requirements or expenses paid by the Company on behalf of the related parties. Further information on this account is disclosed in Note 20.

Advances to officers and employees
This account represents noninterest-bearing cash advances that are settled via payroll deduction or expense liquidation.

Other non-trade receivables
These pertain to advances to suppliers and contractors, receivables from a government agency and the retirement fund. The carrying amounts of the Company's trade and other receivables are all denominated in Philippine Peso.

Note 5 - Properties held for sale

Properties held for sale consist of condominium units for sale in the ordinary course of business. Movements in properties held for sale for the years ended December 31 are as follows:

	2020	2019
January 1	13,395,279	15,862,779
Recognized cost of condominium units sold	(1,312,500)	(2,467,500)
December 31	12,082,779	13,395,279

Properties held for sale are stated at cost and no allowance for write-down is provided as at December 31, 2020 and 2019.

The cost of condominium units sold plus other directly attributable costs recognized as Cost and expense is shown in the statements of total comprehensive income.

Note 6 - Prepayments and other current assets

Prepayments and other current assets as at December 31 consist of:

	2020	2019
Creditable withholding tax	254,023,952	244,253,676
Input VAT	26,272,897	16,267,789
Prepaid expenses	1,789,833	2,505,181
	282,086,682	263,026,646

Prepaid expenses pertain to membership fees and dues, subscriptions and insurance.

Note 7 - Investments and advances

Investments and advances at December 31 consist of:

	Ownership %		Amount	
	2020	2019	2020	2019
Subsidiaries:				
Property development:				
Shang Properties Realty Corporation (SPRC)	100	100	950,036,621	950,036,621
Shang Wack Wack Properties, Inc. (SWWPI)	100	100	850,000,000	850,000,000
Shang Property Developers, Inc. (SPDI)	100	100	5,000,000	5,000,000
SPI Land Development, Inc.	100	-	1,000,000	-
SPI Property Developers, Inc.	100	-	1,000,000	-
SPI Property Holdings, Inc.	100	-	1,000,000	-
Leasing:				
KSA Realty Corporation (KSA)	70.04	70.04	4,333,249,902	4,333,249,902
Shangri-la Plaza Corporation (SLPC)	100	100	699,882,830	699,882,830
SPI Parking Services, Inc. (SPSI)	100	100	250,000	250,000
Real estate:				
KPPI Realty Corporation (KRC)	100	100	125,000,000	125,000,000
New Contour Realty, Inc. (NCRI)	100	100	50,000	50,000
Perfect Sites, Inc. (PSI)	100	100	250,000	250,000
Ivory Post Properties, Inc. (IPPI)	100	100	250,000	250,000
Shang Fort Bonifacio Holdings, Inc. (SFBHI)	100	100	500,000	500,000
Shang Global City Holdings, Inc. (SGCHI)	100	100	500,000	500,000
Martin B Properties, Inc. (MBPI)	100	100	400,000	400,000
Property management:				
KPPI Management Services Corporation (KMSC)	100	100	1,000,000	1,000,000
Shang Property Management Services, Inc. (SPMSI)	100	100	50,000	50,000
Other supplementary business:				
Gipsey, Ltd. (Gipsey)	100	100	2,095,810,078	2,095,810,078
EPHI Logistics Holdings, Inc. (ELHI)	100	60	900,000	900,000
Guidebo Properties, Inc.	60	100	62,500	62,500
Laguna Hills Property Ventures, Inc.	100	100	62,500	62,500
			9,066,254,431	9,063,254,431
Associate:				
Real estate:				
Ideal Sites and Properties, Inc. (ISPI)	40	40	250,000	250,000
Joint venture:				
Real estate:				
Shang Robinsons Properties, Inc. (SRPI)	50	50	1,317,778,398	1,121,482,600
Deposits for future share subscription, and advances to subsidiaries, associate, and joint venture			6,937,319,721	8,362,319,719
Allowance for impairment losses			(1,533,507,685)	(1,533,507,685)
			15,788,094,865	17,013,799,065

The following subsidiaries and associates are owned through:

(a) The Rise Development Company, Inc. (TRDCI) - A wholly owned subsidiary of KRC.
(b) Silver Hero Investments Limited (SHIL) - A wholly owned subsidiary of Gipsey.
(c) Shang Global City Properties, Inc. (SGCPI) - 59.4% owned by SGCHI and 0.6% owned by SFBHI. Both SGCHI and SFBHI are wholly owned subsidiaries of the Company.
(d) Sky Leisure Properties, Inc. (SLPI) - A wholly owned subsidiary of PSI.

Except for Gipsey and Silver Hero Investments Limited (SHIL), which were incorporated in the British Virgin Islands (BVI) and use Hong Kong Dollar (HK$) as their functional currency, all the other subsidiaries were incorporated and registered in the Philippines which use Philippine Peso as their functional currency.

The Company takes effective and absolute control over key decisions, operating strategies, and key policies of KSA, SGCPI, and ELHI. In compliance with the provisions of PAS 27, "Consolidated and Separate Financial Statements", investment in subsidiaries is accounted for using the cost method in these separate financial statements.

There has been no movement in the allowance for impairment losses as at December 31, 2020 and 2019.

There are no significant restrictions on the ability of the subsidiaries and associates to transfer cash assets, pay dividends or pay advances to the Company and between subsidiaries.

The summarized financial information of subsidiaries with significant non-controlling interest as at and for the year ended December 31, 2020 are as follows:

	KSA	SGCPI
Total current assets	820,027,926	558,370,087
Total non-current assets	10,668,871,953	9,076,570,849
Total assets	11,488,899,879	9,634,940,936
Total current liabilities	(616,029,103)	(1,486,150,528)
Total non-current liabilities	(2,744,250,925)	(1,290,233,352)
Total liabilities	(3,360,280,028)	(2,776,383,880)
Net assets	8,128,619,851	6,858,557,056
Non-controlling interest share in net assets	2,435,334,507	2,743,422,822
Revenue	1,435,989,656	1,081,762,155
Cost and expenses	(70,079,425)	(2,189,630,915)
Other expense	(1,081,116)	(204,824,327)
Income (loss) before provision for income tax	1,364,829,115	(1,312,693,087)
Income tax (expense) benefit	(263,035,391)	366,508,509
Net income (loss) for the year	1,101,793,724	(946,184,578)
Other comprehensive loss	(107,625)	(1,967,738)
Total comprehensive income (loss) for the year	1,101,686,099	(948,152,316)
Non-controlling interest share in total comprehensive income (loss) for the year	330,065,155	(379,260,926)

	KSA	SGCPI
Cash flows provided by (used in):		
Operating activities	1,141,854,238	(302,908,282)
Investing activities	(671,663)	(71,452,196)
Financing activities	(828,577,695)	146,159,927

The summarized financial information of subsidiaries with significant non-controlling interest as at and for the year ended December 31, 2019 are as follows:

	KSA	SGCPI
Total current assets	462,514,679	881,210,512
Total non-current assets	10,673,621,504	9,820,274,434
Total assets	11,136,136,183	10,701,484,946
Total current liabilities	(457,006,457)	(1,369,367,257)
Total non-current liabilities	(2,802,195,974)	(1,525,408,317)
Total liabilities	(3,259,202,431)	(2,894,775,574)
Net assets	7,876,933,752	7,806,709,372
Non-controlling interest share in net assets	2,359,929,352	3,122,683,749

	KSA	SGCPI
Revenue	1,429,812,199	3,701,852,718
Cost and expenses	(71,929,445)	(3,469,666,393)
Other income, net	89,508,516	(163,685,699)
Income before provision for income tax	1,447,391,270	68,500,626
Income tax expense	(279,232,769)	(25,143,078)
Net income for the year	1,168,158,501	43,357,548
Other comprehensive loss	(54,383)	(3,892,437)
Total comprehensive income for the year	1,168,104,118	39,465,111
Non-controlling interest share in total comprehensive income for the year	349,963,994	15,786,044

	KSA	SGCPI
Cash flows provided by (used in):		
Operating activities	1,247,497,746	979,260,721
Investing activities	(2,369,718)	(144,178,230)
Financing activities	(1,330,000,000)	(1,396,972,328)

The summarized financial information of the associate as at and for the years ended December 31 are as follows:

	2020	2019
Total current assets	1,712,445	905,385
Total non-current assets	1,294,783	1,463,653
Total assets	3,007,228	2,369,038
Total current liabilities	(6,938,557)	(5,957,681)
Total non-current liabilities	-	-
Total liabilities	(6,938,557)	(5,957,681)
Net assets	(3,931,329)	(3,588,643)
Revenue	16,218	118,452
Cost and expenses	(189,715)	(187,874)
Loss before income tax	(173,497)	(69,422)
Income tax benefit	14,810	8,080
Net loss	(158,687)	(61,342)
Other comprehensive loss	(183,681)	(9,419)
Total comprehensive loss	(342,368)	(70,761)
Cash flows provided by (used in):		
Operating activities	789,076	(20,260)
Investing activities	73,708	82,656

Investment in a joint venture

On March 22, 2018, the Company entered into a Joint Venture Agreement (the "Agreement") with Robinsons Land Corporation (RLC) for the construction and development of a property into a mixed-use condominium project (later known as Aurelia Residences). Within two (2) months from the effective date of the Agreement, the parties shall establish the joint venture company ("JVC") and shall execute the Articles and By-Laws of the JVC. On, May 23, 2018, the SEC approved the Certificate of Incorporation of the JVC, Shang Robinsons Properties, Inc. (SRPI). SRPI is jointly controlled by the Company and RLC, each holding 50% interest.

The authorized capital stock of SRPI is P3 billion divided into 3 billion common shares with par value of P1 per share.

On April 19, 2018, the Company subscribed and paid in full the amount of P1 billion equivalent to 1 billion common shares at P1 per share.

The registered office address of SRPI, which is also its principal place of business, is at Cyber Sigma, Lawton Avenue, Taguig City.

SRPI engages in: (i) the business of developing a property into a mixed-use development, (ii) the marketing and sale of the residential condominium units in the project, (iii) and the lease of serviced apartment units and/or commercial units in the project.

SRPI commenced operations in 2019 and had presold 37% of its Aurelia Residences condominium units. As at December 31, 2020, the Aurelia Residences Project is 7% complete (2019 - 3.21%). In 2020, the Company's share in net income of the joint venture amounted to P185,533,552 (2019 - P101,237,114).

In 2019, advances amounting to P1 billion were extended to SRPI. These advances mature on April 1, 2023 and bear interest at a rate of 4%. Interest income earned from these advances amounted to P62,777,778 in 2020 (2019 - nil).

Summarized financial information of the JVC as at and for the years ended December 31 are presented below:

	2020	2019
Summarized statements of financial position		
Current assets	9,050,807,444	9,080,241,934
Current liabilities	(3,850,530,594)	(3,164,578,330)
Non-current assets	521,597,386	317,765,929
Non-current liabilities	(3,167,337,600)	(4,049,960,000)
Net assets	2,554,536,636	2,183,469,533

	2020	2019
Summarized statements of total comprehensive income		
Gross revenue	929,357,646	493,523,933
Net income for the year	371,067,103	202,474,229
Other comprehensive income for the year	-	-
Total comprehensive income for the year	371,067,103	202,474,229

	2020	2019
Summarized statements of cash flows		
Operating activities	267,341,203	1,581,136,028
Investing activities	-	(1,289,885)
Financing activities	(659,553,876)	1,060,541,673

Critical accounting judgment - Assessing control over subsidiaries

The Company or its subsidiaries makes an assessment whether or not it controls an investee by considering all relevant facts and circumstances that indicates that the Company or its subsidiaries is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company has determined that it controls its subsidiaries.

Critical accounting judgment - Recoverability of investment and advances

The Company's investments and advances are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable.

Management believes that the current level of allowance for impairment losses as at December 31, 2020 and 2019 is sufficient to cover non-recoverable amount.

Significant accounting judgment - joint control assessment

Management has assessed that in the joint venture agreement, the contractual arrangement gives the investors control of the arrangement collectively, and decisions about the relevant activities require the unanimous consent of both entities, and therefore, joint control exists. Furthermore, the rights and obligations considering the structure and legal form of the arrangement indicates that the Company has rights to the net assets of SRPI and therefore, the arrangement is classified as a joint venture.

Note 8 - Investment properties

This account consists of properties that are either held for capital appreciation or for rental purposes or both. The Company's investment properties are carried at fair value.

Details of investment properties as at December 31 and their movements during the years are as follows:

	Land	Building	Total
January 1, 2019	11,270,822,390	540,866,814	11,811,689,204
Gain on fair value adjustment	1,445,898,813	-	1,445,898,813
Capitalized subsequent expenditure	500,500,000	470,794,670	971,294,670
December 31, 2019	13,217,221,203	1,011,661,484	14,228,882,687
Capitalized subsequent expenditure	-	336,798,152	336,798,152
December 31, 2020	13,217,221,203	1,348,459,636	14,565,680,839

The Company's investment properties in 2020 and 2019 consist of parcels of land, carpark building and condominium units. The land and carpark building are being leased out to subsidiaries and third parties.

On September 5, 2019, the Company acquired additional land in Mandaluyong City for a total contract price of P500,500,000. The land will be developed for future use as investment property.

As at December 31, 2020 and 2019, the fair values of the properties are based on valuations performed by an independent external appraiser duly certified by the management. The valuation models are in accordance with that recommended by the International Valuation Standards Committee. The fair value of the condominium units is based on internal appraisals.

The Company has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The current use of these properties is their highest and best use.

The following table presents the valuation techniques and unobservable key inputs used to value the Company's land property:

Property	Fair value as at December 31, 2020	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability -weighted average)	Relationship of unobservable inputs to fair value
Land where the main wing and east wing of Shangri-La Plaza mall is located	P5,871,373,900 (2019 - P5,871,373,900)	Direct income capitalization	Rental value	P1,700 per square meter (2019 - P1,700)	The higher the rental value and occupancy rate, the higher the fair value.
			Occupancy rate	96% (2019 - 96%)	
			Expense-revenue ratio	23% (2019 - 23%)	The higher the expense- revenue ratio and discount rate, the lower the fair value.
			Discount rate	12% (2019 - 12%)	

The fair value of the land property where the Shangri-La Plaza mall is located is calculated using the direct income capitalization approach (Level 3). In applying the direct income capitalization approach, the stabilized net operating income (NOI) of each property is divided by an appropriate capitalization rate. Discount rate is based on actual location, size and quality of the property and taking into account any available market data at the valuation date. Stabilized NOI is computed at revenue less property operating expenses adjusted for items such as average lease up costs, long-term vacancy rates, non-recoverable capital expenditures, management fees, straight-line rents and other non-recurring items.

Generally, an increase in stabilized NOI will result in an increase in the fair value of an investment property. An increase in the discount rate will result in a decrease in the fair value of an investment property. The discount rate magnifies the effect of a change in stabilized NOI, with a lower discount rate resulting in a greater impact of a change in stabilized NOI than a higher discount rate.

The following are the significant unobservable inputs:

- Rental value average rental rate per square meter paid by tenants based on the asking price in the market;
- Discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
- Occupancy rate based on current and expected future market conditions after expiry of any current lease; and
- Expense - revenue ratio total direct operating expenses for the entire property based on budget.

The fair values of the Company's other land properties and carpark building are determined using the market comparison approach (Level 2). Under the market comparison approach, a property's fair value is estimated based on comparable transactions adjusted for bargaining allowance, marketability, location, size and terrain. The market comparison approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. The unit of comparison applied by the Company is the price per square meter (sqm).

The amounts recognized in the statements of total comprehensive income for investment properties for the years ended December 31 are as follows:

	2020	2019
Rental revenue	83,136,766	249,930,202
Direct operating expenses	(18,191,051)	(18,554,878)
Profit arising from investment properties carried at fair value	64,945,715	231,375,324

Direct operating expenses include real property taxes and expenses related to carpark operation.

There is no restriction on the Company's title on investment properties and no investment properties were pledged as security for liabilities.

Critical accounting estimate - determination of fair values of investment properties

The fair values of investment properties are determined by independent real estate valuation experts using recognized valuation techniques. In some cases, fair values are determined based on recent real estate transactions with similar characteristics and in the location of those of the Company's assets. In the absence of such information, the Company determines the amount within a range of reasonable fair value estimates. In making its judgment, the Company considers information from a variety of sources including:

a) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

b) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

c) stabilized net operating income based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using pre-tax discount rates that reflect current market assessments of the uncertainty in the amounts and timing of the cash flows.

The Company also considers whether there are significant changes in market and property conditions in assessing the fair value of investment properties

The significant method and assumptions used by the appraisers in estimating fair values of investment properties are disclosed above. The fair values, which are also the values of investment properties as at December 31, 2020 and 2019 are disclosed above.

Fair value gain on investment properties represent significant amounts both in value of property and income. Any +/- 1% change in (assumption) increases/decreases total assets and income before tax by P142.27 million (2019 - P142.27 million).

Critical accounting judgment - Distinction between properties held for sale, investment properties, and property and equipment

The Company determines whether a property is to be classified as a property held for sale, an investment property, or property and equipment through the following:

- Properties held for sale comprise properties that are held for sale in the ordinary course of business. These are condominium units that the Company acquired or developed and intends to sell.
- Investment properties comprise land and buildings which are not occupied, substantially for use by, or in the operations of, nor for sale in the ordinary course of business of the Company, but are held primarily to earn rental income or capital appreciation.
- Property and equipment generate cash flows that are attributable not only to them but also to the other assets used in the operations of the Company.

In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by the Company.

Some properties comprise a portion that is to earn rentals or for capital appreciation and another portion that is held for use in the operation or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as an investment property only if an insignificant portion is held for use in the operation or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Company considers each property separately in making its judgment.

Note 9 - Financial assets at fair value through other comprehensive income, net

Financial assets at fair value through other comprehensive income (FVOCI), net at December 31, consist of:

	2020	2019
Unquoted securities	78,349,278	78,349,278
Quoted securities	7,551,515	7,551,515
Acquisition cost	85,900,793	85,900,793
Cumulative changes in fair value	101,182,849	107,282,849
Fair value at December 31	187,083,642	193,183,642

Unquoted equity securities include unlisted shares of stock which are measured at fair value. The fair values of the unquoted equity securities are based on the net asset value of the underlying assets which are mainly investment properties consisting of land and buildings measured and carried at fair value of underlying assets. The fair value measurements have been categorized as Level 3 with the following significant unobservable inputs in the computation of the fair value of investment properties: (1) rental value average rental rate, (2) discount rates, (3) occupancy rate, (4) expense - revenue ratio, and (5) comparable transactions adjusted for bargaining allowance, marketability, location, size and terrain. The net asset value per share of unquoted equity securities ranges from P1,043 per share to P465,054 per share.

In 2019, the Company sold its unquoted equity securities at cost of P66,500. None was sold in 2020.

The quoted equity securities consist of investments in various golf club shares and stocks. These are carried at fair values which are based on the quoted market prices (Level 1) as at the reporting date.

The Company wrote-off quoted equity securities in 2019 with cost of P1,550,000 and cumulative changes in fair value of P1,270,000. There were no similar transactions during 2020. (Note 17)

The cumulative changes in fair values of unquoted and quoted equity shares are presented as part of other comprehensive income in the statements of financial position.

The movements in the cumulative changes in fair value of financial assets at FVOCI for the years ended December 31 are as follows:

	2020	2019
January 1	93,435,172	73,682,022
(Loss) gain on fair value adjustment	(6,100,000)	21,969,000
Derecognition	-	1,270,000
	87,335,172	96,921,022
Deferred income tax effect	915,000	(3,485,850)
December 31	88,250,172	93,435,172

Note 10 - Property and equipment, net

Details of property and equipment, net, as at December 31 and their movements during the years are as follows:

	Building improvements	Leasehold improvements	Transportation equipment	Furniture, fixtures and other equipment	Total
Cost					
January 1, 2019	38,124,240	62,816,521	40,972,692	37,659,606	179,573,059
Additions	4,634,794	4,634,287	7,259,821	2,661,850	19,190,752
Disposals	-	-	(5,668,473)	-	(5,668,473)
December 31, 2019	42,759,034	67,450,808	42,564,040	40,321,456	193,095,338
Additions	1,299,895	3,540,090	-	6,841,555	11,681,540
December 31, 2020	44,058,929	70,990,898	42,564,040	47,163,011	204,776,878
Accumulated depreciation					
January 1, 2019	20,017,886	16,605,141	27,567,352	31,808,350	95,998,729
Depreciation	1,310,354	10,158,636	4,921,938	3,672,553	20,063,481
Disposals	-	-	(5,668,471)	-	(5,668,471)
December 31, 2019	21,328,240	26,763,777	26,820,819	35,480,903	110,393,739
Depreciation	1,310,354	10,856,804	5,426,639	3,603,232	21,197,029
December 31, 2020	22,638,594	37,620,581	32,247,458	39,084,135	131,590,768
Net book values at					
December 31, 2019	21,430,794	40,687,031	15,743,221	4,840,553	82,701,599
December 31, 2020	21,420,335	33,370,317	10,316,582	8,078,876	73,186,110

As at December 31, 2020, the Company has fully depreciated property and equipment still in use with acquisition cost of P62,881,957 (2019 - P57,361,489).

There are no restrictions on the Company's title on property and equipment and no property and equipment pledged as security for liabilities.

Critical accounting estimate - Useful lives of property and equipment

The useful life of each item of the Company's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimate is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment or investment property would increase the recorded operating expenses and decrease non-current assets.

In 2020 and 2019, there were no changes in the estimated useful lives of property and equipment and investment properties. As at December 31, 2020, property and equipment have a carrying value of P73,186,110 (2019 - P82,701,599).

Critical accounting judgment - Impairment of non-financial assets

The Company reviews its non-financial assets for any indicator of impairment in value. This includes considering certain factors such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. If indicators of impairment have been identified, the Company determines the recoverable amount of the asset, which is the higher of the asset's fair value less costs to sell and value in use.

Given historical profitable operations and profit projections, the Company has assessed that there are no impairment indicators with respect to the non-financial assets as at December 31, 2020 and 2019.

Note 11 - Other non-current assets

Other non-current assets as at December 31 consist of:

	2020	2019
Restricted fund	887,888,000	422,000,000
Deposit to contractors	19,212,500	47,980,912
Refundable deposits	966,424	986,424
	908,066,924	470,967,336

Restricted fund
On December 12, 2019, the Company set aside funds amounting to P422,000,000 representing the first installment for a 50% share in an investment. In 2020, the Company set aside additional funds amounting to P465,888,000 for the second installment.

Deposit to contractors
Deposit to contractors as at December 31, 2020 pertains to cash paid by the Company for the construction of SPI tower.

Refundable deposits
Refundable deposits are cash paid by the Company for deposits to utility companies which are expected to be returned after a specified period, or when certain conditions are satisfied.

Note 12 - Accounts payable and other current liabilities

Accounts payable and other current liabilities as at December 31 consist of:

	Notes	2020	2019
Trade			
Accounts payable		32,086,730	13,436,215
Accrued expenses		33,204,761	49,244,119
Payable to contractors and suppliers		44,347,825	44,347,825
Accrued interest	13	11,781,241	17,798,369
Non-trade			
Payable to related parties	20	2,075,061,652	1,901,188,067
Retention payables to contractors		12,905,708	10,666,850
Payable to regulatory agencies		7,881,171	11,811,907
Output value added tax (VAT)		2,488,936	5,972,522
Others		4,303,536	4,055,418
		2,224,061,560	2,058,521,292

Accounts payable and accrued expenses are non-interest bearing and are normally settled within 30 to 60 days and within the next financial year, respectively.

Payable to contractors and suppliers represents progress billings from various contractors for the material and labor costs incurred to date with normal credit terms of 30 to 60 days, but may go beyond as agreed.

Output VAT represents tax due and payable after deducting the corresponding input VAT.

Accrued expenses consist of accruals for advertising and promotions, insurance, other employee benefit related cost and other general and administrative expenses. Others pertain mainly to taxes, insurance and statutory contributions payable to Social Security System ("SSS"), Home Development Mutual Fund ("HDMF") and Philippine Health Insurance Corporation ("Philhealth").

Note 13 - Bank loans

Bank loans as at December 31 are as follows:

	2020	2019
Current portion	4,233,333,334	3,553,333,333
Non-current portion	-	933,333,334
	4,233,333,334	4,486,666,667

Movements in the bank loans as at December 31 are as follows:

	2020	2019
January 1	4,486,666,667	3,300,000,000
Additions	2,100,000,000	3,145,000,000
Payments	(2,353,333,333)	(1,958,333,333)
December 31	4,233,333,334	4,486,666,667

On July 30, 2012, the Company obtained a 10-year loan facility from a local bank amounting to P5.00 billion. This amount is payable in 24 equal quarterly installments, commencing on the 17th quarter from the initial borrowing date at a fixed interest rate of 4.00% per annum for the three (3) years effective September 17, 2015.

On July 31, 2018, the Company obtained another 6-month loan from a local bank amounting to P500 million payable on January 31, 2019 at a fixed rate at 4.50% per annum. On January 31, 2019, the loan was extended for 6 months payable on July 31, 2019. On July 31, 2019, the Company paid the entire amount of the loan.

The loan agreement requires the Company to comply with certain covenants and financial ratios until the loans are fully paid. Failure to comply with the covenants will render the full amount of loans due and demandable. As at December 31, 2019, the Company is fully compliant with the loan covenants.

As at December 31,2020, the Company has not reached the debt-service coverage ratio requirement specified in the loan agreement. The Company, however, was able to secure a waiver from the bank on the immediate declaration of the loan as due and demandable.

Total drawdown from the above facility amounted to P3.70 billion as at December 31, 2020 and 2019. As at December 31, 2020, the outstanding balance of the loan amounted to P933 million (2019 - 1.47 billion).

The Company availed of the following short-term loans which are payable within a period of 12 months:

Payment term	Starting date	Maturity date	Interest rate	Extension	Loan amount	Outstanding Balance as of December 31, 2020	Outstanding Balance as of December 31, 2019
2020							
3 months	8-May-20	6-Aug-20	4.75%	No extension period	200,000,000	-	-
3 months	10-Jun-20	8-Sep-20	4.50%	No extension period	200,000,000	-	-
3 months	24-Jun-20	22-Sep-20	4.50%	Extended until March 21, 2021	200,000,000	200,000,000	-
3 months	11-Sep-20	10-Dec-20	3.75%	Extended until March 10, 2021	200,000,000	200,000,000	-
3 months	11-Sep-20	10-Dec-20	3.75%	Extended until March 10, 2021	200,000,000	200,000,000	-
3 months	6-Oct-20	4-Jan-21	3.70%	No extension period	400,000,000	400,000,000	-
3 months	12-Nov-20	10-Feb-21	3.50%	No extension period	250,000,000	250,000,000	-
3 months	10-Dec-20	10-Mar-21	3.50%	No extension period	450,000,000	450,000,000	-
Sub-total					2,100,000,000	1,700,000,000	-
2019							
6 months	14-Jun-19	11-Dec-19	5.75%	Extended until June 30, 2020	1,000,000,000	-	1,000,000,000
6 months	28-Mar-19	24-Sep-19	6.00%	Extended until March 17, 2021	1,100,000,000	1,100,000,000	1,100,000,000
6 months	1-Aug-19	28-Jan-20	5.40%	No extension period	125,000,000	-	-
6 months	14-Aug-19	10-Feb-20	5.30%	No extension period	170,000,000	-	170,000,000
3 months	7-Oct-19	6-Jan-20	4.75%	No extension period	250,000,000	-	250,000,000
3 months	11-Dec-19	10-Mar-20	4.15%	Extended until January 7, 2021	500,000,000	500,000,000	500,000,000
Sub-total					3,145,000,000	1,600,000,000	3,020,000,000
Total						3,300,000,000	3,020,000,000

The repayments of the total loans as at December 31 are scheduled as follows:

Year	2020	2019
2020	-	3,553,333,333
2021	4,233,333,334	533,333,333
2022	-	400,000,001
	4,233,333,334	4,486,666,667

Interest expense charged to profit or loss amounted to P46,199,930 in 2020 (2019 - P104,993,758) as shown in the statements of total comprehensive income.

Movements in the accrued interest recorded as accrued interest under accounts payable and other current liabilities account for the years ended December 31 are as follows:

	Note	2020	2019
January 1		17,798,369	18,737,135
Interest expense		46,199,930	104,993,758
Payments		(52,217,058)	(105,932,524)
December 31	12	11,781,241	17,798,369

Note 14 - Equity

(a) Share capital, share premium and treasury shares

Details of share capital and share premium at December 31, 2020 and 2019 are as follows:

	Shares	Amount
Authorized, at P1 par value per share		
Common shares	8,000,000,000	8,000,000,000
Issued and outstanding shares		
Common shares	4,764,058,982	4,764,058,982
Share premium	1,210,073,869	1,210,073,869
	5,974,132,851	5,974,132,851

In 2007, the Board of Directors approved the redemption of 2,140,645 common shares at redemption price of P3.20 per share or a total of P6,850,064 and the amount is presented as treasury shares in the statements of financial position.

(b) Retained earnings

As at December 31, 2020, total unrestricted retained earnings amounted to P18,048,427,321 (2019 - P17,460,971,793). The Company's unrestricted retained earnings exceeded its share capital by P12,074,294,470 (2019 - P11,486,838,942). The excess retained earnings include accumulated fair value gain of P9,868,058,867 (2019 - P9,868,058,867) which are not considered available for dividend declaration. The management of the Company plans to use the excess retained earnings to support the Company's working capital requirements, planned business growth and expansion strategies. Further the Company annually declares dividends in compliance with SEC Memorandum Circular No. 11, Series of 2008.

The Company's Board of Directors approved the declaration of the following cash dividends for the years ended December 31 and until the approval of these financial statements:

Date of declaration	Shareholders of record as at	Payment date	Total	Per share
2021				
March 25	April 9	April 16	380,953,467	0.080
2020				
April 1	April 17	May 12	535,715,813	0.113
August 20	September 8	September 24	209,524,305	0.044
			745,240,118	0.157
2019				
March 6	March 21	March 29	502,382,385	0.106
September 16	September 30	October 10	333,334,164	0.070
			835,716,549	0.176

As at December 31, 2020, dividends payable amounting to P52,609,087 (2019 - P47,544,516) presented in the statements of financial position pertain to dividends declared by the Company to its shareholders.

(c) Earnings per share

Basic and diluted earnings per share, which are the same due to absence of dilutive potential common shares, for the years ended December 31 are as follows:

	2020	2019
Net income for the year	1,332,695,646	2,719,404,296
Weighted average number of shares outstanding	4,761,918,337	4,761,918,337
Earnings per share	0.28	0.57

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating, complies with externally imposed capital requirements, and maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. There were no changes in the Company's strategies and policies during 2020 and 2019.

The Company monitors capital using a gearing ratio, which is net debt, including long-term loan less cash and cash equivalents, divided by capital. Capital pertains to total equity. The gearing ratio as at December 31 is presented below:

	2020	2019
Net debt		
Bank loans	4,233,333,334	4,486,666,667
Less: Cash and cash equivalents	132,031,110	280,738,936
	4,101,302,224	4,205,927,731
Total equity	24,072,921,162	23,495,621,695
Gearing ratio	17.04%	17.90%

The Company was able to meet its capital management objectives.

Loan covenants

Under the terms of the major borrowing facilities, the Company is required to comply with certain financial covenants. Details of the Company's compliance with these covenants are disclosed in Note 13.

Note 15 - Staff costs

The components of staff costs for the years ended December 31 are as follows:

	Note	2020	2019
Salaries and wages		225,651,686	293,838,648
Employee benefits		16,228,801	22,895,420
Retirement benefit expense	18	14,903,238	9,793,557
Others		4,007,344	9,803,323
		260,791,069	336,330,948

Note 16 - Other operating expenses

The components of other general and administrative expenses for the years ended December 31 are as follows:

	Note	2020	2019
Professional fees		60,958,369	58,888,547
Carpark expense		6,112,037	6,542,921
Rent	22	4,714,888	4,610,159
Janitorial, security and other services		4,466,601	3,528,873
Repairs and maintenance		3,931,430	4,595,386
Utilities		2,799,417	3,160,996
Supplies		2,654,474	2,015,156
Telephone and communication		2,065,062	3,289,528
Membership fees and dues		1,811,395	2,650,600
Transportation and travel		1,316,599	6,639,281
Insurance		1,307,611	1,057,721
Entertainment, amusement and recreation		519,371	1,889,783
Condominium dues		476,332	1,286,796
Reproduction charges		529,398	653,920
Donations		419,758	5,500,000
Others		3,141,438	3,297,291
		97,224,180	109,606,958

Taxes and licenses pertaining to payment of business taxes, permits, real property taxes and other taxes incurred by the Company in 2020 amounted to P39,699,950 (2019 - P48,103,735) as shown in the statements of total comprehensive income.

Note 17 - Miscellaneous

The components of this account for the years ended December 31 are as follows:

	Notes	2020	2019
Management fees	20	42,485,252	125,353,654
Income from release of pension liability due to transfers	18	1,545,157	-
Gain on fair value adjustments of financial assets at FVTPL	3	1,000,154	176,828
Gain on sale of property and equipment		-	1,050,726
Bank charges		(335,406)	(519,836)
Foreign exchange loss, net	2	(2,186,984)	(2,528,700)
Loss on write-off of financial assets at FVOCI	9	-	(1,550,000)
Write-off of receivable from retirement fund		(4,764,655)	-
Others		1,607	(295,376)
		37,745,125	121,687,296

The Company incurred a loss amounting to P4,764,655 in 2020 arising from write off of receivables from paid retirement benefits out of its operating fund in the previous years.

Note 18 - Retirement benefit asset

The Company has a funded, noncontributory defined benefit plan, providing death, disability and retirement benefits for all of its regular employees. Under the plan, the normal retirement age is 60 years old and completion of at least five years of service. Normal retirement benefit consists of a lump sum benefit equivalent to 100% of the employee's final pay for every year of service.

The funds are administered by a trustee bank under the supervision of the Company's Treasury Department (Treasury). The management is responsible for investment of the assets. It defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes into account the plans objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (investment policy).

The retirement benefit obligation is determined using the "Projected Unit Credit Cost" (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined as the amount necessary to provide for the portion of the retirement benefit accruing during the year.

The actuarial present value of the retirement benefit obligation under the plan is measured in terms of actuarial assumptions for discount rate, salary increases, retirement rates and mortality using the 2019 Philippine Intercompany Mortality Table. The discount rates used is a single weighted average rate based on rates as published in the Bankers Association of the Philippines Peso Bloomberg Valuation (PHP BVAL) at various tenors as at December 31, 2020. Rate for intermediate durations were interpolated. The rates were then weighted by the expected benefit payments at those durations to arrive at the single weighted average discount rate.

The plan typically exposes the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

a) Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan's investments are in the form of investments in debt instruments and cash deposits to universal and commercial banks. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets is invested in investments in debt instruments and cash deposits to universal and commercial banks.

b) Interest rate risk

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using single weighted average rate based on PHP-BVAL rates. A decrease in rate will increase the defined benefit obligation. Hence, the present value of defined benefit obligation is directly affected by the discount rate to be applied by the Company. However, the Company believes that due to the long-term nature of the pension benefit obligation, the investment holdings of the plan is an appropriate element of the Company's long-term strategy to manage the plan efficiently.

c) Longevity risk

The present value of the defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the retirement benefit obligation.

d) Salary risk

The present value of the defined benefit plan obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the retirement benefit obligation.

Management performs an Asset-Liability Matching Study (ALM) annually. The overall investment policy and strategy of the Company's defined benefit plan is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay retirement benefits as they fall due while also mitigating the various risk of the plan. The Company's current strategic investment strategy consists of 45.76% treasury investments, 14.52% corporate investments, 22.98% equity securities, 16.70% money market deposits and trust funds and 0.04% cash.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Company has changed its fund management in 2019 and has changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

The Company's plan assets consist of investment in debt and equity instruments, money market deposits and trust funds, and cash in banks. The Company believes that equities offer the best returns over the long term with an acceptable level of risk.

The actuarial valuation of the Company's retirement plan was performed by an independent actuary. The latest actuarial valuation report prepared was for the year ended December 31, 2020. The principal assumptions used by the actuary for the years ended December 31 are as follows:

	2020	2019
Discount rate	3.31%	4.63%
Salary increase rate	3.00%	4.00%

The details of the retirement benefit (liability) asset and expense as at and for the years ended December 31 are as follows:

	2020	2019
Retirement benefit (liability) asset	(13,316,584)	6,127,631
Retirement benefit expense	14,903,238	9,793,557

The amounts of retirement benefit (liability) asset recognized in the statements of financial position are determined as follows:

	2020	2019
Fair value of plan assets	95,300,363	108,364,884
Present value of defined benefit obligation	(108,616,947)	(102,237,253)
Retirement benefit (liability) asset	(13,316,584)	6,127,631

The movements in the remeasurement loss on defined benefit plan under other comprehensive loss for the years ended December 31 are as follows:

	2020	2019
January 1	(37,240,083)	(38,070,043)
Remeasurements	(7,101,515)	829,960
	(44,341,598)	(37,240,083)
Deferred income tax effect	13,302,480	11,172,026
December 31	(31,039,118)	(26,068,057)

The components of retirement expense for the years ended December 31 recognized in the statements of total comprehensive income are as follows:

	Note	2020	2019
Current service cost		15,361,761	10,404,722
Net interest cost		(458,523)	(611,165)
Retirement benefit expense	15	14,903,238	9,793,557

Changes in the present value of the defined benefit obligation for the years ended December 31 are as follows:

	2020	2019
January 1	102,237,253	87,757,761
Net interest cost	3,946,868	4,971,848
Current service cost	15,361,761	10,404,722
Benefits paid by the Company from operating funds	(1,015,381)	(1,746,768)
Benefits paid by the Company from retirement funds	(17,642,699)	-
Remeasurement losses (gains) from:		
Experience adjustments	6,358,871	(4,580,792)
Changes in financial assumptions	915,431	5,430,482
Released obligation due to employee transfers	(1,545,157)	-
December 31	108,616,947	102,237,253

Changes in the fair value of plan assets for the years ended December 31 are as follows:

	2020	2019
January 1	108,364,884	89,976,407
Interest income	4,405,391	5,583,013
Return on plan assets	172,787	1,679,650
Contributions	-	12,872,582
Benefits paid from plan assets	(17,642,699)	(1,746,768)
December 31	95,300,363	108,364,884

Apart from the benefit payments to certain qualified employees advanced by the Company and the contributions to the plan for the years ended December 31, 2020 and 2019, the Company had no other transactions with the plan.

Details of plan assets as at December 31 are as follows:

	2020	2019
Cash in banks	29,821	47,046
Investments in debt instruments:		
Treasury notes and bonds	49,253,236	49,593,592
Corporate notes and bonds	7,542,873	15,734,602
Investments in equity instruments	26,188,270	24,892,867
Money market deposits and trust funds	12,286,163	18,096,777
	95,300,363	108,364,884

At December 31, 2020 and 2019, the Company's plan assets (investment in equity and debt instruments) are determined by reference to published price quotations in an active market (classified as Level 1 in the fair value hierarchy).

There are no plan assets invested in related parties as at and for the years ended December 31, 2020 and 2019.

Expected contribution to post-employment benefit plans for the year ending December 31, 2020 amounts to P14,959,712.

The weighted average duration of the defined benefit obligation is 9.32 years.

Expected maturity analysis of undiscounted retirement benefits as at December 31 are as follows:

	2020	2019
Less than a year	23,485,285	33,983,469
Between 1 and 5 years	62,726,422	55,429,579
Between 5 and 10 years	69,090,034	50,663,483
Over 10 years	135,457,778	159,885,688
	290,759,519	299,962,219

Critical accounting estimate - Determining retirement benefit obligation

The Company maintains a qualified defined benefit retirement plan. The calculations of retirement costs of the Company are dependent upon the use of assumptions, including discount rates, expected return on plan assets, interest cost, future salary increases, benefits earned, mortality rates, the number of employee retirements, the number of employees electing to take lump-sum payments and other factors.

Actual results that differ from assumptions are accumulated and amortized over future periods and, therefore, generally affect recognized expense and the recorded obligation in future periods. While the Company believes that the assumptions used are reasonable, differences in actual experience or changes in assumptions may materially affect the Company's retirement obligation and future expense.

In determining the long-term rates of return, the Company considers the nature of the plans' investments, an expectation for the plans' investment strategies, historical rates of return and current economic forecasts. The Company evaluates the expected long-term rate of return annually and adjusts such rate as necessary.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as follows:

	Increase (decrease)	
	2020	2019
Discount rate		
Increase by 1.0%	(103,596,478)	(98,173,136)
Decrease by 1.0%	114,248,181	106,777,729
Salary increase rate		
Increase by 1.0%	114,832,051	107,358,597
Decrease by 1.0%	(102,966,713)	(97,558,484)

The sensitivity is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit asset recognized within the statements of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to prior years.

Note 19 - Income taxes

The components of income tax expense for the years ended December 31 follows:

	2020	2019
Current	2,139,701	7,139,458
Deferred	14,832,086	357,780,509
	16,971,787	364,919,967

Deferred income tax assets and liabilities as at December 31 consist of:

	2020	2019
Deferred income tax assets:		
Minimum corporate income tax (MCIT)	7,139,458	7,139,458
Accrued expenses	12,686,685	14,489,025
Unamortized past service cost	8,621,445	6,490,989
Allowance for impairment of receivables	639,613	639,613
Net operating loss carry over (NOLCO)	76,861,658	76,861,658
	105,948,859	105,620,743
Deferred income tax liabilities:		
Unrealized gain on cumulative fair value adjustments of		
Investment properties	4,021,055,182	4,021,055,182
Interest income from advances to related parties	18,833,333	-
Financial assets at FVOCI	14,054,103	14,969,103
Retirement benefit asset	(2,145,693)	3,683,342
Unrealized foreign exchange gain	301,294	275,844
	4,052,098,219	4,039,983,471
Net deferred income tax liabilities	3,946,149,360	3,934,362,728

Realization of the future tax benefits related to the deferred income tax assets is dependent on many factors, including the Company's ability to generate taxable income in the future. The unrecognized deferred income tax assets as at December 31 consist of:

	2020	2019
MCIT	2,139,701	-
NOLCO	143,629,496	91,303,712
Unrecognized deferred tax assets	87,894,267	3,934,362,728

Movements in net deferred income tax liabilities for the years ended December 31 are as follows:

	2020	2019
January 1	(3,934,362,728)	(3,572,847,382)
Charged to profit or loss	(14,832,086)	(357,780,509)
Credited (charged) to other comprehensive income	3,045,454	(3,734,837)
December 31	(3,946,149,360)	(3,934,362,728)

The details of deferred income tax assets on NOLCO at December 31 are as follows:

Year incurred	Year of expiry	2020	2019
2016	2019	-	82,401,766
2017	2020	146,790,411	146,790,411
2018	2021	157,555,295	157,555,295
2019	2022	256,205,528	256,205,528
2020	2025	321,209,689	-
		881,760,923	642,953,000
Expired		(146,790,411)	(82,401,766)
Total		734,970,512	560,551,234
At 30% tax rate		220,491,154	168,165,370

In compliance with the Tax Reform Act of 1997, the Company is required to pay the MCIT or the normal income tax, whichever is higher. The details of the MCIT that can be carried forward on an annual basis and credited against normal income tax payable within three (3) immediately succeeding years from the period when the MCIT was paid.

Year incurred	Year of expiry	2020	2019
2016	2019	-	4,289,203
2019	2022	7,139,458	7,139,458
2020	2023	2,139,701	-
		9,279,159	11,428,661
Expired		-	(4,289,203)
		9,279,159	7,139,458

A reconciliation of the income tax expense computed at the statutory income tax rate and the effective income tax expense as shown in the profit or loss for the years ended December 31 is as follows:

	2020	2019
Income tax at the statutory income tax rate	404,900,230	925,297,279
Adjustments resulting from:		
Unrecognized NOLCO and MCIT	98,502,608	-
Expired MCIT	-	4,289,203
Other non-deductible expenses	1,909,835	917,953
Derecognition of fair value of equity investments at FVOCI	1,429,397	465,000
Gain on fair value adjustment of financial assets at FVTPL	(300,046)	(53,049)
Interest income subjected to final tax rate	(268,016)	(1,159,100)
Share in net income from joint venture	(55,660,066)	(30,371,134)
Dividend income	(433,542,155)	(534,466,185)
Effective income tax expense	16,971,787	364,919,967

Critical accounting judgment - Income tax

A certain degree of judgment is required in determining the provision for income taxes, as there are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Company recognizes liabilities for tax audit issues when it is probable. The liabilities are based on estimates whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Further, the Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces them to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Event after reporting date

Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)

The Bicameral Conference Committee, under the 18th Congress of the Philippines, approved the reconciled version of the House Bill No. 4157 and Senate Bill No.1357 or the CREATE. The Committee report on CREATE was ratified by the Senate and House of Representatives on February 3, 2021. Among the salient provisions of CREATE include changes to the Corporate Income Tax (CIT) as follows:

- Reduction of CIT rate to 20% applicable to domestic corporations with total net taxable income not exceeding P5 million and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated);
- Reduction of CIT rate to 25% shall be applicable to all other corporations subject to regular CIT; and
- Minimum corporate income tax (MCIT) rate shall also be amended to 1%, instead of 2%, for the period beginning July 1, 2020 until June 30, 2023.

As at December 31, 2020, the CREATE bill is still pending ratification by both the Philippine Congress and Senate, and consequently pending approval of the President of the Republic of the Philippines. As such, the Company has assessed that the proposed tax law is not enacted or substantively enacted as at December 31, 2020. For financial reporting purposes, the enactment of CREATE after the reporting date is deemed non-adjusting subsequent event.

Had the reduced CIT rates been applied on the December 31, 2020 financial statements of the Company, the reduced income tax rate would have resulted in lower deferred tax liabilities, net, lower in income tax expense, and higher net income. As at report date, an estimate of the financial effect of the CREATE law cannot be made yet.

Note 20 - Related party transactions

In the normal course of business, the Company transacts with related parties. The following are the significant transactions and outstanding balances with related parties as at and for the years ended December 31:

	2020		2019		
	Transactions	Outstanding receivables (payables)	Transactions	Outstanding receivables (payables)	Terms and conditions
Subsidiaries					
Rental income (a)	52,423,793	40,533,905	143,976,651	26,529,292	Balances to be collected in cash and are due generally within 60 days. These are non-interest bearing and are not covered by any security.
Management fees (b)	20,853,358	70,891,347	105,670,390	50,741,698	Balances to be collected in cash and are due generally within 30 days. These are non-interest bearing and are not covered by any security.
Administrative recharges by the Company	279,153,265	213,018,943	188,789,761	88,465,011	
Dividend income	1,433,340,000	68,000,000	1,781,548,010	49,000,000	
Advances	(150,000,000)	(1,720,000,000)	170,000,000	(1,570,000,000)	Balances are to be settled in cash and are generally due within 30 days. These balances are non-interest bearing and not covered by any guarantee.
Administrative recharges to the Company	51,112,458	(353,332,634)	62,919,206	(327,066,687)	
Rental expense (d)	4,714,888	(1,216,394)	4,610,159	(3,498,494)	
Entities under common control					
Rental income (a)	26,154,458	6,420,242	100,961,283	30,792,328	Balances to be collected in cash and are due generally within 60 days. These are non-interest bearing and are not covered by any security.
Dividend income	11,797,500	16,939,500	-	5,142,500	Balances to be collected in cash and are due generally within 30 days from date of declaration. These are non-interest bearing and are not covered by any security.
Advances (c)	842,076,000	1,986,263,554	-	1,144,187,554	Balances are to be collected in cash and are generally due within 30 days. These balances are non-interest bearing and not covered by any guarantee.
Management fees (b)	21,631,894	53,047,161	19,683,264	2,978,436	
Administrative recharges by the Company	257,155,917	132,070,289	62,163,810	63,759,193	
Administrative recharges to the Company	174,792	(512,624)	3,974,481	(622,886)	Balances are to be settled in cash and are generally due within 30 days. These balances are non-interest bearing and not covered by any guarantee.
Condominium dues (e)	476,332	-	1,286,796	-	
Retirement fund					
Contributions	-	-	12,872,582	-	Refer to Note 18.
Key management personnel					
Salaries and other short-term employee benefits	69,888,564	-	45,453,358	-	Salaries and wages are settled in cash at the period incurred. Other short-term benefits are payable within the current year. There were no stock options or other long-term benefits provided in 2020 and 2019 nor amounts due to/from key management personnel as at December 31, 2020 and 2019.
Post-employment benefits	4,677,699	-	4,723,941	-	Refer to Note 18.

Significant agreements with related parties are as follows:

a) The Company has the following rental agreements with its subsidiaries and affiliate:

- A portion of the Company's land where the main wing of the mall is located is being leased to SLPC for a period of 25 years from January 6, 1993. On September 19, 2017, the agreement was renewed by both parties to another 5 years until January 6, 2023. Rental income is calculated at 10% of SLPC's annual rental revenue from mall operations plus 50% of the carpark's net income.
- On January 16, 2002, SPSI entered into an agreement with the Company and SLPC. Under the agreement, SPSI is granted limited usufructuary rights over the parking spaces of the Company and SLPC for a consideration equivalent to 95% of the SPSI's gross revenue less direct and indirect expenses relating to the Company's parking facilities. The agreement is effective until December 31, 2002 and shall be renewed automatically on a yearly basis.
- A portion of the Company's land is being leased by EDSA Shangri-La Hotel and Resort Inc. (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. On August 16, 2017, the agreement was renewed by ESHRI to another 25 years until August 27, 2042. Rental revenue is based on a fixed percentage of the Hotel's room, food and beverage, dry goods and other service revenue.

b) The Company has management service agreement with its subsidiaries wherein the former shall provide human resource administration services for shared employees and project costs. The subsidiaries shall pay the Company management fees at actual cost-plus taxes (Note 17).

c) The outstanding balance as at December 31, 2020 and 2019 amounting to P1,144,187,554 represents cash advances made by Classic Elite Holdings Limited from the Company for working capital and project development.

d) The Company leases its office space from SLPC for a period of three (3) years that ended on May 17, 2019 and was extended for another three (3) years that will end on May 16, 2022. The Company agrees to pay SLPC for a fixed monthly rental amounting to P472.77 per square meter with an annual escalation of 5%.

e) The Company pays dues to The St. Francis Shangri-La Place Condominium Corporation for real property tax, association dues and condominium dues for condominium units owned by the Company in The St. Francis Shangri-La Place.

There were no write-offs or provisions made in relation to related party transactions and balances as at and for the years ended December 31, 2020 and 2019.

Note 21 - Provisions and contingencies

On July 14, 1993, a complaint was initially filed before the Regional Trial Court (RTC) - Pasig by the principal contractor of the Shangri-La Plaza Mall against the Company and the Board for the recovery of the balance of alleged unpaid construction work, compensatory and moral damages, legal fees and litigation costs totaling about P122,000,000, exclusive of interest.

In 1998, the parties were directed by the RTC to undergo arbitration which resulted in a promulgation in 2007 of the Arbitral Tribunal Decision that awarded to the principal contractor the sum of P38,518,503, net of the award to Company amounting to P8,387,484.

Both parties appealed this decision to the Court of Appeals (CA) in 2008. In a resolution issued in 2009, the CA awarded to the principal contractor P24,497,556, unpaid progress billings based on the original scope of work and denied the Company of its motion for partial reconsideration.

In 2009, both the Company and the Principal Contractor filed separate Petitions for Review in Certiorari to the Supreme Court. The Company prayed for a reversal of the decision of the CA and for payment of liquidated damages by the Principal Contractor. On the other hand, the Principal Contractor filed a motion to modify the decision of the CA and to be awarded the full amount of their claim.

On January 10, 2020, the Company, through counsel, received a copy of the Supreme Court decision that resolved both Petitions for Review. On January 24, 2020, the Company filed in the Supreme Court a motion for partial reconsideration of said SC decision, which to this date has not been resolved.

The Company has other pending legal cases which are being contested by the Company and their legal counsels. Management and the legal counsels believe that the final resolution of these cases will not have a material effect on the Company's financial position and results of operations.

Critical accounting estimate - Provision

As at December 31, 2020, the Company recognized provision for a certain legal case. The estimate of the probable costs for the resolution has been developed in consultation with outside legal counsel handling the Company's defense in this matter. Disclosure of additional details beyond the present disclosures may seriously prejudice the Company's position. Thus, as allowed by PAS 37 "Provisions, Contingent Liabilities and Contingent Assets", only general disclosures were provided.

Critical accounting judgment - Contingencies

The Company is currently involved in various legal proceedings. The estimates of the probable costs for the resolution of these claims have been developed in consultation with the outside legal counsel handling the defense in these matters and are based upon analyses of potential reports. Based on management's assessment, these proceedings will not have a material effect on the Company's financial position and performance.

Note 22 - Lease commitments

(a) Company as a lessor

The Company entered into operating lease agreements with related parties covering the freehold land, a building and its improvements. The Company also leases certain commercial areas at The St. Francis Shangri-La Place to third parties. The lease agreements, where the Company is the lessor, provide for a fixed monthly rental or a certain percentage of gross revenue.

Rental revenues for the years ended December 31 are as follows:

	Note	2020	2019
Percentage basis	20	78,578,251	244,937,934
Fixed monthly rental		4,558,515	4,992,268
		83,136,766	249,930,202

Total future minimum lease collections under the non-cancellable operating lease with fixed monthly rental as at December 31 are:

	2020	2019
Within one (1) year	5,262,508	3,625,284
One to two (1 to 2) years	9,513,973	-
	14,776,481	3,625,284

Critical accounting judgment - Operating lease commitments - Company as lessor

The Company owns parcels of land and a carpark building located in Mandaluyong City which are leased out to its subsidiaries, an affiliate, and third parties. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(b) Company as a lessee

The Company leases its office space from SLPC and incurred rent expense amounting to P4,714,888 in 2020 (2019 - P4,610,159) (Note 20).

Total future minimum lease payments for these non-cancellable operating lease as at December 31 are:

	2020	2019
Within one (1) year	5,673,541	4,027,969
One to two (1 to 2) years	2,166,261	5,604,771
Two to three (2 to 3) years	-	3,610,436
	7,839,802	13,243,176

Critical accounting judgment - Low value leases

Payments associated with leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Management considered lease agreements with third parties as low value leases.

Note 23 - Net debt reconciliation

The net debt reconciliation as at December 31 is presented below:

	Notes	2020	2019
Bank loans, January 1	13	4,486,666,667	3,300,000,000
Cash flows		(253,333,333)	1,186,666,667
Bank loans, December 31	13	4,233,333,334	4,486,666,667
Accrued interest	12	11,781,241	17,798,369
Cash and cash equivalents	2	(132,031,110)	(280,738,936)
Net debt		4,113,083,465	4,223,726,100

Movements in financing liabilities comprising the net debt are disclosed in the related notes to the separate financial statements.

Note 24 - Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the Company's management under policies approved by its Board of Directors. These policies cover financing structure, foreign exchange and interest rate risk management, guarantees and credit support, as well as treasury control framework. There are no changes in the Company's risk management plans for the years ended December 31, 2020 and 2019.

24.1.1 Market risk

(a) Foreign exchange risk

The Company's exposure on currency risk is minimal and limited only to foreign currency denominated cash in banks and cash equivalents. Changes in foreign currency exchange rates of these asset is not expected to have a significant impact on the financial position or results of operations of the Company.

The Company's foreign currency denominated cash in banks and cash equivalents as at December 31, 2020 and 2019 and net foreign exchange gains/losses for the years ended December 31, 2020 and 2019 are disclosed in Note 2.

(b) Price risk

The Company's exposure to price risk is minimal and limited only to financial assets at fair value through profit or loss (Note 3) and FVOCI (Note 9) presented in the statement of financial position. Changes in market prices of these financial assets are not expected to have a significant impact on the financial position or results of operations of the Company.

(c) Cash flow and fair value interest risk

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest-bearing financial instruments include long-term loan (Note 13). These financial instruments are not exposed to fair value interest rate risk as these are carried at amortized cost. Likewise, these instruments are not exposed to variability in cash flows as these carry fixed interest rate, to be repriced every 30 to 180 days as agreed by the parties.

The sensitivity analysis has been determined based on the exposure to interest rates for non-derivative financial instruments at the end of each reporting period. The sensitivity rate in the analysis is the same rate used in reporting interest rate risk internally to key management personnel and represents the Company's best estimate the reasonably possible change in interest rates.

At December 31, 2020, if interest rates on bank loans had been 100 basis points lower or higher with all other variables held constant, post-tax profit for the year would have been higher by/lower by P4,619,993 (2019 - higher by/lower by P10,499,376), mainly as a result of higher/lower interest expense on floating-rate bank loans. Management uses 100 basis points as threshold in assessing the potential impact of interest rate in the operations.

24.1.2 Credit risk

Credit risk arises from cash and cash equivalents, trade receivables and other financial assets at amortized cost. The Company manages the credit risk arising from these financial assets as follows:

(a) Cash and cash equivalents (Note 2)

The Company only maintains banking relationships with top and reputable universal and commercial banks in the country. Universal and commercial banks represent the largest single group, resource-wise, of financial institutions in the Philippines.

While cash and cash equivalents are also subject to the impairment requirements of PFRS 9, the impairment loss has been assessed to be immaterial.

(b) Trade and other receivables, net (Note 4)

The Company's rental income is concentrated mainly to its related parties and is subject to normal credit terms. Credit risk is minimized since the related parties are paying on normal credit terms and no history of default. The Company also enter into lease agreements with recognized and creditworthy third parties. It is the policy of the Company that all customers who trade on credit terms are subjected to credit verification procedures and are required to put up security deposits and pay advance rentals, if necessary. The Company does not offer credit terms to third parties without the specific approval of management. In addition, receivable balances are monitored on an on-going basis with the result that the exposure of the Company to bad debts is not significant.

The Company applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

All of the Company's trade receivables had been assessed to be fully performing as of reporting date. Management has determined based on its historical loss experience that the expected credit loss on these fully performing trade receivables is not material for financial reporting purposes.

Allowance for impairment
The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables presented above. There were no trade and other receivables pledged as collaterals as at December 31, 2020 and 2019.

(c) Other financial assets at amortized cost

The Company's maximum credit risk exposures arising from other financial assets at amortized costs are shown below:

	Notes	2020	2019
Receivables from related parties	4	2,540,230,794	1,404,274,392
Advances to officers and employees	4	1,380,011	1,237,868
Interest receivable	4	3,364	210,724
Others	4	4,508,258	7,460,277
Refundable deposits	11	966,424	986,424
Total		2,547,088,851	1,414,169,685
Allowance for impairment of other receivables	4	(2,132,043)	(2,132,043)
		2,544,956,808	1,412,037,642

Critical accounting estimate - Impairment of other financial assets at amortized cost

The loss allowance for financial assets are based on assumptions about risk of default and expected loss rates.

Substantially all other financial assets at amortized cost as disclosed above are performing. Performing accounts are those whose credit risk is in line with original expectations of the Company. The 12-month ECL has been used as a basis for provisioning. The management has assessed that the related ECL has been deemed insignificant for financial reporting purposes.

24.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash and cash equivalents in order to fund its operations. The Company monitors its cash flows and carefully matches the cash receipts from its condominium sales and leasing operations against cash requirements for its operations. The Company utilizes its borrowing capacity, if necessary, to further bolster its cash reserves.

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The following table shows the Company's financial instruments as at December 31 based on its contractual maturity profile:

	2020	2019
Financial liabilities maturing within one year		
Accounts payable and other current liabilities	2,213,691,453	2,040,736,863
Current portion of bank loans, including future interest payable	4,398,256,469	3,698,587,839
Dividends payable	52,609,087	47,544,516
	6,664,557,009	5,786,869,218
Financial liabilities maturing beyond one year		
Long-term bank loans, net of current portion, including future interest payable	-	953,377,186
Deposits from tenants	1,269,161	1,269,161
	1,269,161	954,646,347
	6,665,826,170	6,741,515,565

**Excluding payable to government agencies and output value added tax*

Note 25 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

25.1 Basis of preparation

The separate financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippines Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by SEC.

The separate financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVTPL, FVOCI and investment properties.

The preparation of separate financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

- Determination of fair values of investment properties (Note 8)
- Useful lives of property and equipment (Note 10)
- Determining retirement benefit obligation (Note 18)
- Assessing control over subsidiaries (Note 7)
- Recoverability of investment and advances (Note 7)
- Distinction between properties held for sale, investment properties, and property and equipment (Note 8)
- Impairment of non-financial assets (Note 10)
- Provision (Note 21)
- Contingencies (Note 21)
- Operating lease commitments - Company as lessor (Note 22)
- Low value leases (Note 22)
- Income tax (Note 19)

The Company has also prepared consolidated financial statements in accordance with PFRS for the Parent company and its Subsidiaries (the "Group"). In the consolidated financial statements, subsidiary undertakings - which are those companies in which the Group, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations - have been fully consolidated.

Users of these separate financial statements should read them together with the Group's consolidated financial statements as at and for the years ended December 31, 2020 and 2019 in order to obtain full information on the financial position, results of operations and changes in financial position of the Company as a whole. The consolidated financial statements of the Group can be obtained from SEC or from the Parent's website: www.shangproperties.com.

Changes in accounting policies and disclosures

(a) New amendments adopted by the Company

The Company has adopted certain amendments for the first-time effective January 1, 2020:

- Definition of Material - Amendments to PAS 1 and PAS 8
- Definition of a Business - Amendments to PFRS 3
- Interest Rate Benchmark Reform – Amendments to PFRS 7, PFRS 9 and PAS 39
- Revised Conceptual Framework for Financial Reporting
- Covid-19-related Rent Concessions – Amendments to PFRS 16

The amendments listed above did not have material impact on the amounts recognized in the current and prior periods and is not expected to significantly impact future periods.

Further, on December 15, 2020, SEC issued Memorandum Circular No. 34, Series of 2020 providing relief to the real estate industry by deferring the application of the provisions of the PIC Q&A 2018-12 with respect to the accounting for significant financing component, the exclusion of land in the calculation of PoC and IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost, for another period of three years or until 2023. The Company did not avail any of the reliefs provided by the memorandum.

(b) New standards and interpretations effective after December 31, 2020 not yet adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2020 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

25.2 Cash and cash equivalents

Cash includes cash on hand and in banks that earns interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and are subject to an insignificant risk of change in value.

25.3 Financial instruments

Financial assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through other comprehensive income ("OCI") or through profit or loss, and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(c) Subsequent measurement

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income (expense) together with foreign exchange gains and losses. Impairment losses are presented in other general and administrative expenses in the separate statement of total comprehensive income.

  The Company's financial assets at amortized cost consist of cash and cash equivalents (Note 2), trade and other receivables (Note 4) and refundable deposits classified under other non-current assets (Note 11) in the separate statement of financial position.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other income (expense). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in miscellaneous under other income (expense), and impairment expenses are presented in other general and administrative expenses in the separate statement of total comprehensive income.

  The Company does not have debt instruments at FVOCI as at December 31, 2020 and 2019.

- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented within other income (expense), in the period in which it arises.

  The Company does not have debt instruments at FVTPL as at December 31, 2020 and 2019.

(ii) Equity instruments

The Company subsequently measures all equity investments at fair value through profit or loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

At December 31, 2020 and 2019, the Company's financial assets measured at FVOCI represent unquoted shares of stock of related parties and quoted investments in various golf club shares and stocks. These are classified in the separate statement of financial position (Note 9).

(d) Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of counterparties over a period of 36 months before January 1, 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has assessed that the impact of forward-looking information on the loss rates applied is immaterial.

Impairment losses on receivables are presented in other general and administrative expense in the separate statement of total comprehensive income. Subsequent recoveries are credited to miscellaneous income.

Financial liabilities

(a) Classification and measurement

Financial liabilities are classified in the following categories: financial liabilities at fair value at FVTPL (including financial liabilities held for trading and those that designated at fair value); and financial liabilities at amortized cost.

Financial liabilities that are not classified at FVTPL fall into this category and are measured at amortized cost.

The Company's long-term loan (Note 13) and accounts payable and other current liabilities (excluding payable to government agencies and output value added tax) (Note 12) are classified under financial liabilities at amortized cost.

(b) Initial recognition

Regular purchases and sales of financial assets are recognized on the trade date (the date on which the Company commits to purchase or sell the asset).

Financial assets and liabilities not carried at FVTPL are initially recognized at fair value plus transaction costs. Financial assets and liabilities carried at FVTPL are initially recognized at fair value, and transaction costs are recognized as expense in profit or loss.

The Company recognizes a financial liability in the statement of financial position when the Company becomes a party to the contractual provision of the instrument.

Derecognition of financial instrument

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognized when the obligation is discharged or is cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instrument

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. There are no offsetting arrangements as at December 31, 2020 and 2019.

25.4 Trade and other receivables

Trade receivables arising from regular sales with credit term of 30 to 60 days and other receivables are recognized initially at fair value and subsequently measured at cost using the effective interest method, less any provision for impairment.

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized within operating expenses in the statement of total comprehensive income. When a receivable remains uncollectible after the Company has exerted all legal remedies, it is written-off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written-off are credited against other general and administrative expenses in the statement of total comprehensive income.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before January 1, 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Refer to Note 25.3 for other relevant accounting policies on trade and other receivables.

25.5 Properties held for sale

Properties held for sale are properties being constructed or acquired for sale in the ordinary course of business, rather than for rental or capital appreciation, and are carried at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and estimated costs to sell.

Cost of condominium units held for sale represent accumulated costs of the unsold units of the completed projects. Cost includes those directly attributable to the construction of the projects such as cost of land, direct materials, borrowing costs, professional and consultancy fees, and project management costs, which are allocated to the unsold units.

Properties held for sale are derecognized when they are sold or there are no future benefits to the Company. The carrying amount of those properties held for sale is recognized as an expense, reported as cost and expenses in the period in which the related revenue is recognized.

25.6 Prepayments and other assets

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.

Creditable withholding taxes are carried at face amount or at nominal amount. Creditable withholding taxes are included in current assets, except when these are expected to be utilized more than twelve months after the end of the reporting period, in which case these are classified as non-current assets. The Company's creditable withholding taxes are part of the prepaid taxes under prepaid expenses and other current assets in the balance sheet. Creditable withholding taxes are derecognized when utilized or applied against income tax due.

Other current assets include assets that are realized as part of the normal operating cycle and are expected to be realized within twelve months after the reporting period.

Restricted fund represents cash deposit with a third party for a purchase of a property.

Restricted fund is derecognized upon full payment to the third party. The Company then determines whether the property is to be classified as property held for sale, an investment property, or property and equipment depending on the usage of the property.

25.7 Investments and advances

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Investment in a subsidiary in the separate financial statements are accounted for using the cost method in accordance with PAS 27 (Amended), Separate Financial Statements. Under this method, income from investment is recognized in profit or loss only to the extent that the investor receives distributions from accumulated profits of the investee arising after the acquisition date. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as reduction of the cost of the investment.

The Company recognizes dividend income from investments in profit or loss when its right to receive dividends has been established.

When the Company ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(b) Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associate is initially recognized at cost. It is subsequently carried in the separate financial statements at cost, less allowance for impairment losses.

Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the statement of financial position.

Under the equity method of accounting, the interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Investment in associates and joint ventures are derecognized upon disposal. Gains and losses on disposals of these investments are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

Impairment of investment is presented in Note 25.10.

(c) Deposits for future share subscriptions

Deposits for future share subscriptions represents amounts received from subsidiaries which will be settled by way of issuance of the Company's own shares at a future date. These are recognized upon receipt of cash and measured at face value or nominal amount.

Deposit for future share subscription is derecognized once share has been issued.

Refer to Note 25.3 for relevant accounting policies on advances to subsidiaries and associate.

25.8 Investment properties

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

The Company's investment properties are held for capital appreciation and is not occupied by the Company. The Company has adopted the fair value model for its investment property (Note 8).

After initial recognition, investment properties are carried at fair value as determined by an independent firm of appraisers. Fair value is based on direct income capitalization approach and market comparison approach, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the independent appraiser. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

Changes in fair values are of recognized in the statement of total comprehensive income within gain/loss on fair value adjustment of investment properties.

An investment property is derecognized from the statement of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment (Note 25.9), and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

Property that is being constructed or developed for future use as investment property is classified as investment property.

Impairment of investment properties is presented in Note 25.10.

25.9 Property and equipment

Property and equipment are stated at historical cost less depreciation and amortization, and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of total comprehensive income within other general and administrative expenses during the financial period in which they are incurred.

Depreciation and amortization of property and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (in years), as follows:

Building and leasehold improvements	25 or lease term, whichever is shorter
Transportation equipment	3 to 5
Furniture, fixtures and other equipment	2 to 5

Major renovations are depreciated over the remaining useful life of the related asset.

The assets' residual values and estimated useful lives are reviewed periodically, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 25.10).

The carrying amount of an item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its disposal at which time the cost and related accumulated depreciation and amortization are removed from the accounts. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized under other income or expense in the statement of total comprehensive income.

Depreciation or amortization ceases at the earlier of the date when the asset is classified as either investment property or property held for sale and the date the asset is derecognized.

Fully depreciated and amortized property and equipment are retained in the accounts until they are no longer in use, and no further depreciation and amortization are charged to the statement of total comprehensive income.

25.10 Impairment of non-financial assets

Asset that has an indefinite useful life such as investment in a subsidiaries and associates not subject to amortization is evaluated regularly for impairment. Assets that have definite useful lives and are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that are previously impaired are reviewed for possible reversal of the impairment at each reporting date. Subsequent reversals are credited to miscellaneous income in the statement of total comprehensive income.

The Company determines at each reporting date whether there is any objective evidence that the investment in subsidiaries and associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiaries and associate and its carrying value and recognizes the amount in profit or loss. An allowance is set-up for any substantial and presumably permanent decline in value of investments.

25.11 Accounts payable and other current liabilities

Accounts payable and other current liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable and other current liabilities are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, these are presented as non-current liabilities.

Accounts payable and other current liabilities are measured at the original invoice amount as the effect of discounting is immaterial.

Relevant accounting policies for classification, recognition, measurement and derecognition of accounts payable and other current liabilities are presented in Note 25.3.

25.12 Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non- cash assets transferred or liabilities assumed, is recognised in profit or loss as other income.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized and charged to profit or loss in the year in which they are incurred.

25.13 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. The financial assets at fair value through profit or loss and listed financial assets at FVOCI financial assets are classified under Level 1 category.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3. The Company's unlisted financial assets at FVOCI financial assets are included in Level 3.

The Company uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The investment properties of the Company are classified under Level 2 and 3 category.

25.14 Current and deferred income tax

The tax expense comprises current and deferred income taxes. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, NOLCO) and unused tax credits (MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Company reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset. Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Company is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Company the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are derecognized when relevant temporary differences have been realized and settled, respectively. The Company reassesses at each reporting the need to recognize previously unrecognized deferred income tax asset.

25.15 Provisions

Provisions are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are derecognized when the obligation is paid, cancelled or has expired.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the reversal is recognized in the statement of total comprehensive income within the same line item in which the original provision was charged.

25.16 Equity

(a) Share capital

Share capital consists of common shares, which are stated at par value, that are classified as equity.

Share premium is recognized for the excess proceeds and subscriptions over the par value of the shares issued.

(b) Treasury shares

Where any member of the Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

(c) Retained earnings

Retained earnings includes current and prior years' results of operations, net of transactions with shareholders and dividends declared, if any.

(d) Dividend distribution

Dividend distribution to Company's shareholder is recognized as a liability in its separate financial statements in the period in which the dividends are approved by the Board of Directors.

25.17 Earnings per share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares in issue during the year.

Diluted earnings per share is computed in the same manner as basic earnings per share, however, profit attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

25.18 Employee benefits

(a) Retirement benefits

The Company maintains a defined benefit retirement plan determined by periodic actuarial calculations. This defined benefit retirement plan is funded through payments to a trustee-administered fund and determined by periodic actuarial calculations. A defined benefit plan is a retirement plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit retirement plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. In cases when the amount determined results in a surplus (being an excess of the fair value of the plan assets over the present value of the defined benefit obligation), the Company measures the resulting asset at the lower of: (a) such amount determined; and (b) the present value of any economic benefits available to the Company in the form of refunds or reductions in future contributions to the plan. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest of government bonds converted into zero coupon rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to present value.

(c) Short-term employee benefits

The Company recognizes a liability and an expense for short-term employee benefits which include salaries, paid sick and vacation leaves and bonuses. Bonuses are based on a formula that takes into consideration the resulting qualified profits. The Company recognizes a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

Liabilities for employee benefits are derecognized when the obligation is settled, cancelled or has expired.

25.19 Revenue and expense recognition

The Company assesses whether it is probable that the economic benefits will flow to the Company when the contract price is collectible. Collectability of the contract price is demonstrated by the buyer's commitment to pay, which is supported by the buyer's initial and continuous investments that motivates the buyer to honor its obligation. Collectability is also assessed by considering factors such as collections and credit standing of the buyer.

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Company has concluded that it is acting as principal in its revenue arrangements.

(a) Rental income

Rental income from operating leases (the Company is the lessor) is recognized as income on a straight-line basis over the lease term or based on a certain percentage of gross revenue of the lessees, whichever is applicable. When the Company provides incentives to its lessees, the cost of incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income.

When the revenue recognition criteria are not met, cash received from lessees are recognized as advance rental, until the conditions for recognizing rental income are met.

(b) Sale of condominium units and cost of condominium units sold

Revenue from condominium sales are recognized in full (i.e., point in time) once the Company has assessed that the contract meets all criteria for revenue recognition.

Cost of condominium units sold is recognized simultaneously with revenue. Cost of condominium units sold pertains only to the cost of the property as all other expenses are shouldered by the buyer.

(c) Interest income and expense

Interest income and expense are recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a Company of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the original effective interest rate.

Interest income on bank deposits is recognized when earned, net of final tax.

(d) Dividend income

Dividend income is recognized when the right to receive payment is established.

(e) Miscellaneous income

Miscellaneous income is recognized when earned.

(f) Cost and expenses

Cost and expenses are recognized when these are incurred.

25.20 Leases

(a) Company is the lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease or based on a certain percentage of gross revenue of the lessees, whichever is applicable. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Assets under these arrangements are classified as investment property in the statement of financial position (Note 25.8).

(b) Company is the lessee

The Company has adopted PFRS 16 Leases using the modified retrospective approach from January 1, 2019, as permitted under the specific transition provisions in the standard (Note 25.1).

Aside from exemptions in the standard for short-term and low-value leases which are recognized as operating leases under the provisions of PAS 17, lease payments are discounted using the interest rate implicit in the lease. Payments for leases of properties and office equipment are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

25.21 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the separate financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The separate financial statements are presented in Philippine Peso, which is the functional and presentation currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the date of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

25.22 Related party relationships and transactions

Related party relationship exists when one party has the ability to control the other party, directly or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholder. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

25.23 Contingencies

Contingent liabilities are not recognized in the separate financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the separate financial statements but disclosed when an inflow of economic benefits is probable.

25.24 Events after the reporting period

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

Note 26 - Supplementary information required by Bureau of Internal Revenue (BIR)

The following information required by Revenue Regulations No. 15-2010 is presented for purposes of filing with the BIR and is not a required part of the basic separate financial statements.

(a) Output value-added tax (VAT)

The Company is a VAT-registered company with VAT output declaration of P21,687,405 for the year based on the Vatable sales amounting to P180,728,375.

The Vatable sales shown above is based on gross receipts of the Company following the provisions of Sec. 4.106-3 of RR No. 14-2005 (also known as the Consolidated Value-Added Tax Regulations of 2005), Sale of Real Properties, while the gross revenue in the statements of comprehensive income is measured in accordance with the Company's accounting policy for revenue recognition.

(b) Input VAT

Movements in input VAT for the year ended December 31, 2020 follow:

Beginning balance	16,266,524
Current year's purchases:	
Capital goods subject to amortization	31,433,642
Purchases other than capital goods	
Input tax applied against output tax	(21,687,405)
Total input VAT	26,012,761

(c) Documentary stamp tax

Documentary stamp taxes paid for the year ended December 31, 2020 amounted to P18,180,525 which mainly pertain to taxes on dividends and cash advances.

(d) All other local and national taxes

All other local and national taxes accrued and paid for the year ended December 31, 2020 consist of:

Real property tax	12,079,015
Transfer tax	2,466,358
Mayor's permit	2,180,535
Registration fee	831,595
Community tax	10,500
BIR registration	500
Others	248,839
	17,817,342

The local and national taxes are presented as part of taxes and licenses in the statement of total comprehensive income.

(e) Withholding taxes

The amount of withholding taxes paid/accrued for the year amounted to:

	Paid	Accrued	Total
Creditable withholding tax			11,913,803
Withholding tax on compensation	76,258,981	4,829,055	81,088,036
Expanded withholding tax	14,334,221	1,257,779	15,592,000
Final withholding taxes	60,862,443	445,349	61,307,792
Fringe benefit tax	2,641,095	1,348,988	3,990,083

(f) Tax assessments and cases

There are no outstanding tax assessments and cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR as at December 31, 2020.

Annex 68-C

Shang Properties, Inc.

Reconciliation of Retained Earnings for Dividend Declaration
As at December 31, 2020
(All amounts in Philippine Peso)

Unappropriated Retained Earnings beginning			17,460,971,793
Fair value adjustment of investment properties in prior years, net of tax			(9,868,058,867)
Unappropriated Retained Earnings, as adjusted, beginning			7,592,912,926
Net income based on the face of audited financial statements		1,332,695,646	
Less:	Non-actual/unrealized income net of tax		
	Equity in net income of associate/joint venture	(129,873,486)	
	Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-	
	Unrealized actuarial gain	-	
	Fair value adjustment (M2M gains)	700,108	
	Fair value adjustment of Investment property resulting to gain	-	
	Adjustment due to deviation from PFRS/GAAP – gain	-	
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted under the PFRS	-	
Add:	Non-actual losses		
	Depreciation on revaluation increment (after tax)	-	
	Adjustment due to deviation from PFRS/GAAP – loss	-	
	Loss on fair value adjustment of investment property (after tax)	-	
Net income actually earned during the period		1,203,522,268	1,203,522,268
Add (Less):			
	Realized remeasurement loss during the year	-	
	Dividends declarations during the year	(745,240,118)	
	Appropriations of retained earnings	-	
	Reversal of appropriateness	-	
	Other reserves from restatement due to PAS19 Revised	-	
	Treasury shares	(6,850,064)	(752,090,182)
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND			8,044,345,012

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	4	5	4	9	0					

COMPANY NAME

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

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

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

Form Type	Department requiring the report	Secondary License Type, if Applicable
A F S	S E C	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
www.shangproperties.com	8-370-2700	N/A

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
5,191	any day in June	12/31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Federico G. Noel, Jr.	bobong.noel@shangproperties.com	8-370-2700	N/A

CONTACT PERSON's ADDRESS

5/F Administration Office, Shangri-La Plaza, Edsa corner Shaw Boulevard, Mandaluyong City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

www.pwc.com/ph

Shang Properties, Inc. and Subsidiaries

Consolidated Financial Statements
As at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020

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Independent Auditor's Report

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION

Date MAY 12 2021 TSIS

RECEIVED
RHEA ARAGON

To the Board of Directors and Shareholders of
Shang Properties, Inc. and Subsidiaries
Administration Office, Shangri-La Plaza Mall
EDSA corner Shaw Boulevard
Mandaluyong City

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Shang Properties, Inc. (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2020 and 2019, and the consolidated financial performance and consolidated cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 31 to the consolidated financial statements.

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2020;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2020;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2020; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Emphasis of Matter

We draw attention to Note 31 to the consolidated financial statements, which describes the basis of preparation of the financial statements. The financial statements as at and for the year ended December 31, 2020 have been prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The details of the financial reporting reliefs availed by the Group and the impact on the consolidated financial statements are discussed in detail in Note 31. Our opinion is not modified in respect of this matter.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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.

Key audit matters identified in our audit are summarized as follows:

- Valuation of investment properties; and
- Revenue recognition on condominium sales based on percentage of completion (PoC).

Key Audit Matters	How our Audit Addressed the Key Audit Matters
a) Valuation of investment properties Refer to Note 10 to the consolidated financial statements for the details of the investment properties and discussion on critical accounting estimates and assumptions. As at December 31, 2020, total investment properties, carried at fair value, amounts to P34.9 billion which accounts for about 55% of the total consolidated assets of the Group. The determination of fair values by an external appraiser involves significant estimation using assumptions such as property prices for similar market listing in the area, occupancy rate, rental rate and discount rate. A fair value assessment is performed regularly based on the requirements of PFRS 13, Fair Value Measurement, and Philippine Accounting Standards (PAS) 40, Investment Property.	We have addressed the matter by obtaining the latest appraisal report. We have assessed the appropriateness of the valuation methodology used as well as the reasonableness of the significant inputs and assumptions used in the fair valuation. In particular, comfort over the reliability of the appraiser reports was obtained through independent verification of significant fair value assumptions and inputs specifically: • similar market listing in the area by comparing to records of recent sales and offerings of similar land; • occupancy rate by agreeing to management's records and historical actual information; • expense-revenue ratio by comparing to the historical experience of the Group's leasing operations; • rental rate by comparing to prevailing market rents on leasing transactions of comparable properties; and • discount rate by comparing to published market yields. We have also assessed the reasonableness of these assumptions given the current market and economic conditions. We have evaluated competence, capabilities and objectivity of the independent appraiser engaged by the Group by reviewing its profile, licenses and client portfolio. We have also verified the appropriateness and sufficiency of the disclosures in accordance with PFRS 13 and PAS 40. We have concluded that the valuation methodology used by the Group is appropriate and the significant inputs and assumptions used in the valuation are reasonable. We did not note any significant issues in the evaluation of the work of the independent appraiser and of the appropriateness and sufficiency of the disclosures.

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Key Audit Matters	How our Audit Addressed the Key Audit Matters
b) Revenue recognition on condominium sales based on PoC as a measure of progress	
Refer to Note 6 to the consolidated financial statements for the discussion on critical accounting estimates and assumptions. The revenue arising from condominium sales for the year ended December 31, 2020 amounts to P3.01 billion which accounts for about 48% of the consolidated total revenues. It is therefore, material to the consolidated financial statements. Revenue from sale of condominium is recognized over time using the output method in accordance with the guidance set in PFRS 15, *Revenue from contracts with customers*, and Philippine Interpretations Committee Questions and Answers (PIC Q&A) 2016-04. Under the output method, revenue is calculated with reference to the PoC of the project. In the case of the Group, PoC is determined based on the actual physical completion of the project. Hence, revenue recognition on condominium sales require significant judgment and estimation.	We have addressed the matter by understanding the process employed by the Group in estimating the actual physical completion of the condominium project as performed by independent quantity surveyors. We have evaluated the competence, capabilities and objectivity of independent quantity surveyors engaged by the Group by reviewing their profile, professional licenses and client portfolio. We have examined the detailed accomplishment reports that provide information and analysis about the status of ongoing projects. We have also performed interviews with project engineers. Furthermore, as part of our analytical procedures, we compared PoC reported by surveyors with PoC derived based on total actual costs incurred-to-date in relation to the total estimated project cost. We inspected relevant contracts, contractors' billings, invoices, and other supporting documents to verify the reasonableness of the recorded actual costs. We have concluded that revenues from condominium sales are appropriately recorded in accordance with the related standards. We did not note any significant issues in evaluating the work of the independent quantity surveyors, examining detailed accomplishment reports, interviews with project engineers, analytical procedures and inspection of supporting documents.

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, but do 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 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 audit 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 audit, or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 31 to the financial statements, 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 ability of each entity within the Group 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 entity 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 PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each entity within the Group 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 an entity within 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 accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 31 to the financial statements.

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 Imelda Ronnie de Guzman-Castro.

Isla Lipana & Co.

Imelda Ronnie de Guzman-Castro

Imelda Ronnie de Guzman-Castro
Partner
CPA Cert. No. 89352
P.T.R. No. 0011287; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 1769-A, Category A; effective until September 2, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 152-015-095
BIR A.N. 08-000745-44-2018; issued on October 19, 2018; effective until October 18, 2021
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
March 25, 2021

Isla Lipana & Co.

Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Shang Properties, Inc. and Subsidiaries
Administration Office, Shangri-La Plaza Mall
EDSA corner Shaw Boulevard
Mandaluyong City

We have audited the consolidated financial statements of Shang Properties, Inc. and Subsidiaries as at and for the year ended December 31, 2020, on which we have rendered the attached report dated March 25, 2021. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration, Map of the Group of Companies within which the Reporting Entity Belongs, effective as at December 31, 2020, as additional components required by Part I, Section 5 of Rule 68 of the SRC, and Schedules A, B, C, D, E, F and G, as required by Part II, Section 6 of Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the SRC.

Isla Lipana & Co.

Imelda Ronnie de Guzman-Castro
Partner
CPA Cert. No. 89352
P.T.R. No. 0011287; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 1769-A, Category A; effective until September 2, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
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Makati City
March 25, 2021

Isla Lipana & Co.

Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Shang Properties, Inc. and Subsidiaries
Administration Office, Shangri-La Plaza Mall
EDSA corner Shaw Boulevard
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Shang Properties, Inc. and its subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated March 25, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised SRC Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

Isla Lipana & Co.

Imelda Ronnie de Guzman-Castro
Partner
CPA Cert. No. 89352
P.T.R. No. 0011287; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 1769-A, Category A; effective until September 2, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 152-015-095
BIR A.N. 08-000745-44-2018; issued on October 19, 2018; effective until October 18, 2021
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
March 25, 2021

Shang Properties, Inc. and Subsidiaries

Consolidated Statements of Financial Position
As at December 31, 2020 and 2019
(All amounts in Philippine Peso)

	Notes	2020	2019
ASSETS			
Current assets			
Cash and cash equivalents	3	1,549,970,914	2,640,088,900
Financial assets at fair value through profit or loss	4	33,626,210	36,278,844
Trade and other receivables, net	5	4,996,338,314	5,219,296,083
Properties held for sale	6	3,413,065,216	2,876,245,361
Prepaid taxes and other current assets	7	1,663,214,222	1,314,018,515
Total current assets		11,656,214,876	12,085,927,703
Non-current assets			
Investments in and advances to associates and a joint venture	8	2,317,911,271	2,121,615,473
Investment properties	10	34,913,873,065	32,903,376,768
Real estate development projects	10	-	1,487,613,661
Financial assets at fair value through other comprehensive income, net	11	797,568,496	803,668,496
Property and equipment, net	12	11,684,592,560	12,811,489,580
Goodwill	13	269,870,864	269,870,864
Deferred income tax assets, net	25	465,150,772	226,921,795
Other non-current assets	14	1,064,775,797	643,028,724
Total non-current assets		51,513,742,825	51,267,585,361
Total assets		63,169,957,701	63,353,513,064
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and other current liabilities	15	5,683,994,606	6,169,431,637
Current portion of:			
Installment payable	16	142,751,080	443,917,972
Bank loans	16	4,283,333,333	3,553,333,333
Deposits from tenants	17	614,727,181	391,914,057
Deferred lease income	17	41,298,111	45,303,980
Income tax payable	25	124,336,401	250,763,007
Dividends payable	19	74,031,392	47,544,516
Total current liabilities		10,964,472,104	10,902,208,502
Non-current liabilities			
Accrued employee benefits	24	89,798,059	55,145,025
Bank loans, net of current portion	16	1,596,172,131	2,374,627,758
Deferred income tax liabilities, net	25	8,018,041,563	7,865,210,146
Advance rentals, net of current portion	29	232,961,590	112,000,606
Deposits from tenants, net of current portion	17	540,045,750	726,830,874
Deferred lease income, net of current portion	17	54,099,337	47,351,275
Total non-current liabilities		10,531,118,430	11,181,165,684
Total liabilities		21,495,590,534	22,083,374,186
Equity			
Share capital	18	4,764,058,982	4,764,058,982
Share premium	18	834,439,607	834,439,607
Treasury shares	18	(6,850,064)	(6,850,064)
Equity reserves	9	(141,132,606)	(141,132,606)
Other comprehensive income	11,24	219,550,748	236,182,784
Retained earnings	18	30,053,959,054	29,329,234,160
Total equity attributable to shareholders of the Parent Company		35,724,025,721	35,015,932,863
Non-controlling interests	9	5,950,341,446	6,254,206,015
Total equity		41,674,367,167	41,270,138,878
Total liabilities and equity		63,169,957,701	63,353,513,064

The notes on pages 1 to 74 are integral part of these consolidated financial statements.

Shang Properties, Inc. and Subsidiaries

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2020
(All amounts in Philippine Peso)

	Notes	2020	2019	2018
Revenues				
Condominium sales		3,009,946,505	4,428,339,649	4,991,248,279
Rental and cinema	10	2,128,780,051	3,353,266,040	3,017,331,251
Hotel operation		1,081,762,155	3,580,220,504	3,171,907,725
		6,220,488,711	11,361,826,193	11,180,487,255
Cost of sales and services				
Condominium sales		1,685,000,495	2,696,938,381	3,000,561,223
Rental and cinema		100,248,382	169,393,067	246,411,337
Hotel operation		1,851,378,118	3,212,676,342	3,023,783,595
	20	3,636,626,995	6,079,007,790	6,270,756,155
Gross profit		2,583,861,716	5,282,818,403	4,909,731,100
Operating expenses				
Staff costs	21	530,048,537	476,405,566	438,271,316
Taxes and licenses		182,712,177	209,219,439	203,394,325
Depreciation and amortization	12	38,416,213	33,625,702	23,032,736
Insurance		7,145,262	17,695,659	3,351,421
Other operating expenses	22	740,367,083	514,856,663	520,129,987
		1,498,689,272	1,251,803,029	1,188,179,785
Other income (charges)				
Interest income	23	382,943,112	217,586,055	190,828,895
Foreign exchange (losses) gains, net	3	(3,729,088)	(7,757,080)	24,186,733
Gain on fair value adjustment of investment properties, net	10	-	276,697,387	879,994,277
Other miscellaneous income, net	23	315,522,194	130,139,136	374,556,513
		694,736,218	616,665,498	1,469,566,418
Share in net income of associates and a joint venture	8	185,533,552	101,237,114	-
Interest expense and bank charges	23	(139,646,572)	(272,338,911)	(358,741,709)
Income before income tax		1,825,795,642	4,476,579,075	4,832,376,024
Income tax expense	25	(404,215,860)	(1,054,810,382)	(1,271,761,567)
Net income for the year		1,421,579,782	3,421,768,693	3,560,614,457
Net income attributable to:				
Shareholders of the Parent Company		1,469,965,012	3,056,001,858	3,012,328,190
Non-controlling interests	9	(48,385,230)	365,766,835	548,286,267
		1,421,579,782	3,421,768,693	3,560,614,457
Items that will be subsequently reclassified to profit or loss				
Translation adjustments		(291,113)	(932,813)	(339,985)
Items that will not be subsequently reclassified to profit or loss				
(Decrease) increase in fair value of equity investments at fair value through other comprehensive income, net of tax	11	(4,460,505)	19,943,650	7,760,500
Remeasurement (loss) gain on retirement benefit obligation, net of tax	24	(12,699,757)	(2,815,335)	1,845,050
		(17,451,375)	16,195,502	9,265,565
Total comprehensive income for the year		1,404,128,407	3,437,964,195	3,569,880,022
Total comprehensive income attributable to:				
Shareholders of the Parent Company		1,453,332,976	3,072,213,653	3,021,593,755
Non-controlling interests	9	(49,204,569)	365,750,542	548,286,267
		1,404,128,407	3,437,964,195	3,569,880,022
Basic and diluted earnings per share attributable to shareholders of the Parent Company	26	0.309	0.642	0.633

The notes on pages 1 to 74 are integral part of these consolidated financial statements.

Shang Properties, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2020
(All amounts in Philippine Peso)

	Shareholders of the Parent Company											
				Other comprehensive income								
	Share capital (Note 18)	Share premium (Note 18)	Treasury shares (Note 18)	Cumulative changes in fair value of financial assets at FVOCI (Note 11)	Cumulative translation adjustments	Remeasurement loss on defined benefit plan (Note 24)	Total Other comprehensive income	Equity reserves (Note 9)	Retained earnings (Note 18)	Parent	Non-controlling interests (Note 9)	Total equity
Balances at January 1, 2018	4,764,058,982	834,439,607	(6,850,064)	235,465,516	(272,439)	(24,487,653)	210,705,424	(141,132,606)	25,027,307,247	30,688,528,590	6,056,213,206	36,744,741,796
Comprehensive income												
Net income for the year	-	-	-	-	-	-	-	-	3,012,328,190	3,012,328,190	548,286,267	3,560,614,457
Other comprehensive income (loss)	-	-	-	7,760,500	(339,985)	1,845,050	9,265,565	-	-	9,265,565	-	9,265,565
Total comprehensive income (loss)	-	-	-	7,760,500	(339,985)	1,845,050	9,265,565	-	3,012,328,190	3,021,593,755	548,286,267	3,569,880,022
Transaction with owners												
Cash dividends declared (Note 19)	-	-	-	-	-	-	-	-	(930,686,586)	(930,686,586)	(317,576,000)	(1,248,262,586)
Balances at December 31, 2018	4,764,058,982	834,439,607	(6,850,064)	243,226,016	(612,424)	(22,642,603)	219,970,989	(141,132,606)	27,108,948,851	32,779,435,759	6,286,923,473	39,066,359,232
Comprehensive income												
Net income for the year	-	-	-	-	-	-	-	-	3,056,001,858	3,056,001,858	365,766,835	3,421,768,693
Other comprehensive income (loss)	-	-	-	19,943,650	(932,813)	(2,799,042)	16,211,795	-	-	16,211,795	(16,293)	16,195,502
Total comprehensive income (loss)	-	-	-	19,943,650	(932,813)	(2,799,042)	16,211,795	-	3,056,001,858	3,072,213,653	365,750,542	3,437,964,195
Transaction with owners												
Cash dividends declared (Note 19)	-	-	-	-	-	-	-	-	(835,716,549)	(835,716,549)	(398,468,000)	(1,234,184,549)
Balances at December 31, 2019	4,764,058,982	834,439,607	(6,850,064)	263,169,666	(1,545,237)	(25,441,645)	236,182,784	(141,132,606)	29,329,234,160	35,015,932,863	6,254,206,015	41,270,138,878
Comprehensive income												
Net income for the year	-	-	-	-	-	-	-	-	1,469,965,012	1,469,965,012	(48,385,230)	1,421,579,782
Other comprehensive income (loss)	-	-	-	(4,460,505)	(291,113)	(11,880,418)	(16,632,036)	-	-	(16,632,036)	(819,339)	(17,451,375)
Total comprehensive income (loss)	-	-	-	(4,460,505)	(291,113)	(11,880,418)	(16,632,036)	-	1,469,965,012	1,453,332,976	(49,204,569)	1,404,128,407
Transaction with owners												
Cash dividends declared (Note 19)	-	-	-	-	-	-	-	-	(745,240,118)	(745,240,118)	(254,660,000)	(999,900,118)
Balances at December 31, 2020	4,764,058,982	834,439,607	(6,850,064)	258,709,161	(1,836,350)	(37,322,063)	219,550,748	(141,132,606)	30,053,959,054	35,724,025,721	5,950,341,446	41,674,367,167

The notes on pages 1 to 74 are integral part of these consolidated financial statements.

Shang Properties, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2020
(All amounts in Philippine Peso)

	Notes	2020	2019	2018
Cash flows from operating activities				
Income before income tax		1,825,795,642	4,476,579,075	4,832,376,024
Adjustments for:				
Depreciation and amortization	12	1,112,674,834	1,115,107,861	1,041,599,497
Interest expense	23	138,903,721	271,398,458	357,899,249
Provision for probable losses	22	100,150,239	-	-
Retirement benefit expense	24	38,105,630	37,765,035	38,161,019
Provision for restructuring	22	33,985,773	-	-
Loss on fair value adjustment of financial assets at fair value through profit or loss	4, 23	2,652,634	5,145,472	4,545,027
Provision for doubtful accounts	5, 22	9,113,149	170,000	8,468,256
Unrealized foreign exchange loss (gain)	3	2,522,490	4,958,704	(16,419,512)
Gain on sale of property and equipment	23	(357,806)	(1,050,728)	(206,643,583)
Amortization of deferred lease income	17	(40,478,445)	(37,686,644)	(30,434,852)
Dividend income	23	(13,002,470)	(55,541,739)	(48,440,301)
Share in net income of associates and a joint venture	8	(185,533,552)	(101,237,114)	-
Interest income	23	(382,943,112)	(217,586,055)	(190,828,895)
Gain on fair value adjustment of investment properties	10	-	(276,697,387)	(879,994,277)
Operating income before working capital changes		2,641,588,727	5,221,324,938	4,910,287,652
Changes in working capital:				
Trade and other receivables		208,110,388	(1,937,313,040)	(52,262,791)
Properties held for sale		(692,236,187)	800,401,309	2,557,995,862
Prepaid taxes and other current assets		(349,195,707)	60,990,622	(272,776,044)
Real estate development projects		-	(45,181,174)	(3,096,726,897)
Other non-current assets		44,140,926	(90,602,627)	21,641,516
Accounts payable and other current liabilities		(340,014,434)	516,712,135	(752,634,597)
Accrued employee benefits		(12,725,357)	51,116	-
Installment payable		(301,166,892)	(97,243,761)	(95,349,464)
Advance rentals		13,829,918	217,340,128	19,539,880
Deposits from tenants		45,149,228	32,156,643	10,854,586
Net cash generated from operations		1,257,480,610	4,678,636,289	3,250,569,703
Income tax paid		(609,634,380)	(722,631,847)	(440,320,188)
Interest received		381,526,486	218,510,740	53,446,209
Contributions paid to retirement plan	24	-	(52,653,236)	(8,409,257)
Retirement benefits paid directly by the Group	24	(1,333,401)	(3,617,203)	(20,215,578)
Net cash provided by operating activities		1,028,039,315	4,118,244,743	2,835,070,889
Cash flows from investing activities				
Additions to:				
Property and equipment	12	(152,201,324)	(125,092,093)	(75,080,688)
Other non-current assets	14	(465,888,000)	(171,705,000)	(250,295,000)
Advances to a joint venture	8	(10,762,246)	(1,019,989,374)	(1,000,000,000)
Investment properties	10	(367,685,862)	(1,109,209,440)	(489,886,876)
Financial assets at fair value through other comprehensive income	11	-	1,966,500	-
Dividends received	23	13,002,470	55,541,739	48,440,301
Proceeds from sale of property and equipment	23	703,857	2,341,134	269,640,000
Net cash used in investing activities		(982,831,105)	(2,366,146,534)	(1,497,182,263)
Cash flows from financing activities				
Payments of:				
Loan principal	16	(2,603,333,333)	(3,208,333,333)	(3,687,083,333)
Interest	16	(106,057,131)	(246,490,921)	(322,790,651)
Cash dividends paid to:				
Shareholders	19	(718,753,242)	(830,855,683)	(925,518,202)
Non-controlling shareholders of subsidiaries	9	(254,660,000)	(398,468,000)	(317,576,000)
Proceeds from loan availment	16	2,550,000,000	3,145,000,000	1,300,000,000
Net cash used in financing activities		(1,132,803,706)	(1,539,147,937)	(3,952,968,186)
Net (decrease) increase in cash and cash equivalents for the year		(1,087,595,496)	212,950,272	(2,615,079,560)
Cash and cash equivalents at January 1	3	2,640,088,900	2,432,097,332	5,030,757,380
Effects of exchange rate changes on cash and cash equivalents	3	(2,522,490)	(4,958,704)	16,419,512
Cash and cash equivalents at December 31	3	1,549,970,914	2,640,088,900	2,432,097,332

The notes on pages 1 to 74 are integral part of these consolidated financial statements.

Shang Properties, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements
As at December 31, 2020 and 2019
and for each of the three years in the period ended December 31, 2020
(All amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

Shang Properties, Inc. (the "Parent Company"), a corporation duly organized and existing in the Philippines, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 21, 1987 to acquire, own, develop, subdivide, sell, mortgage, exchange, lease or hold for investment, real estate of all kinds.

The Parent Company's registered office address, which is also its principal place of business, is at Administration Office, Shangri-La Plaza Mall, EDSA corner Shaw Boulevard, Mandaluyong City.

The Parent Company and its subsidiaries' (together, the "Group") businesses include property investment and development, hotel operation, real estate management, leasing, mall and carpark operations, and other supplementary businesses.

COVID-19 Pandemic

During the first quarter of 2020, local and worldwide social and economic activities were severely affected by the spread and threat of COVID-19 pandemic. The Group took actions to minimize risk to its employees, including restricting travel and instituting extensive work from home protocols in response to the enhanced community quarantine (ECQ) mandated by the Philippine government. Measures have been implemented to protect the health and safety of its employees, clients and partners, to support business continuity and to manage financial impact to a minimum. These measures have caused disruptions to businesses and economic activities, and their impact on businesses continue to evolve. The ECQ began on March 16, 2020 and was further extended and modified by the government up to June 15, 2020. While quarantine measures over highly urbanized cities in the National Capital Region (NCR) were relaxed following the proclamation of a modified enhanced community quarantine effective May 16, 2020, and subsequently, a general community quarantine effective June 1, 2020, operations across various industries remain below full capacity in several areas.

As a result, the Group (as a lessor) has provided rent concessions to assist its tenants in coping with the business disruption caused by the national lockdown imposed during the pandemic. The rent concessions are assessed by the Group's tenant management division on a quarterly basis and are subject to reassessment if same consideration should still be applied depending on the current situation of the tenants. These rent concessions are recognized as reduction in the Group's Rental and cinema revenue. The Group continues to pay close attention to the developments on the pandemic and will evaluate its impact on the financial position and operating results of the Group. Measures to manage financial and business risks are in place to ensure that the impact of events that expose the Company to risks arising from COVID-19, if any, are kept to a minimal extent.

The consolidated financial statements have been approved and authorized for issue in accordance with a resolution of the Board of Directors dated March 25, 2021.

Note 2 - Segment information

The Group's operating businesses are organized and managed according to the nature of the products and services marketed. Each segment represents 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 three (3) main segments as follows:

(a) Property development

This business segment pertains to the development and sale of condominium units. The subsidiaries operating in this segment are as follows:

- Shang Properties Realty Corporation ("SPRC") is the developer of The Shang Grand Tower Project (TSGT), located in Makati City, The St. Francis Shangri-La Place Project (TSFSP) and the One Shangri-La Place Project (OSP), both located in Mandaluyong City.

- Shang Property Developers, Inc. ("SPDI") is the developer of Shang Salcedo Place Project (SSP), located in Makati City.

- The Rise Development Company Inc. ("TRDCI") is the developer of The Rise Makati Project, located in Makati City.

- Shang Wack Wack Properties, Inc. ("SWWPI") is the developer of Shang Residences at Wack Wack Project, located in Mandaluyong City.

(b) Hotel operations

This business segment pertains to the operations of Shangri-La at the Fort's hotel and residences. Shang Global City Properties, Inc. ("SGCPI") is the developer of Shangri-La at the Fort Project, located in Taguig City. SGCPI's hotel and restaurant operations started commercial operations on March 1, 2016.

(c) Leasing

This business segment pertains to the rental operations of the Shangri-La Plaza Mall, The Enterprise Center ("TEC") and their related carpark operations as operated by Shangri-La Plaza Corporation ("SLPC"), KSA Realty Corporation ("KSA") and SPI Parking Services, Inc. ("SPSI"), respectively. It also includes rental of a portion of the Parent Company's land to EDSA Shangri-La Hotel and Resort, Inc. ("ESHRI") and cinema operations of Shangri-La Plaza Mall.

As disclosed in Note 10, in 2019, the Parent Company started construction of a project located in the City of Mandaluyong. The project is being constructed on a parcel of land registered in the Parent Company's name. The construction of the project is ongoing and is expected to be completed in 2024. Upon completion, the project will be subsequently leased out to third parties and related parties.

(d) Other business segments

Other business segments pertain to property management services and operations of real estate entities and other subsidiaries.

Except for the rental revenue from ESHRI, all revenues come from transactions with third parties. There are no revenues derived from a single external customer above 10% of total revenue in 2020, 2019 and 2018. There is no need to present reconciliation since measure of segment assets, liabilities and results of operations are consistent with those of the consolidated financial statements.

All revenues are from domestic entities incorporated in the Philippines, hence, the Group did not present geographical information required by PFRS 8, Operating Segments.

There are no changes in the Group's reportable segments and related strategies and policies in 2020, 2019, and 2018.

The segment assets, liabilities and results of operations of the reportable segments of the Group as at and for the year ended December 31, 2020 are as follows:

	Property development	Hotel operations	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues							
Condominium sales	3,009,081,539	-	864,966	-	3,009,946,505	-	3,009,946,505
Rental and cinema	29,819,750	-	2,188,581,255	-	2,218,401,005	(89,620,954)	2,128,780,051
Hotel operation	-	1,081,762,155	-	-	1,081,762,155	-	1,081,762,155
Cost of sales and services				-			
Condominium sales	(1,683,687,995)	-	(1,312,500)	-	(1,685,000,495)	-	(1,685,000,495)
Rental and cinema	-	-	(95,573,669)	-	(95,573,669)	(4,674,713)	(100,248,382)
Hotel operation	-	(1,851,378,118)	-	-	(1,851,378,118)	-	(1,851,378,118)
Gross profit	1,355,213,294	(769,615,963)	2,092,560,052	-	2,678,157,383	(94,295,667)	2,583,861,716
Operating expenses	(375,549,074)	(488,814,726)	(968,701,023)	(63,512,466)	(1,896,577,289)	397,888,017	(1,498,689,272)
Other income (expense)	521,852,549	336,110	1,623,049,579	1,482,381,069	3,627,619,307	(2,932,883,089)	694,736,218
Share in net income of associates and a joint venture	-	-	185,533,552	-	185,533,552	-	185,533,552
Interest expense and bank charges	(382,615)	(54,598,512)	(84,664,886)	(559)	(139,646,572)	-	(139,646,572)
Income before income tax	1,501,134,154	(1,312,693,091)	2,847,777,274	1,418,868,044	4,455,086,381	(2,629,290,739)	1,825,795,642
Income tax expense	(447,929,063)	366,508,509	(330,694,493)	(6,915,883)	(419,030,930)	14,815,070	(404,215,860)
Net income for the year	1,053,205,091	(946,184,582)	2,517,082,781	1,411,952,161	4,036,055,451	(2,614,475,669)	1,421,579,782
Segment assets	13,068,010,430	9,634,940,936	46,277,865,491	11,016,135,980	79,996,952,837	(18,144,906,407)	61,852,046,430
Associate and joint venture companies (Note 8)	-	-	-	1,317,911,271	1,317,911,271	-	1,317,911,271
Total assets	13,068,010,430	9,634,940,936	46,277,865,491	12,334,047,251	81,314,864,108	(18,144,906,407)	63,169,957,701
Segment liabilities	7,442,505,419	2,776,383,880	15,062,265,919	8,323,004,905	33,604,160,123	(12,108,569,589)	21,495,590,534
Capital expenditures for the year (Notes 10 and 12)	2,676,259	136,712,429	380,212,784	285,714	519,887,186	-	519,887,186

The segment assets, liabilities and results of operations of the reportable segments of the Group as at and for the year ended December 31, 2019 are as follows:

	Property development	Hotel operations	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues							
Condominium sales	4,426,678,935	-	1,660,714	-	4,428,339,649	-	4,428,339,649
Rental and cinema	-	-	3,597,477,911	-	3,597,477,911	(244,211,871)	3,353,266,040
Hotel operation	-	3,580,220,504	-	-	3,580,220,504	-	3,580,220,504
Cost of sales and services							
Condominium sales	(2,694,470,881)	-	(2,467,500)	-	(2,696,938,381)	-	(2,696,938,381)
Rental and cinema	-	-	(164,670,882)	-	(164,670,882)	(4,722,185)	(169,393,067)
Hotel operation	-	(3,212,676,342)	-	-	(3,212,676,342)	-	(3,212,676,342)
Gross profit	1,732,208,054	367,544,162	3,432,000,243	-	5,531,752,459	(248,934,056)	5,282,818,403
Operating expenses	(287,086,761)	(299,765,477)	(1,257,069,298)	(64,447,857)	(1,908,369,393)	656,566,364	(1,251,803,029)
Other income (expense)	(192,924,659)	7,210,175	2,669,571,077	688,023,259	3,171,879,852	(2,555,214,354)	616,665,498
Share in net income of associates and a joint venture		-	101,237,114	-	101,237,114	-	101,237,114
Interest expense and bank charges	(409,593)	(130,105,616)	(141,818,458)	(5,244)	(272,338,911)	-	(272,338,911)
Income before income tax	1,251,787,041	(55,116,756)	4,803,920,678	623,570,158	6,624,161,121	(2,147,582,046)	4,476,579,075
Income tax expense	(408,668,551)	(25,143,078)	(848,064,622)	(5,489,604)	(1,287,365,855)	232,555,473	(1,054,810,382)
Net income for the year	843,118,490	(80,259,834)	3,955,856,056	618,080,554	5,336,795,266	(1,915,026,573)	3,421,768,693
Segment assets	14,518,918,845	10,683,758,292	44,877,200,970	10,548,633,457	80,628,511,564	(19,396,613,973)	61,231,897,591
Associate and joint venture companies (Note 8)	-	-	-	2,121,615,473	2,121,615,473	-	2,121,615,473
Total assets	14,518,918,845	10,683,758,292	44,877,200,970	12,670,248,930	82,750,127,037	(19,396,613,973)	63,353,513,064
Segment liabilities	8,494,443,981	2,877,048,916	15,144,127,410	8,721,768,663	35,237,388,970	(13,154,014,784)	22,083,374,186
Capital expenditures for the year (Notes 10 and 12)	8,835,831	87,584,563	144,081,584	193,448	240,695,426	-	240,695,426

The segment assets, liabilities and results of operations of the reportable segments of the Group as at and for the year ended December 31, 2018 are as follows:

	Property development	Leasing	Hotel operations	Others	Total segments	Eliminations	Consolidated
Revenue							
Condominium sales	4,207,725,946	783,522,331	-	-	4,991,248,279	-	4,991,248,279
Rental and cinema	-	103,587,139	3,145,593,103	-	3,249,180,242	(231,848,991)	3,017,331,251
Hotel operation	-	3,171,907,725	-	-	3,171,907,725	-	3,171,907,725
Cost of sales and services							
Condominium sales	(2,693,212,800)	(307,348,423)	-	-	(3,000,561,223)	-	(3,000,561,223)
Rental and cinema	-	-	(241,988,954)	-	(241,988,954)	(4,422,383)	(246,411,337)
Hotel operation	-	(3,023,783,595)	-	-	(3,023,783,595)	-	(3,023,783,595)
Gross profit	1,514,513,148	727,885,177	2,903,604,149	-	5,146,002,474	(236,271,374)	4,909,731,100
Operating expenses	(264,631,860)	(322,357,393)	(814,082,778)	(33,303,760)	(1,434,375,791)	246,196,006	(1,188,179,785)
Other income (expense)	145,888,140	233,846,884	1,340,470,023	1,535,291,929	3,255,496,976	(1,785,930,558)	1,469,566,418
Share in net income of associates and a joint venture	-	-	-	-	-	-	-
Interest expense and bank charges	(263,116)	(186,978,167)	(33,652,296)	(135,848,130)	(356,741,709)	-	(356,741,709)
Income (loss) before income tax	1,395,506,312	450,396,501	3,396,339,098	1,366,140,039	6,608,381,950	(1,776,005,926)	4,832,376,024
Income tax expense	(446,005,860)	(133,913,982)	(659,135,439)	(9,503,010)	(1,248,558,291)	(23,203,276)	(1,271,761,567)
Net income (loss) for the year	949,500,452	316,482,519	2,737,203,659	1,356,637,029	5,359,823,659	(1,799,209,202)	3,560,614,457
Segment assets	12,848,496,749	9,146,496,232	30,352,019,019	13,231,383,964	65,578,395,964	(6,322,900,022)	59,255,495,942
Associate and joint venture companies (Note 8)	-	-	-	1,000,388,985	1,000,388,985	-	1,000,388,985
Total assets	12,848,496,749	9,146,496,232	30,352,019,019	14,231,772,949	66,578,784,949	(6,322,900,022)	60,255,884,927
Segment liabilities	7,051,526,346	4,590,810,260	13,112,558,754	8,757,631,862	33,512,527,222	(12,323,001,527)	21,189,525,695
Capital expenditures for the year (Notes 10 and 12)	58,078,120	17,004,566	489,886,876	-	564,967,564	-	564,967,564

Note 3 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2020	2019
Cash on hand	7,086,224	22,898,792
Cash in banks	817,325,094	428,422,956
Cash equivalents	725,559,596	2,188,767,152
	1,549,970,914	2,640,088,900

Cash in banks earned interest at respective bank deposit rates ranging from 0.05% to 0.25% in 2020 (2019 - 0.10% to 0.25%).

Cash equivalents are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Short term investments earn interest ranging from 0.09% to 2.75% in 2020 (2019 - 2.25% to 6.38%; 2018 - 0.50% to 6.375%).

Interest income earned for the year ended December 31, 2020 amounted to P12,956,641 (2019 - P44,045,396; 2018 - P54,619,455) (Note 23).

The carrying amounts of the Group's cash and cash equivalents are generally denominated in Philippine Peso, US Dollar and Hong Kong Dollar. The Group's foreign currency denominated cash and cash equivalents as at December 31 are as follows:

	2020			2019		
	Foreign currency	Exchange rate	Peso equivalent	Foreign currency	Exchange rate	Peso equivalent
US Dollar	1,949,160	48.04	93,629,836	1,302,055	50.74	66,066,290
HK Dollar	2,062	6.19	12,776	-	-	-

The realized and unrealized exchange losses for the years ended December 31 included within Other income in the consolidated statement of total comprehensive income are as follows:

	2020	2019	2018
Foreign exchange (losses) gains			
Realized	(1,206,598)	(2,798,376)	7,767,221
Unrealized	(2,522,490)	(4,958,704)	16,419,512
Total	(3,729,088)	(7,757,080)	24,186,733

Note 4 - Financial assets at fair value through profit or loss

This account represents equities that are listed in the Philippine Stock Exchange (PSE). Movements in the account for the years ended December 31 are as follows:

	Note	2020	2019
At January 1		36,278,844	41,424,316
Loss on fair value adjustment (Included in Other income)	23	(2,652,634)	(5,145,472)
At December 31		33,626,210	36,278,844

The fair values have been derived based on current bid prices in the PSE (Level 1 valuation).

Note 5 - Trade and other receivables, net

Trade and other receivables, net, as at December 31 consist of:

	Note	2020	2019
Trade			
Installment contracts receivable		3,044,359,832	3,365,390,819
Rent receivables		249,776,897	211,633,668
Receivables from guests and concessionaires		53,866,187	119,345,385
Non-trade			
Related parties	27	1,604,238,974	1,464,226,125
Advances to officers and employees		4,225,928	4,000,339
Interest		4,316,725	2,900,097
Others		58,574,091	66,298,077
		5,019,358,634	5,233,794,510
Allowance for impairment of receivables		(23,020,320)	(14,498,427)
		4,996,338,314	5,219,296,083

Installment contracts receivable arises from sale of condominium units with average term ranging from one to five years, with last installment collectible in 2021. The amounts due from the condominium buyers are subject to either bank financing or in-house financing. Interest income earned from installment contracts receivable for the year ended December 31, 2020 amounted to P299,782,769 (2019 - P166,691,384; 2018 - P127,423,327) (Note 23).

Rent receivables are non-interest bearing and pertain to rental fees charged to tenants and to the Group's affiliates for the office, commercial and carpark spaces. The normal credit terms range from 30 to 60 days.

Receivables from guests and concessionaires pertain to receivables arising from hotel, restaurant and rental services. These are usually due within 30 days and do not bear any interest.

Advances to officers and employees are normally settled within the next financial year.

Other receivables are non-interest bearing and consist of income from banner and non-tenant related receivables.

Movements in allowance for impairment of receivables for the years ended December 31 are as follows:

	Note	2020	2019
At January 1		14,498,427	15,542,333
Provision	22	9,113,149	170,000
Write-off		(591,256)	(1,213,906)
At December 31		23,020,320	14,498,427

The carrying amounts of the Group's trade and other receivables are all denominated in Philippine Peso.

There were no trade and other receivables pledged as collaterals as at December 31, 2020 and 2019.

Note 6 - Properties held for sale

Properties held for sale as at December 31 consist of:

	2020	2019
Condominium units held for sale	497,742,705	486,168,462
Construction in progress	2,915,322,511	2,390,076,899
	3,413,065,216	2,876,245,361

The cost of condominium sales recognized as expense and presented as part of Cost of sales and services in the Consolidated statements of total comprehensive income amounted to P1,685,000,495 in 2020 (2019 - P2,696,938,381; 2018 - P3,000,561,223) (Note 20).

(a) Condominium units held for sale

This account represents the accumulated actual construction costs of unsold units of completed condominium projects.

The movements in condominium units held for sale as at December 31 are as follows:

	2020	2019
At January 1	486,168,462	576,106,507
Additional development costs for the year	50,634,884	32,023,095
Cost of condominium units sold (excluding commissions)	(39,060,641)	(121,961,140)
At December 31	497,742,705	486,168,462

In 2020, the Group recognized additional costs incurred for the Shang Salcedo Place and Horizon Homes amounting to P50,634,884 (2019 - P32,023,095).

(b) Construction in progress

This account represents the accumulated actual construction costs of unsold units of ongoing condominium projects. The movements in this account as at December 31 are as follows:

	Note	2020	2019
At January 1		2,390,076,899	3,101,470,846
Construction and development costs incurred:			
Construction cost		1,086,872,457	1,611,800,483
Project management expenses		155,661,123	207,575,388
Professional and consultancy fees		24,953,404	37,950,318
Insurance and bonds		11,296	17,602,041
Land cost		842,750,537	15,365,728
Taxes, permits and licenses		72,208,236	12,521,425
Others		27,848,398	24,391,177
Transfer to real estate development projects	10	-	(226,815,885)
Transfer to investment property	10	(155,196,774)	-
Allocated cost of condominium sold (excluding commissions)		(1,529,863,065)	(2,411,784,622)
At December 31		2,915,322,511	2,390,076,899

Transfers in 2019 and 2020 relate to construction and development costs incurred during the period attributable to the retail portion of The Rise Makati condominium (Note 10).

As at December 31, 2020, the Group has remaining estimated cost to complete for the following on-going projects:

	2020	2019
The Rise Makati	278,174,318	661,009,994
Shang Residences at Wack Wack	3,625,240,249	3,913,538,022
	3,903,414,567	4,574,548,016

The Group's on-going projects and their PoC as at December 31 are as follows:

Projects	2020	2019
The Rise Makati	97%	92%
Shang Residences at Wack Wack	21%	15%

Critical accounting judgment - Estimation of net realizable value of properties held for sale

Properties held for sale are carried at the lower of cost and net realizable value. The net realizable value of completed condominium units is the estimated selling price of a condominium unit less estimated costs necessary to make the sale. While the net realizable value of condominium units under construction is the estimated selling price of a condominium unit less estimated costs to complete the construction, estimated time value of money to the date of completion and estimated costs necessary to make the sale.

NRV has been assessed to be higher than cost based on circumstances or conditions as at December 31, 2020 and 2019. Accordingly, no write-down is deemed necessary.

Critical accounting estimates - Estimation of percentage-of-completion of the Group's projects

Revenue from condominium sales is recognized over time using the output method in accordance with the guidance set in PFRS 15, Revenue from contracts with customers, and Philippine Interpretations Committee Questions and Answers (PIC Q&A) 2016-04.Under the output method, revenue is calculated with reference to the PoC of the project. PoC is determined based on the actual physical completion of the project. Management believes that revenue from condominium sales reported in the statement of total comprehensive income best reflects the PoC of the projects as at reporting date.

Critical accounting judgment - Collectability of the transaction price

Identification of a "contract" for particular real estate sale transaction in the context of PFRS 15 requires certain judgments based on the collectability of the transaction price. Collectability of the transaction price is demonstrated by the buyer's commitment to pay which, in turn, is supported by substantial initial and continuing investments that gives the buyer a sufficient stake in the property that risk of loss through default motivates the buyer to honor his obligation. Collectability is also assessed by considering factors such as the credit standing of the buyer, age, and location of the property. For condominium sales, in determining whether the contract prices are collectible, the Company considers that initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay, based on historical data.

Note 7 - Prepaid taxes and other current assets

Prepaid taxes and other current assets as at December 31 consist of:

	2020	2019
Advances to contractors and suppliers	888,508,872	532,967,837
Creditable withholding tax (CWT)	420,217,281	398,877,908
Prepaid commission	119,207,410	107,336,710
Input value added tax (VAT)	93,813,135	102,028,661
Prepaid property tax	62,647,224	96,704,392
Prepaid insurance	13,486,737	127,746
Consumables and supplies	13,303,359	17,702,227
Deferred input VAT	6,031,092	6,597,630
Other prepaid expenses	45,999,112	51,675,404
	1,663,214,222	1,314,018,515

Advances to contractors and suppliers pertain to initial payments made by the Group for the construction and development of its condominium project. These are applied as payments of progress billing by the contractors and suppliers based on milestones or percentage of accomplishment or delivery as stipulated in the contracts.

CWT is the tax withheld by withholding agents from payments to the Group which can be applied against the income tax payable.

Prepaid commission represents advance commission paid to property consultants and brokers based on the percentage of completion of the project sold. This account is treated as a fulfilment cost under PFRS 15, Revenue from contracts with customers, and therefore amortized as an expense.

Input VAT represents tax paid to suppliers that can be claimed as credit against the future output VAT liabilities and has no expiration.

Consumables and supplies consist of food, beverages and other recreational consumable items for the hotel operations.

Other prepaid expenses mainly consist of advance payments for rent, staff accommodation rentals, software support, refundable deposits, and other expenses which are normally utilized within the next financial year.

Note 8 - Investments in and advances to associates and a joint venture

This account as at December 31 consist of:

	2020	2019
Investment in a joint venture		
At January 1	1,121,482,600	1,000,000,000
Additions to investment	10,762,246	20,245,486
Share in net income	185,533,552	101,237,114
At December 31	1,317,778,398	1,121,482,600
Advances to a joint venture	1,000,000,000	1,000,000,000
Investments in immaterial associates		
Acquisition costs	132,873	132,873
	2,317,911,271	2,121,615,473

(a) Investment in and advances to a joint venture

On March 22, 2018, the Parent Company entered into a Joint Venture Agreement (the "Agreement") with Robinsons Land Corporation (RLC) for the construction and development of a mixed-use condominium project (later known as Aurelia Residences). Within two (2) months from the effective date of the Agreement, the parties shall establish the joint venture company ("JVC") and shall execute the Articles and By-Laws of the JVC. On May 23, 2018, the SEC approved the Certificate of Incorporation of Shang Robinsons Properties, Inc. (SRPI). SRPI is jointly controlled by the Parent Company and RLC, each holding 50% interest.

The authorized capital stock of SRPI is P3 billion divided into 3 billion common shares with par value of P1 per share. On April 19, 2018, the Parent Company subscribed and paid in full the amount of P1 billion equivalent to 1 billion common shares at P1 per share.

The registered office address of SRPI, which is also its principal place of business, is at Cyber Sigma, Lawton Avenue, Taguig City.

SRPI engages in: (i) the business of developing a property into a mixed-use development, (ii) the marketing and sale of the residential condominium units in the project, (iii) and the lease of serviced apartment units and/or commercial units in the project.

SRPI commenced operations in 2019 and had presold 37% of its Aurelia Residences condominium units. As at December 31, 2020, the Aurelia Residences Project is 7% complete (2019 - 3.21%). In 2020, the Group's share in net income of the joint venture amounted to P185,533,552 (2019 - P101,237,114).

In 2019, advances amounting to P1 billion were extended to SRPI. These advances mature on April 1, 2023 and bear interest at a rate of 4%. Interest income earned from these advances amounted to P64,322,935 in 2020 (2019-nil). (Note 23)

Summarized financial information of SRPI as at and for the years ended December 31 are presented below:

	2020	2019
Summarized statements of financial position		
Current assets	9,050,807,444	9,080,241,934
Current liabilities	(3,850,530,594)	(3,164,578,330)
Non-current assets	521,597,386	317,765,929
Non-current liabilities	(3,167,337,600)	(4,049,960,000)
Net assets	2,554,536,636	2,183,469,533

	2020	2019
Summarized statements of total comprehensive income		
Gross revenue	929,357,646	493,523,933
Net income for the year	371,067,103	202,474,229
Other comprehensive income for the year	-	-
Total comprehensive income for the year	371,067,103	202,474,229

(b) Investments in individually immaterial associates

In addition to the interests in a joint venture disclosed above, the Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

Critical accounting judgment - Recoverability of investment and advances

The Group's investments in associates and a joint venture are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable.

Significant accounting judgment - joint control assessment

Management has assessed that in the joint venture agreement, the contractual arrangement gives the investors control of the arrangement collectively, and decisions about the relevant activities require the unanimous consent of both entities, and therefore, joint control exists. Furthermore, the rights and obligations considering the structure and legal form of the arrangement indicates that the Parent Company has rights to the net assets of SRPI and therefore, the arrangement is classified as a joint venture.

Note 9 - Non-controlling interests

The proportion of equity interest held by the non-controlling interest (NCI) of KSA and SGCPI, the Group's subsidiaries with NCI that are deemed material, are as follows:

	2020	2019
KSA	29.96%	29.96%
SGCPI	40.00%	40.00%

The summarized financial information of subsidiaries with material NCI are provided below. The information is based on amounts before inter-company eliminations.

(a) KSA Realty Corporation

	2020	2019
Summarized statements of financial position		
Current assets	820,027,926	462,514,679
Current liabilities	(616,029,103)	(457,006,457)
Non-current assets	10,668,871,953	10,673,621,504
Non-current liabilities	(2,744,250,925)	(2,802,195,974)
Equity	8,128,619,851	7,876,933,752
Equity attributable to:		
Equity holders of the Parent Company	5,693,285,344	5,517,004,400
NCI	2,435,334,507	2,359,929,352
	8,128,619,851	7,876,933,752
Dividends declared to NCI	254,660,000	398,468,000

	2020	2019	2018
Summarized statements of total comprehensive income			
Revenues	1,435,989,656	1,429,812,199	1,249,996,056
Cost and expenses	(70,079,425)	(71,929,445)	(70,847,981)
Other income, net	(1,081,116)	89,508,516	660,520,320
Income before income tax	1,364,829,115	1,447,391,270	1,839,668,395
Income tax expense	(263,035,391)	(279,232,769)	(423,276,174)
Net income for the year	1,101,793,724	1,168,158,501	1,416,392,221
Other comprehensive loss	(107,625)	(54,383)	(17,995)
Total comprehensive income	1,101,686,099	1,168,104,118	1,416,374,226
Net income attributable to:			
Equity holders of the Parent Company	771,696,324	818,178,214	992,041,113
NCI	330,097,400	349,980,287	424,351,108
	1,101,793,724	1,168,158,501	1,416,392,221
Total comprehensive income attributable to:			
Equity holders of the Parent Company	771,620,944	818,140,124	992,028,509
NCI	330,065,155	349,963,994	424,345,717
	1,101,686,099	1,168,104,118	1,416,374,226

	2020	2019	2018
Summarized statements of cash flows			
Operating activities	1,141,854,238	1,247,497,746	1,086,939,089
Investing activities	(671,663)	(2,369,718)	(9,004,907)
Financing activities	(828,577,695)	(1,330,000,000)	(1,060,000,000)

The principal place of business of KSA is at Administration Office, Shangri-La Plaza Mall, Edsa corner Shaw Boulevard, Mandaluyong City.

(b) Shang Global City Properties, Inc.

	2020	2019
Summarized statements of financial position		
Current assets	558,370,087	881,210,512
Current liabilities	(1,486,150,528)	(1,369,367,257)
Non-current assets	9,076,570,849	9,820,274,434
Non-current liabilities	(1,290,233,352)	(1,525,408,317)
Equity	6,858,557,056	7,806,709,372
Equity attributable to:		
Equity holders of the Parent Company	4,115,134,234	4,684,025,623
NCI	2,743,422,822	3,122,683,749
	6,858,557,056	7,806,709,372

	2020	2019	2018
Summarized statements of total comprehensive income			
Revenues	1,081,762,155	3,701,852,718	4,061,702,373
Cost of sales and services	(1,797,344,447)	(2,696,734,646)	(2,830,396,604)
Operating expenses	(392,286,468)	(772,931,747)	(803,393,266)
Other income (expenses), net	(204,824,327)	(163,685,699)	15,851,888
Income before income tax	(1,312,693,087)	68,500,626	443,764,391
Income tax benefit (expense)	366,508,509	(25,143,078)	(133,913,982)
Net income (loss) for the year	(946,184,578)	43,357,548	309,850,409
Other comprehensive income (loss)	(1,967,738)	(3,892,437)	7,239,149
Total comprehensive income (loss)	(948,152,316)	39,465,111	317,089,558
Net income (loss) attributable to:			
Equity holders of the Parent Company	(567,710,747)	26,014,529	185,915,250
NCI	(378,473,831)	17,343,019	123,935,159
	(946,184,578)	43,357,548	309,850,409
Total comprehensive income attributable to:			
Equity holders of the Parent Company	(568,891,390)	23,679,067	190,258,740
NCI	(379,260,926)	15,786,044	126,830,818
	(948,152,316)	39,465,111	317,089,558

	2020	2019	2018
Summarized statements of cash flows			
Operating activities	(302,908,282)	979,260,721	2,896,350,545
Investing activities	(71,452,196)	(144,178,230)	(612,443,432)
Financing activities	146,159,927	(1,396,972,328)	(3,078,230,241)

No dividends were declared and paid by SGCPI in 2020 and 2019.

The principal place of business of SGCPI is at Crescent Park West District, Fort Bonifacio Global City, Taguig City.

Note 10 - Investment properties; Real estate development projects

10.1 Investment properties

This account consists of properties that are either held for capital appreciation or for rental purposes or both. The Group's investment properties are carried at fair value.

Details of investment properties as at December 31 and their movements during the years are as follows:

	Note	Land	Building	Total
At January 1, 2019		13,694,823,194	18,816,252,854	32,511,076,048
Gain (loss) on fair value adjustment		1,445,898,813	(1,169,201,426)	276,697,387
Capitalized subsequent expenditures		113,188,592	2,414,741	115,603,333
At December 31, 2019		15,253,910,599	17,649,466,169	32,903,376,768
Transfers due to change in use				
Properties held for sale	6	-	155,196,774	155,196,774
Real estate development project		652,036,324	835,577,337	1,487,613,661
Capitalized subsequent expenditures		-	367,685,862	367,685,862
At December 31, 2020		15,905,946,923	19,007,926,142	34,913,873,065

As at December 31, 2020 and 2019, the fair values of the properties are based on valuations performed by an independent external appraiser engaged by the management. The valuation models are in accordance with that recommended by the International Valuation Standards Committee.

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The current use of these properties is their highest and best use.

The following table presents the valuation techniques and unobservable key inputs used to value the following investment properties:

Property	Fair value as at December 31, 2020	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
The Enterprise Center (Office)	P10,662,565,000 (2019 - P10,662,565,000)	Direct income capitalization	Rental value	P1,680 per square meter (2019 - P1,680)	The higher the rental value and occupancy rate, the higher the fair value.
			Occupancy rate	95% (2019 - 95%)	
			Expense-revenue ratio	5.55% (2019 - 5.55%)	The higher the expense- revenue ratio and discount rate, the lower the fair value.
			Discount rate	11.37% (2019 - 11.37%)	
Main wing and east wing of Shangri-La Plaza mall (Retail), including the land where the property is located	P12,232,029,000 (2019 - P12,232,029,000)	Direct income capitalization	Rental value	P1,700 per square meter (2019 - P1,700)	The higher the rental value and occupancy rate, the higher the fair value.
			Occupancy rate	96% (2019 - 96%)	
			Expense-revenue ratio	23% (2019 - 23%)	The higher the expense- revenue ratio and discount rate, the lower the fair value.
			Discount rate	12.37% (2019 - 12.37%)	

The fair values of these properties are calculated using the direct income capitalization approach (Level 3). In applying the direct income capitalization approach, the stabilized net operating income (NOI) of each property is divided by an appropriate capitalization rate. Discount rate is based on actual location, size and quality of the property and taking into account any available market data at the valuation date. Stabilized NOI is computed at revenue less property operating expenses adjusted for items such as average lease up costs, long-term vacancy rates, non-recoverable capital expenditures, management fees, straight-line rents and other non-recurring items.

Generally, an increase in stabilized NOI will result in an increase in the fair value of an investment property. An increase in the discount rate will result in a decrease in the fair value of an investment property. The discount rate magnifies the effect of a change in stabilized NOI, with a lower discount rate resulting in a greater impact of a change in stabilized NOI than a higher discount rate.

The following are the significant unobservable inputs:

- Rental value average rental rate per square meter paid by tenants based on the asking price in the market;
- Discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
- Occupancy rate based on current and expected future market conditions after expiry of any current lease; and
- Expense - revenue ratio total direct operating expenses for the entire property based on budget.

The fair values of the Company's other land properties are determined using the market comparison approach (Level 2). Under the market comparison approach, a property's fair value is estimated based on comparable transactions adjusted for bargaining allowance, marketability, location, size and terrain. The market comparison approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. The unit of comparison applied by the Group is the price per square meter (sqm).

The remaining investment properties relate to individually immaterial land and building properties whose fair values have been determined in the prior years and are subject to reassessment in accordance with the Group's accounting policy.

The amounts recognized in the consolidated statements of total comprehensive income for investment properties for the years ended December 31 are as follows:

	2020	2019	2018
Rental revenue	2,124,139,646	3,278,602,944	2,991,967,885
Cinema revenue	4,640,405	74,663,096	25,363,366
Total rental and cinema revenue	2,128,780,051	3,353,266,040	3,017,331,251
Direct operating expenses	(100,248,382)	(169,393,067)	(246,411,337)
Profit arising from investment properties carried at fair value	2,028,531,669	3,183,872,973	2,770,919,914

Direct operating expenses include share in common expenses, real property taxes and insurance expenses (Note 20).

The Group (as a lessor) has cancellable lease agreements with third parties covering the freehold buildings and their improvements. The lease arrangements are either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher.

Details of the future gross rental income related to these cancellable lease agreements for the years ended December 31 are as follows:

	2020	2019	2018
Percentage basis	318,932,966	988,628,467	952,052,008
Fixed monthly rental	1,805,206,680	2,289,974,477	2,039,915,877
	2,124,139,646	3,278,602,944	2,991,967,885

Critical accounting estimate - Determination of fair values of investment properties

The fair values of investment properties are determined by independent real estate valuation experts using recognized valuation techniques. In some cases, fair values are determined based on recent real estate transactions with similar characteristics and in the location of those of the Group's assets. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgment, the Group considers information from a variety of sources including:

- current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- stabilized net operating income based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using pre-tax discount rates that reflect current market assessments of the uncertainty in the amounts and timing of the cash flows.

The Group also considers whether there are significant changes in market and property conditions in assessing the fair value of investment properties.

The significant method and assumptions used by the appraisers in estimating fair values of investment properties are disclosed in the tables above. The fair values, which are also the values of investment properties as at December 31, 2020 and 2019, are disclosed in the previous tables.

Fair value gain on investment properties represent significant amounts both in value of property and income. Any +/- 1% change in fair value per square meter increases/decreases total assets and income before tax by P349 million (2019 – P329 million).

<u>*Critical accounting judgments*</u>

(a) Distinction between properties held for sale, investment properties, and property and equipment

The Group determines whether a property is to be classified as a property held for sale, an investment property, or property and equipment through the following:

- Properties held for sale comprise properties that are held for sale in the ordinary course of business. These are condominium units that the Group acquired or developed and intends to sell.
- Investment properties comprise land and buildings which are not occupied, substantially for use by, or in the operations of, nor for sale in the ordinary course of business of the Group, but are held primarily to earn rental income or capital appreciation; and
- Property and equipment generate cash flows that are attributable not only to them but also to the other assets used in the operations of the Group.

In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is to earn rentals or for capital appreciation and another portion that is held for use in the operation or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as an investment property only if an insignificant portion is held for use in the operation or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment.

(b) Classification of leases as operating lease

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

The carrying values of investment properties as at December 31, 2020 and 2019 are disclosed in the tables above.

10.2 Real estate development projects

Real estate development projects account includes construction cost related to the Parent Company and TRDCI. Movements in this account are as follows:

	Note	2020	2019
At January 1		1,487,613,661	495,950,088
Development costs incurred (a)		-	811,971,396
Transfers to property and equipment (b)	12	-	(47,123,708)
Transfers from properties held for sale (a,c)	6	-	226,815,885
Transfers to investment properties	10.1	(1,487,613,661)	-
At December 31		-	1,487,613,661

(a) Parent Company

In 2019, the Parent Company started construction of a project located in the City of Mandaluyong. The project is being constructed on a parcel of land registered in the Parent Company's name. The construction of the project is ongoing and is expected to be completed in 2024. Upon completion, the project will be subsequently leased out to third parties and related parties. In 2019, construction costs amounting to P811,971,396 were incurred. Project management costs in 2019 amounting to P45,181,174 were reclassified from "construction in-progress" under properties held for sale to "real estate development projects" (Note 6). As at December 31, 2019, total related capitalized costs amounted to P857,152,570. Such costs were transferred to Investment properties in 2020 (Note 10.1).

(b) SGCPI

In 2019, costs relating to the development of hotel restaurants and facilities of SGCPI's Shangri-La at the Fort project amounting to P47,123,708 were reclassified to property and equipment (Note 12) upon completion.

(c) TRDCI

Construction costs allocated to the retail portion of The Rise Makati that is intended for leasing are included in Real estate development project. Project management costs in 2019 amounting to P181,634,711 were reclassified from "construction in-progress" under properties held for sale to "real estate development projects" (Note 6). As at December 31, 2019, total related capitalized costs amounted to P630,461,091. Such costs were transferred to Investment properties in 2020 (Note 10.1).

Note 11 - Financial assets at fair value through other comprehensive income, net

This account consists of equity securities. Financial assets at fair value through other comprehensive income (FVOCI), as at December 31, 2020 are presented below.

	2020	2019
Unquoted securities	488,429,727	488,429,727
Quoted securities	9,101,515	9,101,515
Acquisition cost	497,531,242	497,531,242
Cumulative changes in fair value	300,037,254	306,137,254
Fair value at December 31	797,568,496	803,668,496

The fair values of the unquoted equity securities are based on the net asset value of the underlying assets which are mainly investment properties consisting of land and buildings which are measured and carried at fair value of underlying assets. The fair value measurements have been categorized as Level 3 with the following significant unobservable inputs in the computation of the fair value of investment properties: (1) rental value average rental rate, (2) discount rates, (3) occupancy rate, (4) expense - revenue ratio, and (5) comparable transactions adjusted for bargaining allowance, marketability, location, size and terrain. The net asset value per share of unquoted equity securities ranges from P1,043 per share to P465,053 per share.

The quoted equity securities consist of investments in various golf club shares and stocks. These are carried at fair values which are based on the quoted market prices (Level 1) as at the reporting date.

The cumulative changes in fair values of unquoted and quoted equity shares are presented as part of other comprehensive income in the consolidated statements of financial position.

The movements in the cumulative changes in fair value of financial assets at FVOCI for the years ended December 31 are as follows:

	2020	2019
At January 1	263,169,666	243,226,016
(Loss) gain on fair value adjustment	(6,100,000)	21,969,000
Derecognition of cumulative changes in fair value of equity investments written-off	-	(1,270,000)
	257,069,666	263,925,016
Deferred income tax effect	1,639,495	(755,350)
At December 31	258,709,161	263,169,666

Note 12 - Property and equipment, net

Details of property and equipment, net, as at December 31 and their movements during the years are as follows:

	Building and building improvements	Transportation equipment	Furniture, fixtures and other equipment	Total
Cost				
At January 1, 2020	9,455,442,784	54,141,601	6,978,260,203	16,487,844,588
Additions	48,499,753	12,500	103,689,071	152,201,324
Adjustment	(69,139,452)	-	(96,829,658)	(165,969,110)
Disposals		(5,460,889)	(2,271,427)	(7,732,316)
At December 31, 2020	9,434,803,085	48,693,212	6,982,848,189	16,466,344,486
Accumulated depreciation and amortization				
At January 1, 2020	1,210,331,138	32,686,558	2,433,337,312	3,676,355,008
Depreciation and amortization	126,123,731	6,755,274	979,795,829	1,112,674,834
Disposals	-	(5,106,820)	(2,171,096)	(7,277,916)
At December 31, 2020	1,336,454,869	34,335,012	3,410,962,045	4,781,751,926
Cost				
At January 1, 2019	9,424,595,767	50,989,050	6,851,791,731	16,327,376,548
Transfer from real estate development projects (Note 10)	18,762,768	-	28,360,940	47,123,708
Additions	12,084,249	10,379,063	102,628,781	125,092,093
Disposals	-	(7,226,512)	(4,521,249)	(11,747,761)
At December 31, 2019	9,455,442,784	54,141,601	6,978,260,203	16,487,844,588
Accumulated depreciation and amortization				
At January 1, 2019	1,043,157,423	32,928,318	1,496,549,444	2,572,635,185
Depreciation and amortization	167,173,715	6,984,752	940,949,394	1,115,107,861
Disposals	-	(7,226,512)	(4,161,526)	(11,388,038)
At December 31, 2019	1,210,331,138	32,686,558	2,433,337,312	3,676,355,008
Net book values at				
At December 31, 2020	8,098,348,216	14,358,200	3,571,886,144	11,684,592,560
At December 31, 2019	8,245,111,646	21,455,043	4,544,922,891	12,811,489,580

Building and building improvements include land rights which pertain to the share of SGCPI in the land where the construction project was constructed after deducting the rights allocated to condominium unit owners.

In 2020, the SGCPI recorded cost adjustments to certain items of property and equipment amounting to P165.97 million (2019 - nil) due to changes in contractor billings issued during the year.

Depreciation and amortization were allocated as follows:

	Notes	2020	2019	2018
Cost of sales and services	20	1,074,039,063	1,080,551,476	1,018,566,761
Operating expenses		38,416,213	33,625,702	23,032,736
Capitalized under property held for sale	6	219,558	930,683	-
		1,112,674,834	1,115,107,861	1,041,599,497

There are no restrictions on the Group's title on property and equipment and no property and equipment were pledged as security for bank loans (Note 16).

Critical accounting estimate - Useful lives of property and equipment

The useful life of each item of the Group's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimate is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment would increase the recorded operating expenses and decrease non-current assets.

In 2020 and 2019, there were no changes in the estimated useful lives of property and equipment. As at December 31, 2020, property and equipment have a carrying value of P11.68 billion (2019 - P12.81 billion).

If the actual useful lives of the property and equipment differ by 10% (assessment threshold used by management), the carrying amount of property and equipment would have been P531.33 million higher or P434.72.14 million lower (2019 - P408.39 million higher or P334.14 million lower).

Critical accounting judgment - Impairment of non-financial assets

The Group reviews its non-financial assets, such as investments in associates and in a joint venture (Note 8), real estate development projects (Note 10.2), and property and equipment (Note 12), for any indicator of impairment in value. This includes considering certain factors such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. If indicators of impairment have been identified, the Group determines the recoverable amount of the asset, which is the higher of the asset's fair value less costs to sell and value in use.

Given historical profitable operations and profit projections, the Group has assessed that there are no impairment indicators with respect to the non-financial assets as at December 31, 2020 and 2019.

Note 13 - Goodwill

Goodwill acquired through business combinations amounting to P269,870,864 has been allocated to SGCPI, the CGU, for impairment testing.

The recoverable amount of the CGU has been based on value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to cash flow is 12.89% (2019 - 4.13%). Cash flows beyond the five-year period are extrapolated using a steady growth rate of 3.14% (2019 - 3.40%), which does not exceed the compounded annual growth rate for the real estate industry. As a result of the analysis, management did not identify impairment for this CGU.

The calculations of value in use for the CGU are most sensitive to the following assumptions:

- Discount Rates - Discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the CGU that have not been incorporated in the cash flow estimates. The discount rate is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of debt refers to the effective rate the Group pays on its debt. It is derived from BSP's average long-term interest rates on loans and discounts granted by local banks, universal banks subsidiaries of foreign banks, and foreign banks operating in the Philippines. The cost of equity is derived from the expected return on investment. The rates used to discount the future cash flows are based on risk-free interest rates in the relevant markets where the CGU operates. The beta factors are based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

- Terminal growth rate - Rates are based on published industry research.

The following assumptions are also considered in the calculation of value in use of the CGU:

- Gross margins - Gross margins are based on average values achieved in one to five years preceding the beginning of the budget period from other similar affiliated entities.

- Market share assumptions - When using industry data for growth rates (as noted above), these assumptions are important because management assesses how the unit's position, relative to its competitors, might change over the forecast period. Management expects its share of the real estate market to be stable over the forecast period.

With regard to the assessment of value in use of the CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the property to exceed its recoverable amount.

Critical accounting judgments - Impairment of goodwill

The Group reviews the goodwill annually for impairment and whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Goodwill is monitored by management at SGCPI's business level (lowest level of CGU identified) following its acquisition by Parent Company.

As at December 31, 2020 and 2019, based on management's assessment and judgment, there is no impairment of goodwill since the recoverable amount of the CGU is higher than the carrying value.

As at December 31, 2020 and 2019, the recoverable amount of SGCPI's hotel business was determined based on value in use calculation (using Level 3 inputs) and require the use of certain assumptions. In computing for the value in use, the management has employed the discounted cash flow method in computing for the value in use. The calculations use cash flow projections based on financial forecasts covering a five-year period beginning 2020.

The cash flow forecasts reflect management's expectations of revenue growth, operating costs and margins based on past experience and outlook, consistent with internal measurements and monitoring.

Pre-tax adjusted discount rate applied to the cash flow forecasts is derived using the weighted average cost of capital as at December 31, 2020.

The following are the key assumptions used:

Pre-tax adjusted discount rate	12.89%
Terminal growth rate	3.14%

The Group's impairment review includes an impact assessment of changes in discount rate used for value in use calculations. If the discount rate would increase/decrease by 1%, the estimated fair value of CGU would have been lower/higher by P265 million/P751 million. Based on this sensitivity analysis, management concluded that no reasonable change in base case assumptions would cause the carrying amount of SGCPI's business to exceed its recoverable amount.

Note 14 - Other non-current assets

Other non-current assets as at December 31 consist of:

	Note	2020	2019
Restricted fund		887,888,000	422,000,000
Refundable deposits		136,967,397	132,838,523
Deferred input VAT		30,198,822	62,870,019
Retirement benefit asset	24	9,721,578	25,320,182
		1,064,775,797	643,028,724

Restricted fund

On December 12, 2019, the Parent Company set aside funds amounting to P422,000,000 representing the first installment for a 50% share in an investment. In 2020, the Parent Company set aside additional funds amounting to P465,888,000 for the second installment.

Note 15 - Accounts payable and other current liabilities

Accounts payable and other current liabilities as at December 31 consist of:

	Notes	2020	2019
Trade:			
Accounts payable		575,234,991	653,706,710
Advance rentals	29	168,788,961	271,914,158
Accrued expenses:			
Construction		1,251,984,917	555,359,817
Taxes		222,496,692	229,087,026
Employee benefits		100,588,580	154,839,915
Titling cost		95,685,587	335,706,109
Utilities		52,458,386	91,898,665
Outside services		49,383,279	103,848,111
Commission		39,634,928	37,661,896
Provision for restructuring	22	33,985,773	-
Repairs and maintenance		24,330,118	58,768,131
Interest	16	17,570,659	22,829,348
Professional fees		12,463,758	22,169,700
Advertising and promotion		8,981,834	16,057,275
Others		24,140,253	9,529,746
Customers' deposits from:			
Condominium buyers		460,174,363	524,538,746
Hotel guests		149,627,017	160,249,477
Retention payables		596,429,280	847,964,710
Reservation payables		14,424,466	819,251,496
Advances from condominium unit buyers		302,158,966	165,052,377
Contract liabilities		22,428,105	132,446,606
Payable to contractors and suppliers		58,088,116	57,528,550
Construction bonds		62,695,015	63,129,360
Non-trade:			
Payable to related parties	27	172,556,667	100,489,253
Deferred output VAT		801,945,912	414,694,924
Payable to government agencies		43,852,775	149,500,917
Output VAT		53,347,319	46,212,920
Others	28	268,537,889	124,995,694
		5,683,994,606	6,169,431,637

Accounts payable and accrued expenses are non-interest bearing and are normally settled within 30 to 60 days and within the next financial year, respectively.

Advance rentals pertain to the three-month rent collected from tenants to be applied to the last three (3) months of the lease term.

In December 2020, SGCPI started to implement a restructuring program and a provision for restructuring amounting to P33.99 million was recognized for the termination benefits of redundated employees. The related provision was recognized under operating expenses in the statements of total comprehensive income (Note 22).

Customers' deposits from condominium buyers represent initial collections (e.g. down payments) received from the buyers which shall be applied as payment of the transaction price when the sales contract meets the requirements of PFRS 15 for revenue recognition purposes while deposits from hotel guests are advances made by guests in relation to their stay in the hotel and will be applied against the guests' hotel charges upon their check-out.

Retention payables represent the portion of contractor billings which will be paid upon satisfaction by the contractors of the conditions specified in the contracts or until the defects have been corrected.

Reservation payables pertain to cash paid by the buyers of condominium units for the reservation of the units purchased. These shall be considered as part of the down payment on the units purchased upon execution of the contracts or income if the reservation is forfeited when the buyer did not push through with the purchase.

Advances from condominium unit buyers pertain to the amounts received in advance from the condominium unit buyers of TSFSP, OSP, SSP and The Rise Makati for utilities, maintenance, and repairs of common areas. These will be paid to the condominium corporation of the respective projects when demanded.

Contract liabilities represent any excess collections received from buyers over the revenue recognized based on the percentage of completion method. The amount is expected to be applied against revenue in the following year.

Payable to contractors and suppliers represents progress billings from various contractors for the material and labor costs incurred to date with normal credit terms of 30 to 60 days, but may go beyond as agreed.

Construction bonds pertain to cash deposits posted by tenants as security for any expenses or damages that may be incurred by SLPC to the leased premises or common areas that may be sustained in relation to construction activities conducted by the tenants during fit-out, as well as during renovation period of the lease. It is normally returned to the tenants within six months after completion of their construction activities.

Deferred output VAT is the result of the difference in the application of installment method between the accounting policy of the Group and the tax regulations. It will be reclassified to output VAT payable when the collections from condominium unit buyers warrant recognition of revenue.

Payable to government agencies are expected to be settled within the next financial year.

Output VAT represents tax due and payable after deducting the corresponding input VAT.

Other accrued expenses consist of accruals for advertising and promotions, insurance, other employee related costs and other general and administrative expenses. Other current liabilities pertain mainly to taxes and insurance.

Note 16 - Bank loans; Installment payable

16.1 Bank loans

Bank loans as at December 31 consist of:

	2020	2019
Current portion		
Parent Company	3,833,333,333	3,553,333,333
SGCPI	450,000,000	-
	4,283,333,333	3,553,333,333
Non-current portion		
SGCPI	1,196,172,130	1,441,294,424
Parent Company	400,000,001	933,333,334
	1,596,172,131	2,374,627,758
	5,879,505,464	5,927,961,091

Movements in the bank loans as at December 31 are as follows:

	2020	2019
At January 1	5,927,961,091	5,983,027,491
Amortized debt issue cost	4,877,706	8,266,933
Proceeds from loan availments, net of unamortized debt issue costs	2,550,000,000	3,145,000,000
Payments	(2,603,333,333)	(3,208,333,333)
At December 31	5,879,505,464	5,927,961,091

The repayments of the above bank loans are scheduled as follows:

Year	2020	2019
2020	-	3,553,333,333
2021	4,283,333,333	1,983,333,333
2022	1,600,000,001	400,000,001
	5,883,333,334	5,936,666,667
Unamortized debt issue cost	(3,827,870)	(8,705,576)
	5,879,505,464	5,927,961,091

Total interest expense arising from these loans as shown in the consolidated statements of total comprehensive income in 2020 amounted to P100,798,442 (2019 - P235,099,374; 2018 - P328,088,762) (Note 23). Total capitalized interest amounted to P99,054,576 in 2020 (2019 - P110,125,555) and was included as part of investment properties (2019 - real estate development projects) (Note 10). The capitalization rate used to determine the amount of capitalized interest which is the weighted average interest rate applicable to the Group's general borrowings during the year is 2.19% (2019 - 5.23%).

Movements in the accrued interest recorded as accrued expenses under accounts payable and other current liabilities account for the years ended December 31 are as follows:

	Notes	2020	2019
At January 1		22,829,348	34,220,895
Interest expense	23	100,798,442	235,099,374
Payments		(106,057,131)	(246,490,921)
At December 31	15	17,570,659	22,829,348

The net debt reconciliation as at December 31 is presented below:

	Notes	2020	2019
Long-term loan, at January 1		5,927,961,091	5,983,027,491
Cash flows		(48,455,627)	(55,066,400)
Long-term loan, at December 31		5,879,505,464	5,927,961,091
Accrued interest		17,570,659	22,829,348
Cash and cash equivalents	3	(1,549,970,914)	(2,640,088,900)
Net debt		4,347,105,209	3,310,701,539

Movements in financing liabilities comprising the net debt are disclosed in the related notes to the consolidated financial statements.

(a) Parent Company

On July 30, 2012, the Parent Company obtained a 10-year loan facility from a local bank amounting to P5.00 billion. This amount is payable in 24 equal quarterly installments, commencing on the 17th quarter from the initial borrowing date at a fixed interest rate of 4.00% per annum for the three (3) years effective September 17, 2015.

On July 31, 2018, the Company obtained another 6-month loan from a local bank amounting to P500 million payable on January 31, 2019 at a fixed rate at 4.50% per annum. On January 31, 2019, the loan was extended for 6 months payable on July 31, 2019. On July 31, 2019, the Parent Company paid the entire amount of the loan. As at December 31, 2019, the Company is fully compliant with the loan covenants.

The loan agreement requires the Parent Company to comply with certain covenants and financial ratios until the loans are fully paid. Failure to comply with the covenants will render the full amount of loans due and demandable. As at December 31, 2019, the Company is fully compliant with the loan covenants.

As at December 31,2020, the Parent Company has not reached the debt-service coverage ratio requirement specified in the loan agreement. The Parent Company, however, was able to secure a waiver from the bank on the immediate declaration of the loan as due and demandable.

Total drawdown from the above facility amounted to P3.70 billion as at December 31, 2020 and 2019. As at December 31, 2020, the outstanding balance of the loan amounted to P933 million (2019 - P1.47 billion).

The Company availed of the following short-term loans which are payable within a period of 12 months:

Payment term	Starting date	Maturity date	Interest rate	Extension	Loan amount	Outstanding Balance as of December 31, 2020	Outstanding Balance as of December 31, 2019
2020							
3 months	8-May-20	6-Aug-20	4.75%	No extension period	200,000,000	-	-
3 months	10-Jun-20	8-Sep-20	4.50%	No extension period	200,000,000	-	-
3 months	24-Jun-20	22-Sep-20	4.50%	Extended until March 21, 2021	200,000,000	200,000,000	-
3 months	11-Sep-20	10-Dec-20	3.75%	Extended until March 10, 2021	200,000,000	200,000,000	-
3 months	11-Sep-20	10-Dec-20	3.75%	Extended until March 10, 2021	200,000,000	200,000,000	-
3 months	6-Oct-20	4-Jan-21	3.70%	No extension period	400,000,000	400,000,000	-
3 months	12-Nov-20	10-Feb-21	3.50%	No extension period	250,000,000	250,000,000	-
3 months	10-Dec-20	10-Mar-21	3.50%	No extension period	450,000,000	450,000,000	-
Sub-total					2,100,000,000	1,700,000,000	-
2019							
6 months	14-Jun-19	11-Dec-19	5.75%	Extended until June 30, 2020	1,000,000,000	-	1,000,000,000
6 months	28-Mar-19	24-Sep-19	6.00%	Extended until March 17, 2021	1,100,000,000	1,100,000,000	1,100,000,000
6 months	1-Aug-19	28-Jan-20	5.40%	No extension period	125,000,000	-	-
6 months	14-Aug-19	10-Feb-20	5.30%	No extension period	170,000,000	-	170,000,000
3 months	7-Oct-19	6-Jan-20	4.75%	No extension period	250,000,000	-	250,000,000
3 months	11-Dec-19	10-Mar-20	4.15%	Extended until January 7, 2021	500,000,000	500,000,000	500,000,000
Sub-total					3,145,000,000	1,600,000,000	3,020,000,000
Total						3,300,000,000	3,020,000,000

(b) SGCPI

On April 11, 2012, SGCPI obtained a 10-year term loan facility from a local bank amounting to P10.00 billion to be used for the construction of SGCPI's hotel, serviced apartments and residential units in Fort Bonifacio, Taguig City.

The principal amount of the loan shall be payable in 24 equal quarterly consecutive installments commencing on the 17th quarter from the initial drawdown, with the last installments in an amount sufficient to fully pay the loan. Interest shall be paid on each interest payment date for the relevant interest period based on three-month treasury bill rate as published in the Bankers Association of the Philippines Peso Bloomberg Valuation (PHP BVAL). The interest shall be based on the higher between the PHP BVAL rate plus spread of 0.75% per annum and the Bangko Sentral ng Pilipinas (BSP) overnight borrowing rate minus spread of 0.95% per annum. The SGCPI has the option to prepay the principal amount and to fix the interest rate.

The Company is required to maintain a ratio of debt to tangible net worth, not exceeding 2.5:1 and debt service cover ratio, greater than 1.1:1. As at December 31, 2020 and 2019, the ratios of debt to tangible net worth are 0.17:1 and 0.18:1, respectively, and debt service cover ratio of -2.10:1 and 14.21:1, respectively. As at December 31, 2019, the Company has complied with these covenants. As at December 31, 2020, SGCPI has not reached the debt-service coverage ratio requirement specified in the loan agreement. SGCPI, however, was able to secure a waiver from the bank on the immediate declaration of the loan as due and demandable.

The loan is secured by an absolute and unconditional continuing suretyship of the sureties namely, Shangri-La Asia Limited and the Parent Company.

Subject to the negative covenants of the loan, from and after signing the loan agreement and for as long as the loan is outstanding, SGCPI, without the prior written consent of the bank, shall not declare or pay dividends to its shareholders (other than dividends payable solely in shares of its capital stock) if payment of any sum due the bank is in arrears and shall not enter into any consolidation or merger, except when in such consolidation or merger, SGCPI is the surviving entity.

On October 16, 2015, the parties executed an agreement to amend the spread rate from seventy-five basis points (0.75%) to eighty-five basis points (0.85%).

On July 27, 2016, the parties agreed to amend the commitment period of the agreement which pertains to the period from the date hereof to and including the earliest of (i) July 29, 2016, (ii) the date of the commitment is fully availed by SGCPI or (iii) the date of the commitment terminates in accordance with the terms of the amended agreement.

On September 16, 2016, the parties executed an amendment to the definition of the repayment date, repayment provision, prepayment provision and repayment schedule. SGCPI shall repay the loan in 21 quarterly consecutive installments commencing on the 20th quarter from the initial drawdown with the last installments in an amount sufficient to fully pay the loan.

In 2020, SGCPI prepaid P1.42 billion (2019 - P1.25 billion) prepayment to be applied to the subsequent installments.

The loan is subject to a front-end fee of 25 basis points (0.25%) of the total principal amount. The front-end fee is considered a transaction cost, which is allocated based on each drawdown and amortized using effective interest rate. Debt issue costs also include the documentary stamp tax paid by SGCPI for each drawdown. Average floating interest rates is 3.47% in 2020 (2019 - 5.37%).

Outstanding balance of SGCPI's bank loans as at December 31 consist of:

	2020	2019
Bank loan	1,200,000,000	1,450,000,000
Unamortized debt issue costs	(3,827,870)	(8,705,576)
	1,196,172,130	1,441,294,424

In 2020, the SGCPI Company availed of the following short-term loans which are payable within a period of 12 months:

Date of loan	Original loan	Average interest rate	Maturity date
22-Jun-20	50,000,000	5.15%	18-Mar-21
22-Jul-20	50,000,000	5.08%	16-Apr-21
14-Aug-20	50,000,000	4.88%	9-Aug-21
14-Sep-20	70,000,000	4.75%	12-Mar-21
14-Oct-20	70,000,000	4.75%	5-Mar-21
16-Nov-20	50,000,000	4.75%	9-May-21
25-Nov-20	50,000,000	4.75%	23-Feb-21
14-Dec-20	60,000,000	4.75%	12-Mar-21
	450,000,000		

Movements in SGCPI's bank loans for the years ended December 31 follow:

	2020	2019
Principal amount		
January 1	1,450,000,000	2,700,000,000
Payments	(250,000,000)	(1,250,000,000)
December 31	1,200,000,000	1,450,000,000
Debt issuance cost		
January 1	(8,705,576)	(16,972,509)
Amortization	4,877,706	8,266,933
December 31	(3,827,870)	(8,705,576)
	1,196,172,130	1,441,294,424

16.2 Installment payable

On November 2, 2015, TRDCI (a subsidiary) entered into a contract with Vivelya Development Company, Inc. (VDCI) (the land owner and seller) to purchase the land where TRDCI's project is currently being constructed. The consideration for the land is for a minimum base price of P1.10 billion, exclusive of 12% VAT. Payment term for the purchase price includes down payment of fifteen percent (15%) of base price amounting to P165 million, exclusive of 12% VAT, upon signing of the contract. The remaining balance of the purchase price is interest-free and payable on a quarterly installment basis. Accordingly, the Company determined the fair value of the remaining installments using an appropriate market rate which resulted in "Day 1 gain".

As at December 31, 2020, installment payable at amortized cost amounted to P142,751,080 (2019 - P443,917,972). Interest cost representing amortization of the Day 1 gain amounted to P674,538 in 2020 (2019 - P15,365,728; 2018 - P14,143,726) and has been capitalized as part of construction in-progress. There is no unamortized Day 1 gain on installment payable in 2020 (2019 - P674,538; 2018 - P16,040,267).

Note 17 - Deposits from tenants

This account represents non-interest bearing rental deposits from tenants equivalent to three to six months' rent which have been discounted using applicable market rates and are carried at amortized cost. The difference between the discounted and face value of the deposits is recognized as deferred lease income. Deferred lease income is amortized on a straight-line basis over the lease term and is recognized in profit or loss as additional rent income. Interest is accreted on the deposits from tenants using the effective interest rate method and is recognized as additional interest expense in profit or loss.

Details of deposits from tenants as at December 31 and their movements during the years are as follows:

	2020	2019
At January 1, at face value	1,215,927,993	1,171,904,922
Net additions	41,143,365	44,023,071
At December 31, at face value	1,257,071,358	1,215,927,993
Day 1 difference	(102,298,427)	(97,183,062)
	1,154,772,931	1,118,744,931
Current portion	614,727,181	391,914,057
Non-current portion	540,045,750	726,830,874
	1,154,772,931	1,118,744,931

Details of deferred lease income as at December 31 and its movement during the years are as follows:

	2020	2019
At January 1	92,655,255	74,862,625
Additions	43,220,638	55,479,274
Amortization	(40,478,445)	(37,686,644)
At December 31	95,397,448	92,655,255
Current portion	41,298,111	45,303,980
Non-current portion	54,099,337	47,351,275
	95,397,448	92,655,255

The movements in the day 1 difference on deposits from tenants are as follows:

	Note	2020	2019
At January 1		97,183,062	77,921,439
Additions		43,220,644	55,560,707
Accretion as interest expense	23	(38,105,279)	(36,299,084)
At December 31		102,298,427	97,183,062

Note 18 - Equity

(a) Share capital, share premium and treasury shares

Details of share capital and share premium at December 31, 2020 and 2019 are as follows:

	2020	2019
Authorized, at P1 par value per share		
Common shares	8,000,000,000	8,000,000,000
Issued and outstanding shares		
Common shares	4,764,058,982	4,764,058,982
Share premium	834,439,607	834,439,607
	5,598,498,589	5,598,498,589

In 2007, the Board of Directors approved the redemption of 2,140,645 common shares at redemption price of P3.20 per share or a total of P6,850,064 and the amount is presented as treasury shares in the consolidated statements of financial position.

The Parent Company is listed in the Philippine Stock Exchange (PSE). It was registered on June 13, 1991 with total listed shares of 4,764,058,982 which was initially issued at P1.18 per share. As at December 31, 2020, the Parent Company has 5,191 shareholders (2019 - 5,200). The details of the Parent Company's shareholders are disclosed in the annual report.

There were no subsequent listings since the initial listing with PSE.

(b) Retained earnings

As at December 31, 2020, total unrestricted retained earnings amounted to P30,053,959,054 (2019 - P29,329,234,160). The Group's unrestricted retained earnings exceeded its share capital by P24,455,460,465 (2019 - P23,730,735,571). The excess retained earnings include accumulated fair value gain of P13,029,932,719 (2019 - P13,029,932,719) which are not considered available for dividend declaration. The management of the Group plans to use the excess retained earnings to support the Company's working capital requirements, planned business growth and expansion strategies. Further the Group annually declares dividends in compliance with SEC Memorandum Circular No. 11, Series of 2008.

Note 19 - Dividends

The Parent Company annually declares dividends in compliance with SEC Memorandum Circular No. 11, Series of 2008. The Parent Company's Board of Directors approved the declaration of the following cash dividends for the years ended December 31 and until the approval of these financial statements

Date of declaration	Shareholders of record as at	Payment date	Per share	Total
2021				
March 25	April 9	April 16	0.080	380,953,467
2020				
April 1	April 7	April 24	0.113	535,715,813
August 20	September 8	September 18	0.004	209,524,305
			0.117	745,240,118
2019				
March 6	March 21	March 31	0.106	502,382,385
September 16	September 30	October 20	0.070	333,334,164
			0.176	835,716,549
2018				
March 15	March 31	April 14	0.126	597,352,351
September 4	September 19	September 28	0.070	333,334,235
			0.196	930,686,586

At December 31, 2020, dividends payable presented in the consolidated statements of financial position pertains to dividends declared by Parent company attributable to its shareholders amounting to P52,609,087 (2019 - P47,544,516) and by KSA pertaining to its shareholders amounting to P21,422,305.

Movements in dividends payable as at December 31 are as follows:

	2020	2019
At January 1	47,544,516	42,683,650
Declaration	745,240,118	835,716,549
Payment	(718,753,242)	(830,855,683)
At December 31	74,031,392	47,544,516

Cash dividends paid during 2020 include payment to non-controlling shareholders of subsidiaries amounting to P254,660,000 at P703.70 per share (2019 - P398,468,000 at P1,101.09 per share).

Note 20 - Cost of sales and services

The components of cost of sales and services for the years ended December 31 are as follows:

(a) Cost of condominium sales

	Note	2020	2019	2018
Construction cost		1,009,565,675	1,633,629,913	1,959,124,761
Land		337,203,703	622,814,914	601,471,074
Project management		130,233,370	149,868,850	134,417,115
Commission expense		116,076,789	163,192,618	167,468,610
Design and professional fees		45,800,968	72,480,264	74,344,559
Permits and other expenses		17,420,837	18,839,484	18,584,167
Titling Cost		14,704,751	15,831,444	14,925,868
Sales and marketing expense		12,919,280	16,861,242	16,936,956
Makati Commercial Estate Association (MACEA) fees		844,264	2,688,229	10,497,347
Insurance		230,858	731,423	2,790,766
	6	1,685,000,495	2,696,938,381	3,000,561,223

(b) Cost of rental and cinema

	Note	2020	2019	2018
Real property taxes		71,448,462	55,170,244	54,233,974
Insurance		33,605,613	32,274,498	35,061,183
Share in common expenses		(4,805,693)	81,948,325	157,116,180
	10	100,248,382	169,393,067	246,411,337

(c) Cost of hotel operations

	Note	2020	2019	2018
Depreciation and amortization	12	1,074,039,063	1,080,551,476	1,018,566,761
Staff costs		251,279,123	404,965,369	306,053,518
Food and beverages		183,101,096	868,269,534	777,858,510
Utilities and maintenance		174,247,722	576,004,362	552,319,514
Supplies		40,026,659	74,127,536	84,914,282
Property tax and insurance		60,992,759	61,712,182	21,569,070
Others		67,691,696	147,045,883	262,501,940
		1,851,378,118	3,212,676,342	3,023,783,595

Others consist of telephone, fax, postage, subscriptions, publications, and hotel guest entertainment expenditures.

Note 21 - Staff costs

The components of staff costs for the years ended December 31 are as follows:

	Note	2020	2019	2018
Salaries and wages		433,298,536	336,984,080	350,786,180
Employee benefits		42,873,601	95,230,365	37,893,004
Retirement benefits costs	24	38,105,630	37,765,035	38,161,019
Others		15,770,770	6,426,086	11,431,113
		530,048,537	476,405,566	438,271,316

Note 22 - Other operating expenses

The components of other operating expenses for the years ended December 31 are as follows:

	Note	2020	2019	2018
Advertising		204,292,722	254,459,024	303,477,508
Professional fees		109,342,141	115,578,591	80,019,619
Donations		104,137,294	5,561,050	-
Provision for probable losses	28	100,150,239	-	-
Systems license and maintenance		55,219,394	2,835,871	4,125,172
Janitorial, security and other services		42,028,997	53,786,048	41,819,127
Provision for restructuring	15	33,985,773	-	-
Utilities		10,341,828	19,541,547	11,225,895
Provision for doubtful accounts	5	9,113,149	170,000	8,468,256
Condominium dues		7,932,018	3,624,674	6,045,247
Supplies		7,597,018	6,627,181	6,618,499
Telephone and communication		9,267,173	9,088,133	10,287,372
Carpark expense		6,112,036	6,542,921	6,922,036
Transportation and travel		2,284,348	7,070,500	8,778,876
Repairs and maintenance		4,049,750	6,329,398	5,505,975
Membership fees and dues		1,859,897	2,734,398	2,920,660
Entertainment, amusement and recreation		1,305,347	2,553,423	3,054,537
Reproduction charges		1,224,319	1,459,364	1,083,391
Gas and oil		2,517,564	2,252,390	2,400,056
Rent		373,791	566,126	35,614
Commission		258,947	5,382,606	16,262,426
Subscriptions, books and manuals		252,883	-	-
Others		26,720,455	8,693,418	1,079,721
		740,367,083	514,856,663	520,129,987

Donations in 2020 were made to various local government units and non-profit organizations as response to COVID-19 pandemic.

Systems license and maintenance in 2020 pertains to IT related management and license fees under the hotel operations.

Note 23 - Interest income, other income, and interest expense and bank charges

The components of interest income, other income, and interest expense and bank charges for the years ended December 31 are as follows:

(a) Interest income

	Notes	2020	2019	2018
Interest arising from:				
Installment contracts receivable	5	299,782,769	166,691,384	127,423,327
Advances to a joint venture	8	64,322,935	-	-
Cash in banks and cash equivalents	3	12,956,641	44,045,396	54,619,455
Overdue accounts from tenants		5,880,767	6,849,275	8,786,113
		382,943,112	217,586,055	190,828,895

(b) Other income, net

	Note	2020	2019	2018
Income from reversal of liabilities		159,523,441	-	63,974,806
Administration and management fee		89,259,775	24,785,736	18,732,446
Forfeited security deposits		14,275,842	6,830,401	1,943,015
Dividend income		13,002,470	55,541,739	48,440,301
Insurance claims		9,380,998	-	-
Signage fee		7,250,900	7,180,687	6,681,893
Income from back-out buyers		6,137,732	6,908,319	4,867,806
Income (loss) from ancillary services		4,359,118	8,057,028	(2,321,947)
Other rental revenue		3,755,357	312,500	2,500,000
Customer lounge fee		1,745,330	10,278,244	9,622,218
Banner income		494,732	3,679,732	4,258,589
Gain on sale of property and equipment		357,806	1,050,728	206,643,583
Loss on fair value adjustments of financial assets at fair value through profit or loss	4	(2,652,634)	(5,145,472)	(4,545,027)
Service revenue		-	-	4,438,616
Interest and penalty for overdue accounts		-	-	869,109
Others		8,631,327	10,659,494	8,451,105
		315,522,194	130,139,136	374,556,513

In November 2018, SGCPI sold its land rights with carrying value of P62,916,000 to a third party for a total consideration of P269,640,000 resulting in a gain of P206,724,000.

Income from reversal of liabilities in 2018 and 2020 pertains to reversal of outstanding accruals for various operating expenses of the Group.

Administration and management fees in 2020 include additional property management and support services availed during the year.

(c) Interest expense and bank charges

	Notes	2020	2019	2018
Interest expense on bank loans	16	100,798,442	235,099,374	328,088,762
Accretion of interest on deposits from tenants	17	38,105,279	36,299,084	29,810,487
Bank charges		742,851	940,453	842,460
		139,646,572	272,338,911	358,741,709

Note 24 - Accrued employee benefits

Accrued employee benefits as at December 31 consist of:

	2020	2019
Retirement benefit liability	85,328,539	55,093,909
Other employee benefits	4,469,520	51,116
	89,798,059	55,145,025

Accrued employee benefits pertain to liability for retirement, leaves and other related benefits expected to be settled more than 12 months after the end of the annual reporting period. Retirement asset amounting to P9,721,578 as at December 31, 2020 (2019 - P25,320,182) (Note 14), is not offset against the retirement liability as the retirement liabilities within the Group shall be settled on a per entity basis.

Retirement benefits

The Group, except SGCPI, has a funded, non-contributory defined benefit plan, providing death, disability and retirement benefits for all of its regular employees. Under this plan the normal retirement age is 60 years old and completion of at least five (5) years of service. Normal retirement benefit consists of a lump sum benefit equivalent to 100% of the employee's final pay for every year of service.

The funds are administered by a trustee bank under the supervision of the Group's Treasury Department. The trustee bank is responsible for investment of the assets. The Pension Fund Board defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes into account the plans objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (investment policy).

The retirement benefit obligation is determined using the "Projected Unit Credit Cost" (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined as the amount necessary to provide for the portion of the retirement benefit accruing during the year.

The actuarial present value of the retirement benefit obligation under the plan is measured in terms of actuarial assumptions for discount rate, salary increases, retirement rates and mortality using the 2017 Philippine Intercompany Mortality Table. The discount rates used is a single weighted average rate based on rates as published in the Bankers Association of the PHP BVAL at various tenors as at December 7, 2018. Rate for intermediate durations were interpolated. The rates were then weighted by the expected benefit payments at those durations to arrive at the single weighted average discount rate.

In 2016, SGCPI started an unfunded non-contributory defined benefit plan. The terms of this plan are the same with those of first plan described above.

The plan typically exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(a) Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan's investments are in the form of investments in debt instruments and cash deposits to universal and commercial banks. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets is invested in investments in debt instruments and cash deposits to universal and commercial banks.

(b) Interest rate risk

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using single weighted average rate based on PHP-BVAL rates. A decrease in rate will increase the defined benefit obligation. Hence, the present value of defined benefit obligation is directly affected by the discount rate to be applied by the Group. However, the Group believes that due to the long-term nature of the pension benefit obligation, the investment holdings of the plan is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(c) Longevity risk

The present value of the defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the retirement benefit obligation.

(d) Salary risk

The present value of the defined benefit plan obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the retirement benefit obligation.

The management performs an Asset-Liability Matching Study (ALM) annually. The overall investment policy and strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay retirement benefits as they fall due while also mitigating the various risk of the plans. The Group's current strategic investment strategy mainly consists of treasury notes and bonds accounting for 99% of the total plan assets.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

The Group's plan assets consist of investment in debt instruments and cash in banks. The Group believes that equities offer the best returns over the long term with an acceptable level of risk.

The actuarial valuation of the Group's retirement plan was performed by an independent actuary. The latest actuarial valuation report prepared was for the year ended December 31, 2020. The principal assumptions used by the actuary for the years ended December 31 are as follows:

	2020	2019	2018
Discount rate	3.31%	4.63%	7.29%
Salary increase rate	3.00%	4.00%	5.00%

The retirement benefit assets and liabilities recognized in the consolidated statements of financial position as part of "other non-current assets" and "accrued employee benefits" amount to P9,721,578 and P85,328,539, respectively (2019 - P25,320,182 and P55,093,909).

The summary of the total defined benefit obligation and fair value of plan assets as at December 31 are as follows:

	2020	2019
Fair value of plan assets	210,913,555	225,085,966
Present value of defined benefit obligations	(286,520,516)	(254,859,693)
	(75,606,961)	(29,773,727)

The movements in the remeasurement loss on defined benefit obligations under other components of other comprehensive income as shown in the consolidated statements of financial position for the years ended December 31 are as follows:

	2020	2019
At January 1	(42,210,303)	(37,974,006)
Remeasurements	(10,606,162)	(4,236,297)
	(52,816,465)	(42,210,303)
Deferred income tax effect	15,494,402	16,768,658
At December 31	(37,322,063)	(25,441,645)

Below is the analysis of the movements in the retirement benefit obligation for the years ended December 31:

	2020	2019
At January 1	29,773,727	44,042,834
Remeasurement loss	10,606,162	4,236,297
Contributions	-	(52,653,236)
Benefits paid directly by the Group	(1,333,401)	(3,617,203)
Transfers	(1,545,157)	-
Retirement benefits costs	38,105,630	37,765,035
At December 31	75,606,961	29,773,727

The components of retirement expense for the years ended December 31 recognized in the consolidated statements of total comprehensive income included under staff costs account are as follows:

	Note	2020	2019	2018
Current service cost		32,092,941	36,399,571	27,435,307
Past service cost		785,741	456,690	-
Net interest cost		5,677,615	896,734	1,004,454
Net acquired obligation arising from transfer of employees		(450,667)	12,040	9,721,258
Pension expense	21	38,105,630	37,765,035	38,161,019

Changes in the present value of the defined benefit obligation for the years ended December 31 are as follows:

	2020	2019
At January 1	254,859,693	225,003,009
Interest cost	10,373,503	13,562,194
Current service cost	36,498,332	35,433,759
Past service Cost	785,741	456,690
Net acquired obligation	(450,667)	12,040
Benefits paid directly by the Group	(25,716,226)	(26,688,536)
Transfers	(1,545,157)	-
Remeasurement losses (gains) from:		
Experience adjustments	4,195,231	(7,311,570)
Change in demographic assumptions	(305,738)	7,328,441
Changes in financial assumptions	7,825,804	7,063,666
At December 31	286,520,516	254,859,693

Changes in the fair value of plan assets for the years ended December 31 are as follows:

	2020	2019
At January 1	225,085,966	180,960,175
Interest income	9,336,087	11,699,649
Losses on return on plan assets	1,109,135	2,844,241
Benefits paid from plan assets	(24,617,633)	(23,071,335)
Contributions	-	52,653,236
At December 31	210,913,555	225,085,966

Apart from the benefit payments to certain qualified employees advanced by the Group and the contributions to the plan as presented above for the years ended December 31, 2020 and 2019, the Group had no other transactions with the plan.

Details of plan assets as at December 31 are as follows:

	2020	2019
Cash in banks	2,613,797	9,853,357
Money market deposits and trust funds	16,356,944	23,264,717
Investments in equity	26,188,270	24,892,867
Investments in debt instruments:		
Treasury notes and bonds	139,513,715	136,661,982
Corporate notes and bonds	26,240,829	30,413,043
	210,913,555	225,085,966

At December 31, 2020 and 2019, the Group's plan assets (investment in debt instruments) are determined by reference to published price quotations in an active market (classified as Level 1 in the fair value hierarchy).

There are no plan assets invested in related parties as at and for the years ended December 31, 2020 and 2019.

Expected contribution to post-employment benefit plans for the year ending December 31, 2021 amounts to P16,643,010.

The weighted average duration of the defined benefit obligation is 12.62 years.

Expected maturity analysis of undiscounted retirement benefits as at December 31 are as follows:

	2020	2019
Less than a year	56,185,350	51,032,384
Between one and five years	139,766,630	111,053,595
Over five years	779,773,075	840,841,184
	975,725,055	1,002,927,163

Critical accounting estimate - Determining retirement benefit obligation

The Group maintains a qualified defined benefit retirement plan. The calculations of retirement costs of the Group are dependent upon the use of assumptions, including discount rates, expected return on plan assets, interest cost, future salary increases, benefits earned, mortality rates, the number of employee retirements, the number of employees electing to take lump-sum payments and other factors.

Actual results that differ from assumptions are accumulated and amortized over future periods and, therefore, generally affect recognized expense and the recorded obligation in future periods. While the Group believes that the assumptions used are reasonable, differences in actual experience or changes in assumptions may materially affect the Group's retirement obligation and future expense.

In determining the long-term rates of return, the Group considers the nature of the plans' investments, an expectation for the plans' investment strategies, historical rates of return and current economic forecasts. The Group evaluates the expected long-term rate of return annually and adjusts such rate as necessary.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as follows:

	Increase (decrease)	
	2020	2019
Discount rate		
Increase by 1.0%	(117,986,079)	(110,173,475)
Decrease by 1.0%	131,100,542	120,701,943
Salary increase rate		
Increase by 1.0%	130,735,717	121,847,005
Decrease by 1.0%	(114,906,838)	(110,165,758)

The sensitivity is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit asset/liability recognized within the consolidated statements of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to prior years.

Note 25 - Income taxes

The components of income tax expense for the years ended December 31 follows:

	2020	2019	2018
Current	483,630,844	934,619,771	834,860,295
Deferred	(79,414,984)	120,190,611	436,901,272
	404,215,860	1,054,810,382	1,271,761,567

Deferred income tax assets and liabilities as at December 31 consist of:

	2020	2019
Deferred income tax assets:		
Net operating loss carry over (NOLCO)	480,772,099	43,974,721
Advance rentals	120,525,165	115,174,430
Difference in profit, installment method versus PoC method	41,601,548	175,403,239
Deferred lease income	54,669,952	56,415,939
Accrued expenses	50,072,440	58,003,879
Accrued employee benefits	22,029,125	19,321,592
Unamortized funded past service cost	20,439,350	12,381,686
Guest and banquets prepayments and deposits	14,523,540	31,882,983
Minimum corporate income tax (MCIT)	9,213,894	7,139,458
Allowance for doubtful accounts	4,437,822	4,349,528
Unrealized loss on foreign exchange	732,285	502,183
Others	16,816,990	6,356,675
	835,834,210	530,906,313
Deferred income tax liabilities:		
Unrealized increase in fair value of investment property	(7,880,926,838)	(7,767,798,971)
Difference in profit, installment method versus PoC method	(415,560,246)	(301,700,661)
Difference between cost of condominium sales for accounting and income tax purposes	(40,321,738)	(40,321,738)
Unrealized increase in fair value of FVOCI	(14,969,103)	(46,669,624)
Day 1 difference on deposits from tenants	(8,618,386)	(7,480,744)
Rent income per PFRS 16/PAS 17	(8,855,258)	(4,297,419)
Interest income	(18,833,333)	-
Unrealized gain on foreign exchange	(640,099)	(867,416)
Others	-	(58,091)
	(8,388,725,001)	(8,169,194,664)
Net deferred income tax liabilities	(7,552,890,791)	(7,638,288,351)

The balances of deferred income tax assets and liabilities presented in the consolidated statements of financial position are netted on a per entity basis as follows:

	2020	2019
Deferred income tax assets	465,150,772	226,921,795
Deferred income tax liabilities	(8,018,041,563)	(7,865,210,146)
	(7,552,890,791)	(7,638,288,351)

Realization of the future tax benefits related to the deferred income tax assets is dependent on many factors, including the Group's ability to generate taxable income in the future. The Group's management believes that the related future tax benefit will be realized.

Movements in net deferred income tax liabilities for the years ended December 31 are as follows:

	2020	2019
At January 1	(7,638,288,351)	(7,533,435,132)
Charged to profit or loss	79,414,984	(115,901,408)
Credited to other comprehensive income	5,982,576	15,337,392
Expired MCIT	-	(4,289,203)
At December 31	(7,552,890,791)	(7,638,288,351)

The details of unrecognized deferred income tax assets on NOLCO at December 31 which could be carried over as deductible expense from taxable income for three (3) consecutive years following the year of incurrence are as follows:

Year incurred	Year of expiry	2020	2019
2017	2020	-	153,931,742
2018	2021	95,193,368	95,193,368
2019	2022	16,799,864	16,799,864
2020	2025	353,902,384	-
		465,895,616	265,924,974
Unrecognized DTA at 30%		139,768,685	79,777,492

In compliance with the Tax Reform Act of 1997, the Group is required to pay the MCIT or the normal income tax, whichever is higher. The Group's MCIT incurred in 2016 amounting to P4,289,203 expired in 2019.

A reconciliation of the income tax expense computed at the statutory income tax rate and the effective income tax expense as shown in the consolidated statements of total comprehensive income for the years ended December 31 follows:

	2020	2019	2018
Tax at statutory rate of 30%	547,738,693	1,342,973,723	1,449,712,807
Additions (reductions) to income tax resulting from:			
Unrecognized NOLCO	106,170,715	22,368,423	101,296,815
Other non-deductible expenses	35,259,005	11,113,270	-
Expired MCIT	-	4,289,203	4,710,899
MCIT	-	1,092,499	-
Interest income subjected to final tax	(3,886,994)	(13,213,618)	(15,985,699)
Dividend income	(3,900,741)	(16,662,522)	(14,266,769)
Share in net losses of associates	(55,660,066)	(30,371,134)	-
Other non-taxable income	(79,024,949)	(57,516,306)	(86,486,328)
Difference between itemized and optional standard deductions (OSD)	(142,479,803)	(209,263,156)	(167,220,158)
Effective income tax expense	404,215,860	1,054,810,382	1,271,761,567

Income tax payable amounted to P124,336,401 as at December 31, 2020 (2019 - P250,763,007).

Critical accounting judgment - Income tax

A certain degree of judgment is required in determining the provision for income taxes, as there are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognizes liabilities for tax audit issues when it is probable. The liabilities are based on estimates whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Further, the Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces them to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized. The Group expects to generate sufficient future taxable profits to allow all of its recognized deferred tax assets to be utilized.

Event after reporting date - Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)

The Bicameral Conference Committee, under the 18th Congress of the Philippines, approved the reconciled version of the House Bill No. 4157 and Senate Bill No.1357 or the CREATE. The Committee report on CREATE was ratified by the Senate and House of Representatives on February 3, 2021. Among the salient provisions of CREATE include changes to the Corporate Income Tax (CIT) as follows:

- Reduction of CIT rate to 20% applicable to domestic corporations with total net taxable income not exceeding P5 million and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated);
- Reduction of CIT rate to 25% shall be applicable to all other corporations subject to regular CIT; and
- Minimum corporate income tax (MCIT) rate shall also be amended to 1%, instead of 2%, for the period beginning July 1, 2020 until June 30, 2023.

As at December 31, 2020, the CREATE bill is still pending ratification by both the Philippine Congress and Senate, and consequently pending approval of the President of the Republic of the Philippines. As such, the Company has assessed that the proposed tax law is not enacted or substantively enacted as at December 31, 2020. For financial reporting purposes, the enactment of CREATE after the reporting date is deemed non-adjusting subsequent event.

Had the reduced CIT rates been applied on the December 31, 2020 financial statements of the Company, the reduced income tax rate would have resulted in lower deferred tax liabilities, net, lower income tax expense, and higher net income. As at report date, an estimate of the financial effect of the CREATE law cannot be made yet.

Note 26 - Basic and diluted earnings per share

The computations of basic and diluted earnings per share for the years ended December 31 are as follows:

	2020	2019	2018
Net income attributable to the shareholders of Parent Company	1,469,965,012	3,056,001,858	3,012,328,190
Divided by the average number of outstanding common shares	4,761,918,337	4,761,918,337	4,761,918,337
Basic and diluted earnings per share	0.309	0.642	0.633

Basic and diluted earnings per share are the same due to the absence of dilutive potential common shares.

Note 27 - Related party transactions

In the normal course of business, the Group transacts with companies which are considered related parties. 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.

The transactions and outstanding balances of the Group with its related parties as at and for the years ended December 31 are as follows:

	2020		2019		
	Transactions	Outstanding receivables (payables)	Transactions	Outstanding receivables (payables)	Terms and conditions
Affiliates					
Rental income (a) (Note 5)	29,072,896	6,420,241	111,637,754	30,792,405	Balances to be collected in cash and are due generally within 30 to 60 days. These are non-interest bearing and are not covered by any security.
Affiliates					
Management services (b)	25,284,920	26,540,621	24,026,178	20,770,331	Balances to be collected in cash and are due generally within 30 days. These are non-interest bearing and are not covered by any security.
Reimbursed expenses (f)	3,780,125	1,184,864	6,765,396	713,542	
Affiliates share in Group's expenses (g)	323,231,434	420,199,422	303,029,278	262,057,715	
Advances (d)	-	1,144,187,553	-	1,144,187,553	Balances to be collected in cash and are generally due on demand. These are non-interest bearing and are not covered by any security.
Associates					
Associates' share in Group's expenses (g)	1,693	5,706,273	4,580	5,704,579	Balances to be collected in cash and are due generally within 30 days. These are non-interest bearing and are not covered by any security.
Total (Note 5)		1,604,238,974		1,464,226,125	
Affiliates					
Marketing, management and other service fees (c)	27,589,496	(27,589,256)	99,841,412	(18,971,458)	Balances are to be settled in cash and are generally due within 30 days. These balances are non-interest bearing and not covered by any guarantee.
Condominium dues (e)	9,041,815	(4,475,323)	4,935,070	(1,570,482)	
Group's share in affiliates' expenses (g)	170,934,662	(140,492,088)	218,423,222	(79,947,313)	
Total (Note 15)		(172,556,667)		(100,489,253)	

Affiliates pertain to entities that are not part of the Group but have common directors or key management personnel.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Board, with at least a majority of the independent directors voting to approve the material related party transaction. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Parent Company. For aggregate related party transactions within a twelve-month period which breaches the materiality threshold of ten percent (10%) of the Group's total assets, the same board approval shall be required for the transaction that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction shall abstain from participating in the discussions and voting for the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval. Significant agreements with related parties are as follows:

(a) A portion of the Parent Company's land is being leased by ESHRI, where the EDSA Shangri-La, Manila 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. On August 16, 2017, the agreement was renewed by ESHRI for another 25 years until August 27, 2042. Rental revenue is based on a fixed percentage of ESHRI's room, food and beverage, dry goods and other service revenue.

(b) Shang Property Management Services, Inc. (SPMSI) provides management services to The Enterprise Center Condominium Corporation (TECCC), St. Francis Shangri-La Place Condominium Corporation (TSFSPCC), The Shang Grand Tower Condominium Corporation (TSGTCC), and One Shangri-La Place Condominium Corporation (OSPCC) for a minimum period of five years starting January 7, 2009, April 1, 2010, January 7, 2007, and January 1, 2015 respectively. As consideration, SPMSI shall receive from TECCC, TSGTCC, TSFSPCC, and OSPCC monthly management fees of P400,000, P100,000, P100,000, and P250,000 respectively, inclusive of VAT, with an escalation rate of 5% to 10% per annum. The parties mutually agreed to renew the agreements for another 5 years upon expiration.

(c) SGCPI entered into a License Agreement with Shangri-La International Hotel Management Limited (SLIM-BV) 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. In consideration for such access and use, SGCPI pays SLIM-BV license fees and royalties. License fees paid to SLIM-BV is equivalent to $100 per annum while royalties are computed at 3% of the gross operating revenue per annum payable within 30 days of the end of each calendar month.

    Further, in 2016, SGCPI entered into a Marketing and Reservations Agreement with SLIM, whereby the related party 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. Under this agreement, SLIM shall act solely for the account of SGCPI and all expenses incurred shall be borne by SGCPI. As a consideration for such services, SGCPI shall pay SLIM an amount equivalent to certain percentage of gross operating revenue. Other charges include reservation, loyalty program, communication, and other group services fees. Basis of these various charges are stipulated in the Marketing and Reservations Agreement.

(d) The outstanding balance as at December 31, 2020 and 2019 amounting to P1,144,187,554 represents cash advances made by Classic Elite Holdings Limited from the Parent Company for working capital and project development.

(e) Condominium dues charged by TSFSPCC and TECCC to Parent Company, KSA, SPDI and SPRC.

(f) Reimbursement of expenses paid for by SLPC for ESHRI.

    Certain other general and administrative expenses are initially paid for by the Group/affiliate and are subsequently reimbursed by the affiliate/Group to whom such payment was intended for.

There were no write-offs or provisions made in relation to related party transactions and balances not eliminated during consolidation as at and for the years ended December 31, 2020 and 2019. The following are the significant transactions and outstanding balances with retirement fund and key management personnel as at and for the years ended December 31:

	2020		2019		
	Transactions	Outstanding receivables (payables)	Transactions	Outstanding receivables (payables)	Terms and conditions
Retirement fund					
Contributions	-	-	52,653,236	-	Refer to Note 24.
Advances	1,333,401	-	3,617,203	-	Balance pertains to claims from the retirement fund in relation to employee benefits directly paid by the Group.
Key management personnel:					
Salaries and other short-term employee benefits	79,387,790	-	81,719,074	-	Salaries and wages are settled in cash at the period incurred. Other short-term benefits are payable within the current year. There were no stock options or other long-term benefits provided in 2020 and 2019 nor amounts due to/from key management personnel as at December 31, 2020 and 2019.
Post-employment benefits	5,063,313		5,589,282	-	Refer to Note 24.

The following related party transactions and balances were eliminated for the purpose of preparing the consolidated financial statements:

	2020	2019	2018
At December 31			
Trade and other receivables	13,221,433,467	12,770,869,974	13,233,821,564
Accounts payable and other current liabilities	13,221,433,467	12,770,869,974	13,233,821,564
For the years ended December 31			
Rental revenue	89,620,954	244,211,871	231,848,991
Cost of sales and services	4,674,713	4,722,185	4,422,383
Operating expenses	397,888,017	656,566,364	246,196,006
Other income	199,948,889	273,682,354	101,211,223
Dividend income	2,732,934,200	2,281,532,000	1,389,324,000

The Parent Company and its subsidiaries are a party to significant agreements with related parties as follows:

(a) A portion of the Parent Company's land where the Shangri-La Plaza Mall is located is being leased to SLPC. The lease is for a period of 25 years from January 6, 1993. On September 19, 2017, the agreement was renewed by both parties to another 5 years until January 6, 2023. Rental revenue is based on a certain percentage of SLPC's annual rental revenue from mall operations and certain percentage of the carpark's net income. Rental revenue of the Parent Company amounted to P47,381,177 in 2020 (2019 - P113,770,373; 2018 - P118,077,382).

On January 16, 2002, SPSI entered into an agreement with the Company and SLPC. Under the agreement, SPSI is granted limited usufructuary rights over the parking spaces of the Company and SLPC for a consideration equivalent to 95% of SPSI's gross revenue less direct and indirect expenses relating to the Company's parking facilities. The agreement is effective until December 31, 2002 and shall be renewed automatically on a yearly basis.

(b) SPRC and SLPC entered into a memorandum of agreement whereby SLPC will operate the mall establishment and constitute it as the East Wing of the Shangri-La Plaza Mall. The lease is for a period of five years from October 1, 2013 and renewable upon mutual agreement by the parties. Rental revenue is based on a certain percentage of SLPC's annual rental revenue from the mall operations plus a certain percentage of the carpark's net income.

(c) On January 1, 2009, SPSI entered into an agreement with KSA, whereby SPSI is to manage and operate the parking slots of KSA. The agreement is renewable upon mutual agreement by the parties. The monthly gross parking revenue, less applicable VAT, is shared between KSA and SPSI at 75% and 25%, respectively.

(d) KSA entered into a management agreement with SPMSI for a monthly fee of P150,000 with 10% annual escalation for a period of five years starting March 2008. The parties agreed mutually on the renewal of the agreement. SPMSI shall provide on-site property leasing management including head office support services and periodic audit to ensure compliance with international practices; perform staff recruitment, training and performance evaluation; and perform financial management, including billing and collection and budget provisioning.

(e) In 2011, SPDI obtained an unsecured, noninterest-bearing loan from SHIL amounting to P2,317,500,000, payable on demand. As at December 31, 2020 and 2019, this loan is still outstanding.

(f) The Parent Company's dividend income from declarations of its subsidiaries are as follows:

	2020	2019	2018
KSA	595,340,000	931,532,000	742,424,000
SLPC	225,000,000	725,000,000	525,000,000
SPDI	-	70,000,000	50,000,000
NCRI	20,000,000	35,000,000	51,000,000
SWWPI	175,000,000	-	-
KRC	400,000,000	-	-
SPMSI	15,500,000	13,000,000	13,000,000
SPSI	2,500,000	7,000,000	7,900,000
SPRC	-	-	-
TRDCI	1,299,594,200	500,000,000	-
	2,732,934,200	2,281,532,000	1,389,324,000

In 2019 and 2020, TRDCI declared cash dividends amounting to P500,000,000 and P1,299,594,200 to KRC respectively. The declaration was eliminated under both dividend income in the statement of total comprehensive income and dividends declared under equity in the statement of financial position. There were no similar transactions by TRDCI in 2018.

The receivables and payables between related parties, except for those arising from reimbursement of expenses and those that are unsecured and noninterest bearing which are payable on demand, have normal credit terms of 30 to 90 days, but may go beyond as agreed.

Note 28 - Provisions and contingencies

On July 14, 1993, a complaint was initially filed before the Regional Trial Court (RTC) - Pasig by the principal contractor of the Shangri-La Plaza Mall against the Parent Company and the Board for the recovery of the balance of alleged unpaid construction work, compensatory and moral damages, legal fees and litigation costs totaling about P122,000,000, exclusive of interest.

In 1998, the parties were directed by the RTC to undergo arbitration which resulted in promulgation in 2007 of the Arbitral Tribunal to be awarded to the principal contractor the sum of P38,518,503, net of the award to Parent Company amounting to P8,387,484.

Both parties appealed this decision to the Court of Appeals (CA) in 2008. In a resolution issued in 2009, the CA awarded to the principal contractor P24,497,556, unpaid progress billings based on the original scope of work, and denied the Parent Company of its motion for partial reconsideration.

In 2009, both the Parent Company and the Principal Contractor filed a Petition for Review in Certiorari to the Supreme Court. The Parent Company prayed for a reversal of the decision of the CA and for payment of liquidated damages by the Principal Contractor. On the other hand, the Principal Contractor filed a motion to modify the decision of the CA and to be awarded the full amount of their claim. Both petitions are pending resolution by the Supreme Court as of March 25,2021.

The Parent Company and SLPC have other pending legal cases which are being contested by the Parent Company, SLPC and their legal counsels. Management and the legal counsels believe that the final resolution of these cases will not have a material effect on the Group's financial position and results of operations.

Critical accounting estimate - Provision

As at December 31, 2020, the Group recognized provision for a certain tax assessment (Note 15 and 22). The estimate of the probable costs for the resolution has been developed in consultation with outside legal counsel handling the Group's defense in this matter. Disclosure of additional details beyond the present disclosures may seriously prejudice the Company's position. Thus, as allowed by PAS 37 "Provisions, Contingent Liabilities and Contingent Assets", only general disclosures were provided.

Critical accounting judgment - Contingencies

The Parent Company and SLPC are currently involved in various legal proceedings. The estimates of the probable costs for the resolution of these claims have been developed in consultation with the outside legal counsel handling the defense in these matters and are based upon analyses of potential reports. Based on management's assessment, these proceedings will not have a material effect on the Group's financial position and performance.

Note 29 - Advance rentals

Advance rentals are collected from all tenants depending on the agreed terms stated in the contracts which are usually equivalent to three months' rent and can be applied at the terminal months of the lease. The current portion is included as part of accounts payable and other current liabilities account (Note 15) and the non-current portion is shown separately in the consolidated statements of financial position. Movements in the account for the year ended December 31 are as follows:

	2020	2019
At January 1	383,914,764	319,264,957
Additions	56,566,473	97,868,384
Applications	(38,730,686)	(33,218,577)
At December 31	401,750,551	383,914,764

Advance rentals for the years ended December 31 are as follows:

	Note	2020	2019
Current	15	168,788,961	271,914,158
Non-current		232,961,590	112,000,606
		401,750,551	383,914,764

Note 30 - Financial risk and capital management

30.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the Group's management under policies approved by its Board of Directors. These policies cover financing structure, foreign exchange and interest rate risk management, guarantees and credit support, as well as treasury control framework. There are no changes in the Group's risk management plans for the years ended December 31, 2020 and 2019.

30.1.1 Market risk

(a) Foreign exchange risk

The Group's exposure on currency risk is minimal and limited only to foreign currency denominated cash in banks and cash equivalents. Changes in foreign currency exchange rates of these assets are not expected to have a significant impact on the financial position or results of operations of the Group.

The Group's foreign currency denominated cash in banks and cash equivalents as at and net foreign exchange gains for the years ended December 31, 2020 and 2019 are disclosed in Note 3.

(b) Price risk

The Group's exposure to price risk is minimal and limited only to financial assets at fair value through profit or loss (Note 4) and FVOCI (Note 11) presented in the consolidated statements of financial position. Changes in market prices of these financial assets are not expected to have a significant impact on the financial position or results of operations of the Group.

(c) Cash flow and fair value interest rate risk

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing financial instruments include bank loans (Note 16). Loans amounting to P1,646,172,130 as at December 31, 2020 (2019 - P1,441,294,424) have interest rates that are based on the higher between the PHP BVAL rate plus 0.75% per annum and the BSP overnight borrowing rate. A loan amounting to P4,233,333,334 as at December 31, 2020 (2019 - P4,486,666,667) has an interest rate subject to repricing every 30 to 180 days as agreed by the parties.

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 long-term 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. The other financial instruments of the Group are 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.

At December 31, 2020, if interest rates on bank loans had been 100 basis points lower or higher with all other variables held constant, post-tax profit for the year would have been higher by/lower by P58,795,054 (2019 - higher by/lower by P59,279,611) mainly as a result of lower/higher interest expense on floating-rate bank loans. Management uses 100 basis points as threshold in assessing the potential impact of interest rate in the operations.

The sensitivity analysis has been determined based on the exposure to interest rates at the end of each reporting period. The sensitivity rate in the analysis is the same rate used in reporting interest rate risk internally to key management personnel and represents the Group's best estimate of the reasonably possible change in interest rates.

30.1.2 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit risk arises from cash deposits with banks, as well as credit exposure to customers and suppliers.

Exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. The Group has no significant concentration on credit risk.

The Group's financial assets are categorized based on the Group's collection experience with the counterparties as follows:

a. Performing - settlements are obtained from counterparty following the terms of the contracts without history of default.
b. Underperforming - some reminder follow-ups are performed to collect accounts from counterparty.
c. Non-performing - evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the counterparty, a breach of contract such as a default or being more than 120 days past due; or it is probable that the borrower will enter bankruptcy or other financial reorganization.

The following tables summarize the credit quality of the Group's financial assets per category and aging analysis of financial assets as at December 31:

	Performing (Level 1)	Under performing (Level 2)	Non-performing (Level 3)	Total
2020				
Current assets				
Cash and cash equivalents	1,542,884,690	-	-	1,542,884,690
Trade and other receivables	4,996,338,314	-	23,020,320	5,019,358,634
Financial assets at fair value through profit or loss	33,626,210	-	-	33,626,210
Refundable deposits	2,897,511	-	-	2,897,511
Non-current assets				
Advances to a joint venture	1,000,000,000	-	-	1,000,000,000
Refundable deposits	136,967,397	-	-	136,967,397
Financial assets at FVOCI	797,568,496	-	-	797,568,496
	8,510,282,618	-	23,020,320	8,533,302,938
2019				
Current assets				
Cash and cash equivalents	2,617,190,108	-	-	2,617,190,108
Trade and other receivables	5,219,296,083	-	14,498,427	5,233,794,510
Financial assets at fair value through profit or loss	36,278,844	-	-	36,278,844
Refundable deposits	3,537,728	-	-	3,537,728
Non-current assets				
Advances to a joint venture	1,000,000,000	-	-	1,000,000,000
Refundable deposits	132,838,523	-	-	132,838,523
Financial assets at FVOCI	803,668,496	-	-	803,668,496
	9,812,809,782	-	14,498,427	9,827,308,209

There are no collaterals held as security or other credit enhancements attached to the Group's financial assets.

Allowance for impairment of receivables as at December 31, 2020 amounted to P23,020,320 (2019 - P14,498,427). Apart from the financial assets covered by allowance, the remaining financial assets are classified as high performing.

The credit quality of the Group's financial assets is discussed below.

(a) Cash and cash equivalents

Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties to mitigate financial loss through the counterparty's potential failure to make payments.

As at December 31, the Group's cash and cash equivalents are deposited in the following types of financial institutions as approved by the Board of Directors:

	2020	2019
Universal banks	1,345,437,973	1,378,727,558
Thrift banks	131,661,552	1,216,460,383
Commercial banks	65,785,165	22,002,167
	1,542,884,690	2,617,190,108

Cash in banks and cash equivalents as at December 31, 2020 and 2019 are all considered high grade financial assets. The remaining cash in the consolidated statements of financial position pertains to cash on hand which is not exposed to credit risk (Note 3).

(b) Receivables

There is no concentration of credit risk with respect to receivables since the Group has a large number of counterparties involved.

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 case of leasing operation, tenants are subjected to credit evaluation and are required to put up security deposits and pay advance rentals, if necessary. For the hotel operation, hotel guests 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 performed by the Financial Controller and the General Manager. 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 balances due from customers are considered as high-grade financial assets.

The Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The loss allowance as at December 31, 2020 and 2019 was determined as follows for trade receivables:

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
December 31, 2020					
Expected loss rate	0%	0%	0%	100%	
Trade receivables	3,324,982,596	-	-	23,020,320	3,348,002,916
Loss allowance	-	-	-	23,020,320	23,020,320
December 31, 2019					
Expected loss rate	0%	0%	0%	100%	
Trade receivables	3,681,871,445	-	-	14,498,427	3,696,369,872
Loss allowance	-	-	-	14,498,427	14,498,427

The Group's receivables classified as current did not have history of loss arising from contract with customers as it is able to repossess the sold property consequent to customer's inability to pay the transaction price. The Group believes that this assessment is adequate and reasonable in view of the credit quality of contract receivables. Accordingly, the expected credit loss on these fully performing contract receivables is deemed insignificant for financial reporting purposes.

Non-trade receivables

The credit exposure on nontrade receivables is considered to be minimal as there is no history of defaults and collections are expected to be made within 30 to 60 days. In respect of balances due from related parties, management considered the credit quality of these receivables to be good based on financial condition of the related parties.

(c) Refundable deposits

Refundable deposits include cash required from the Group for the on-going construction and utilities maintenance. This is refundable at the end of the lease term. Refundable deposits are reflected at their carrying amounts which are assumed to approximate their fair values. Considering the balance and average term of outstanding lease arrangements, management believes that the impact of discounting is not significant. Refundable deposits are considered as high performing financial assets.

30.1.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. 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 operations against cash requirements for its operations. The Group utilizes its borrowing capacity, if necessary, to further bolster its cash reserves.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The following table shows the Group's financial instruments as at December 31 based on its contractual maturity profile:

	0 - 90 days	91 - 180 days	181 - 360 days	Beyond 360 days	Total
At December 31, 2020					
Bank loans	1,810,000,000	1,840,000,000	633,333,333	1,596,172,130	5,879,505,463
Accounts payable and other current liabilities*	3,935,419,915	-	-	-	3,935,419,915
Deposits from tenants	-	-	614,727,181	540,045,750	1,154,772,931
Installment payable	-	142,751,080	-	-	142,751,080
Dividends payable	-	74,031,392	-	-	74,031,392
Future interest payable	41,722,432	36,918,244	56,903,492	119,429,891	254,974,059
	5,787,142,347	2,093,700,716	1,304,964,006	2,255,647,771	11,441,454,840
At December 31, 2019					
Bank loans	1,045,000,000	2,100,000,000	408,333,333	2,374,627,758	5,927,961,091
Accounts payable and other current liabilities*	3,650,622,393	-	-	-	3,650,622,393
Deposits from tenants	-	-	391,914,057	726,830,874	1,118,744,931
Installment payable	-	443,917,972	-	-	443,917,972
Dividends payable	-	47,544,516	-	-	47,544,516
Future interest payable	50,133,376	39,842,876	74,584,916	254,974,059	419,535,227
	4,745,755,769	2,631,305,364	874,832,306	3,356,432,691	11,608,326,130

**excluding advance rentals, contract liabilities, customers' deposits, reservation payable, output VAT, deferred output VAT and payable to government agencies and provision for restructuring*

30.2 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating, comply with externally imposed capital requirements, and maintain healthy capital ratios in order to support its business and maximize shareholders value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's strategies and policies during 2020 and 2019.

The Group monitors capital using a gearing ratio, which is net debt, including long-term loan less cash and cash equivalents, divided by capital. Capital pertains to total equity less non-controlling interest. The gearing ratio as at December 31 is presented below:

	2020	2019
Net debt		
Long-term loan	5,879,505,464	5,927,961,091
Less: cash and cash equivalents	1,549,970,914	2,640,088,900
	4,329,534,550	3,287,872,191
Capital		
Total equity	41,674,367,167	41,270,138,878
Less: Non-controlling interest	5,950,341,446	6,254,206,015
	35,724,025,721	35,015,932,863
Gearing ratio	12.12%	9.39%

The Group was able to meet its capital management objectives.

Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with certain financial covenants. Details of the Group's compliance with these covenants are disclosed in Note 16.

30.3 Fair value measurement

The Group follows the fair value measurement hierarchy to disclose the fair value measurements of its financial instruments. The table below summarizes the fair value measurement hierarchy of the Group's assets and liabilities at December 31:

	Fair value measurement using			
	(Level 1)	(Level 2)	(Level 3)	Total
2020				
Assets measured at fair value				
Financial assets at fair value through profit or loss	33,626,210	-	-	33,626,210
Investment properties:				
Land	-	-	15,905,946,923	15,905,946,923
Buildings	-	-	19,007,926,142	19,007,926,142
Financial assets at FVOCI:				
Quoted	27,950,000	-	-	27,950,000
Unquoted	-	-	769,618,496	769,618,496
Assets for which fair values are disclosed				
Financial asset at amortized cost				
Refundable deposits	-	136,967,397	-	136,967,397
Liabilities for which fair values are disclosed				
Installment payable	-	142,751,080	-	142,751,080
Deposits from tenants	-	1,154,772,931	-	1,154,772,931
2019				
Assets measured at fair value				
Financial assets at fair value through profit or loss	36,278,844	-	-	36,278,844
Investment properties:				
Land	-	-	15,253,910,599	15,253,910,599
Buildings	-	-	17,649,466,169	17,649,466,169
Financial assets at FVOCI:				
Quoted	33,958,500	-	-	33,958,500
Unquoted	-	-	769,709,996	769,709,996
Assets for which fair values are disclosed				
Financial asset at amortized cost				
Refundable deposits	-	132,838,523	-	132,838,523
Liabilities for which fair values are disclosed				
Installment payable	-	443,917,972	-	443,917,972
Deposits from tenants	-	1,118,744,931	-	1,118,744,931

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 among Level 1, Level 2 and Level 3 during 2020 and 2019.

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:

(a) Financial assets at fair value through profit or loss

The fair value of financial assets at fair value through profit or loss is based on quoted market prices at the reporting date.

(b) Cash and cash equivalents, trade and other receivables, accounts payable and other current liabilities, accrued employee benefits and dividends payable

Due to the short-term nature of cash and cash equivalents, trade and other receivables, accounts payable and other current liabilities, dividends payable and accrued employee benefits, their carrying values were assessed to approximate their fair values.

(c) Installment contracts receivable

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

(d) 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 applicable market rates at the reporting date. Discount ranges from 1.71% to 8.26% as at December 31, 2020 (2019 - 2.45% to 8.26%).

(e) Financial assets at FVOCI

Refer to Note 11 for the methods and assumptions used to estimate the fair values of financial assets at FVOCI as at December 31, 2020 and 2019.

(f) 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.

(g) Investment properties

Refer to Note 10 for the methods and assumptions used to estimate the fair values of investment properties as at December 31, 2020 and 2019.

Note 31 - Summary of significant accounting and financial reporting policies

31.1 Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards, as modified by the application of the following financial reporting reliefs for real estate companies issued by the Securities and Exchange Commission in response to the COVID19 pandemic:

- Assessing whether the transaction price includes significant financing component (SFC);
- Impact of implementing IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost.

The reliefs cover only current-year transactions and events and do not impact the comparative periods. The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by SEC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, investment properties and financial assets at FVOCI.

The preparation of consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

- Determination of fair values of investment properties (Note 10)
- Useful lives of property and equipment (Note 12)
- Determining retirement benefit obligation (Note 24)
- Estimation of percentage-of-completion of the Group's projects (Note 6)
- Recoverability of investment and advances (Note 8)
- Joint control assessment (Note 8)
- Distinction between properties held for sale, investment properties, and property and equipment (Note 10)
- Revenue Recognition (Note 6)
- Estimation of net realizable value of properties held for sale (Note 6)
- Impairment of goodwill (Note 13)
- Impairment of non-financial assets (Note 12)
- Contingencies (Note 28)
- Classification of leases as operating lease (Note 10)
- Income tax (Note 25)

31.2 Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations adopted by the Group

The Company has adopted certain amendments for the first-time effective January 1, 2020:

- Definition of Material - Amendments to PAS 1 and PAS 8
- Definition of a Business - Amendments to PFRS 3
- Interest Rate Benchmark Reform – Amendments to PFRS 7, PFRS 9 and PAS 39
- Revised Conceptual Framework for Financial Reporting
- Covid-19-related Rent Concessions – Amendments to PFRS 16

The amendments listed above did not have material impact on the amounts recognized in the current and prior periods and is not expected to significantly impact future periods.

(b) Deferral of implementation of amendment to existing standard and interpretations

i. *Deferral of the following provisions of PIC Q&A Nos. 2018-12 and 2018-14 until December 31, 2020*

   On October 29, 2018 and February 8, 2019, the SEC issued SEC Memorandum Circular No. 14 Series of 2018 and SEC Memorandum Circular No. 3 Series of 2019, respectively, providing relief to the Real Estate industry by deferring the application of the following provisions of PIC Q&A for a period of three years until December 31, 2020. In SEC Memorandum Circular 34 Series of 2020 issued on December 15, 2020, the SEC concluded that the relief for the following provisions would remain until December 31, 2020 only and shall be effective January 1, 2021. The Group availed the following reliefs:

a. Accounting for Common Usage Service Area (CUSA) charges discussed in PIC Q&A No. 2018-12-H, which was approved by the FRSC on February 14, 2018

The PIC Q&A 2018-12 concluded in its principal vs. agent analysis of the real estate developers' performance obligation based on the definition of control as well as the indicators of control based on the fact pattern that the entity acts as a principal for the provision of air-conditioning services, common use service areas and administration and handling services. The conclusion of PIC Q&A No. 2018-12H allows the consideration of an alternative presentation wherein CUSA may be presented outside of topline revenues if these are not considered as main source of revenue and are not material or as "Other income" net of costs if the gross amount of revenue and related costs are not individually material. Currently, CUSA charges to mall tenants are presented as a reduction to costs and expenses in the consolidated statement of total comprehensive income (Note 31.23).

b. Accounting for Cancellation of Real Estate Sales discussed in PIC Q&A 2018-14, which was approved by the FRSC on October 10, 2018

The PIC Q&A 2018-14 provided two (2) acceptable approaches to account for the sales cancellation and repossession of property which are to recognize the repossessed property at its fair value less cost to repossess, or to recognize the repossessed property at its fair value plus repossession cost. PIC, in its letter to the industry dated November 11, 2020, concluded that a third option to record repossessed inventory at cost upon cancellation is allowed, based on the view that such cancellation is treated as a modification of the contract (i.e., from non-cancellable to being cancellable).

Currently, upon cancellation of the real estate sales, the Group recognizes the repossessed inventory at its carrying amount and derecognizes the related receivables and gross profit previously recognized. This is in accordance with the third option allowed by the PIC. The adoption of this provision did not have a material impact on the Group's financial statements.

ii. *Deferral of the following provisions of PIC Q&A 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Good (PAS 23, Borrowing Costs) until December 31, 2023*

On December 15, 2020, the SEC issued SEC Memorandum Circular No. 34 Series of 2020 to further extend the deferral provided under SEC under Memorandum Circular Nos. 14-2018, 3-2019 and 4-2020 for another period of three (3) years or until December 31, 2023, to afford the industry reasonable time to evaluate the impact thereto or as the SEC will later prescribe. This decision is pursuant to RA 11494, Bayanihan to Recover as One Act which allows the SEC to adopt measures to enable companies to cope with the impact of the Covid-19 pandemic. The Group availed the following reliefs:

a. Assessing whether the transaction price includes SFC

There is SFC in the contracts to sell when there is a mismatch between the POC of real estate projects and schedule of payments. PIC, in its response to the industry dated November 11, 2020, allows the Real Estate Industry to provide support to their specific payments schemes that there is no SFC, if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance.

In the event of the existence of SFC, interest income would be recognized when the POC is ahead of the customer payments and interest expense would be recognized when the customer payments are ahead of the POC. The Group has initially assessed, however, that the timing difference arising from existing sales contracts does not necessarily result in a significant financing component.

b. Impact of implementing IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue will be recognized over time under par. 35(c) of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized as part of real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. A restatement would have impact on interest expense and bank charges, cost of sales and services, income tax expense, properties held for sale, deferred income tax liabilities, net and opening balance of retained earnings.

(c) New standards, amendments and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations to existing standards are effective for annual periods after January 1, 2020 and have not been early adopted nor applied by the Group in preparing these financial statements. None of these standards are expected to have significant effect on the consolidated financial statements of the Group.

31.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2020 and 2019. The subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies, any difference between subsidiaries and the Parent Company are adjusted properly.

The Group is composed of the subsidiaries listed below:

	Ownership %		
Nature and name of entity	2020	2019	2018
Property development:			
Shang Properties Realty Corporation (SPRC)	100	100	100
Shang Property Developers, Inc. (SPDI)	100	100	100
The Rise Development Corporation, Inc. (TRDCI)	100	100	100
Shang Wack Wack Properties, Inc. (SWWPI)	100	100	100
SPI Property Holdings, Inc. (SPI-PHI)	100	-	-
SPI Property Developers, Inc. (SPI-PDI)	100	-	-
SPI Land Development, Inc. (SPI-LDI)	100	-	-
Hotel operation:			
Shang Global City Properties, Inc. (SGCPI)	60	60	60
Leasing:			
SPI Parking Services, Inc. (SPSI)	100	100	100
Shangri-la Plaza Corporation (SLPC)	100	100	100
KSA Realty Corporation (KSA)	70.04	70.04	70.04
Real estate:			
Ivory Post Properties, Inc. (IPPI)	100	100	100
KPPI Realty Corporation (KRC)	100	100	100
Martin B Properties, Inc. (MBPI)	100	100	100
New Contour Realty, Inc. (NCRI)	100	100	100
Perfect Sites, Inc. (PSI)	100	100	100
Shang Fort Bonifacio Holdings, Inc. (SFBHI)	100	100	100
Shang Global City Holdings, Inc. (SGCHI)	100	100	100
Sky Leisure Properties, Inc. (SLPI)	100	100	-
Property management:			
KPPI Management Services Corporation (KMSC)	100	100	100
Shang Property Management Services, Inc. (SPMSI)	100	100	100
Other supplementary business:			
Gipsey, Ltd. (Gipsey)	100	100	100
Silver Hero Investments Limited (SHIL)	100	100	100
EPHI Logistics Holdings, Inc. (ELHI)	60	60	60

Except for Gipsey and SHIL, which were incorporated in the British Virgin Islands (BVI) and use Hong Kong dollars (HK$) as their functional currency, all the other subsidiaries were incorporated and registered in the Philippines which use Philippine Peso as their functional currency.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company do not differ from the proportion of ordinary shares held.

The summarized financial information of subsidiaries with significant non-controlling interest as at and for the years ended December 31, 2020 and 2019 are disclosed in Note 9.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These are deconsolidated from the date that control ceases.

The Group also assesses the existence of control where it does not have more than 50% of the voting power by virtue of de facto control. De facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group control over the investee.

Whenever the Group obtains control of one or more other entities, it assesses whether the acquired group of net assets constitutes a business. In assessing whether a transaction is an acquisition of a business or assets, the Group identifies the elements in the acquired group, assesses the capability of the acquired group to produce outputs, and assesses the capability of a market participant to produce outputs if missing elements exist. If the assets acquired are not a business, the Group accounts for the transaction or other event as an asset acquisition.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

If the excess of the consideration is transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration is transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(d) Associates and joint ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group increases its stake in an existing associate and gains control in that investment, the investment becomes a subsidiary. When the entity obtains control of the investment (an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee) that was previously accounted for under equity method, the carrying amount of the investment in associate is derecognized and the assets and liabilities acquired are recognized in the Group's consolidated financial statements at acquisition date.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the ownership interest in an associate or a joint venture is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

The Group determines at each reporting date whether there is any objective evidence that the investment is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investments and its carrying value and recognizes the amount adjacent to 'share in net earnings of associates' in the consolidated statement of total comprehensive income. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 31.13.

Dilution gains and losses arising from investments are recognized in profit or loss. Investment in subsidiaries and associates are derecognized upon disposal. Gains and losses on disposals of these investments are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

31.4 Cash and cash equivalents

Cash includes cash on hand and in banks that earns interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and are subject to an insignificant risk of change in value.

31.5 Financial instruments

31.5.1 Classification of financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through other comprehensive income ("OCI") or through profit or loss, and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

31.5.2 Measurement of financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising from derecognition is recognized directly in profit or loss and presented in other income, net, together with foreign exchange gains and losses. Impairment losses are presented in other general and administrative expenses in the consolidated statements of total comprehensive income.

  The Group's financial assets at amortized cost consist of cash and cash equivalents (Note 3), trade and other receivables (Note 5), refundable deposits under prepaid taxes and other current assets (Note 7) and other non-current assets (Note 14) in the consolidated statements of financial position.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other income, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income, net, and impairment expenses are presented in other general and administrative expenses in the consolidated statements of total comprehensive income.

  The Group does not have debt instruments at FVOCI as at December 31, 2020.

- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented within other income, net, in the period in which it arises.

  The Group does not have debt instruments at FVTPL as at December 31, 2020.

Equity instruments

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

The Group's financial assets measured at FVOCI represent unquoted shares of stock of related parties and quoted investments in various golf club shares and stocks. These are separately shown in the consolidated statements of financial position (Note 11).

Dividends are recognized when the Group's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognized in profit and loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in other comprehensive income. Changes in fair value are recognized in other comprehensive income and are never recycled to profit and loss, even if the asset is sold or impaired.

31.5.3 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of counterparties over a period of 36 months before January 1, 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has assessed that the impact of forward-looking information on the loss rates applied is immaterial.

Impairment losses on receivables are presented in other general and administrative expenses consolidated statement of total comprehensive income. Subsequent recoveries are credited to other income.

31.5.4 Classification and measurement of financial liabilities

Financial liabilities are classified in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value); and financial liabilities at amortized cost. The Group did not measure its financial liabilities at fair value through profit or loss as at December 31, 2020.

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost.

The Group's accounts payable and other current liabilities (excluding advanced rental, contract liabilities, customers' deposits, reservation payable, output VAT, deferred output VAT and payable to government agencies) (Note 15), installment payable (Note 16), deposits from tenants (Note 17), dividends payable (Note 19), accrued employee benefits (excluding retirement benefits) (Note 24) and bank loans (Note 16) are classified under financial liabilities at amortized cost.

31.5.5 Initial recognition

Regular purchases and sales of financial assets are recognized on the trade date (the date on which the Group commits to purchase or sell the asset).

Financial assets and liabilities not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are recognized as expense in profit or loss.

The Group recognizes a financial liability in the consolidated statement of financial position when the Group becomes a party to the contractual provision of the instrument.

31.5.6 Day 1 difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in the profit or loss unless it qualifies for recognition as some other type of asset. In cases where the data used are not observable, the difference between the transaction price and model value is only recognized in the profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the Day 1 difference.

31.5.7 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognized when the obligation is discharged or is cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

31.5.8 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty. There are no offsetting arrangements as at December 31, 2020 and 2019.

31.6 Trade and other receivables

Trade receivables arising from regular sales with credit term of 30 to 60 days and other receivables are recognized initially at fair value and subsequently measured at cost using the effective interest method, less any provision for impairment.

The Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized within operating expenses in the consolidated statement of total comprehensive income. When a receivable remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written-off are credited against other general and administrative expenses in the consolidated statement of total comprehensive income.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before January 1, 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Refer to Note 31.5 for other relevant accounting policies on trade and other receivables.

31.7 Properties held for sale

Properties held for sale are properties being constructed or acquired for sale in the ordinary course of business, rather than for rental or capital appreciation, and are carried at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and estimated costs to sell.

Cost of condominium units held for sale represents accumulated costs of the unsold units of the completed projects. Cost includes those directly attributable to the construction of the projects such as cost of land, direct materials, borrowing costs, professional and consultancy fees, and project management costs, which are allocated to the unsold units.

Cost of construction in progress represents the accumulated costs for the construction and development of the ongoing projects. It includes those that are directly attributable to the construction of the projects such as cost of land, direct materials, borrowing costs, professional and consultancy fees, and project management costs.

Properties held for sale are derecognized when they are sold or there are no future benefits to the Group. The carrying amount of those properties held for sale is recognized as an expense, reported as cost and expenses in the period in which the related revenue is recognized.

31.8 Prepaid taxes and other assets

Input VAT, which represents taxes arising from purchases of goods and services, are carried at face amount or at nominal amount less allowance for impairment loss. This is derecognized when applied against output tax, when written off or when actual refund is received. When input VAT is derecognized, its cost and accumulated impairment losses, if any, are eliminated from the account.

Creditable withholding taxes are carried at face amount or at nominal amount. Creditable withholding taxes are included in current assets, except when these are expected to be utilized more than twelve months after the end of the reporting period, in which case these are classified as non-current assets. Creditable withholding taxes are derecognized when utilized or applied against income tax due.

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.

Other current assets include assets that are realized as part of the normal operating cycle and are expected to be realized within 12 months after the reporting period.

Restricted fund represents cash deposit with a third party for a purchase of a property. Restricted fund is derecognized upon full payment to the third party. The Group then determines whether the property is to be classified as property held for sale, an investment property, or property and equipment depending on the usage of the property.

31.9 Investment properties

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

The Group's investment property, principally comprising of properties in Mandaluyong and Makati City are held for capital appreciation and is not occupied by the Group. The Group has adopted the fair value model for its investment properties (Note 10).

After initial recognition, investment property is carried at fair value as determined by an independent firm of appraisers. Fair value is based on direct income capitalization approach and market comparison approach, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the independent appraiser. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Changes in fair values are recognized in the consolidated statement of total comprehensive income under gain on fair value adjustment of investment properties.

An investment property is derecognized from the consolidated statement of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment (Note 31.11), and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

Property that is being constructed or developed for future use as investment property is classified as investment property.

Impairment of investment properties is discussed in Note 31.13.

31.10 Real estate development projects

Real estate development projects are undertaken by the subsidiaries and are carried at cost less any impairment in value. Cost primarily consists of acquisition cost of the property being constructed, air rights, expenditures for the development and construction of the real estate project and borrowing costs incurred, if any, in the acquisition of qualifying assets during the construction period and up to the date of completion of construction.

31.11 Property and equipment

Property and equipment, except land rights, are stated at historical cost less depreciation and amortization, and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of total comprehensive income within other general and administrative expenses during the financial period in which they are incurred.

Land rights are not depreciated. Depreciation and amortization of property and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (in years), as follows:

Building and leasehold improvements	25 or lease term, whichever is shorter
Transportation equipment	3 to 5
Furniture, fixtures and other equipment	2 to 5

Major renovations are depreciated over the remaining useful life of the related asset.

The assets' residual values and estimated useful lives are reviewed periodically, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 31.13).

The carrying amount of an item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its disposal at which time the cost and related accumulated depreciation and amortization are removed from the accounts. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized under other income or expense in the consolidated statement of total comprehensive income.

Depreciation or amortization ceases at the earlier of the date when the asset is classified as either investment property or property held for sale and the date the asset is derecognized.

Fully depreciated and amortized property and equipment are retained in the accounts until they are no longer in use, and no further depreciation and amortization are charged to the consolidated statement of total comprehensive income.

31.12 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any NCI in the acquired company and the acquisition-date fair value of any previously-held interest in the acquired company over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the entity sold.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

31.13 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that have definite useful lives are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use requires the Group to make estimates of future cash flows to be derived from the particular asset, and to discount them using a pre-tax market rate that reflect current assessments of the time value of money and the risks specific to the asset. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable CGUs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but the increase should not exceed the carrying amount that would have been determined had not the impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized as income immediately.

31.14 Accounts payable and other current liabilities

Accounts payable and other current liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable and financial liabilities at amortized cost are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, these are presented as non-current liabilities.

Accounts payable and other current liabilities are measured at the original invoice amount as the effect of discounting is immaterial.

Relevant accounting policies for classification, recognition, measurement and derecognition of accounts payable and other current liabilities and financial liabilities at amortized cost are presented in Note 31.5.

31.15 Deposits from tenants

Deposits from tenants are carried at the present value of future cash flows using appropriate discount rates. The difference between the present value and the actual deposit received is treated as additional rental incentive which is recorded under "deferred lease income" in the consolidated statement of financial position and are recognized as rental income using the straight-line method over the term of the lease.

31.16 Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised within interest expense and bank charges in the consolidated statement of total comprehensive income.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized and charged to profit or loss in the year in which they are incurred. The Group decided to avail relief issued by the SEC per Memorandum Circular No. 4-2020. The SEC provided for the relief to the real estate industry by deferring the implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) until December 31, 2020 (Note 31.2).

31.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. The financial assets at fair value through profit or loss and listed financial assets at FVOCI financial assets are classified under Level 1 category.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3. The Group's unlisted financial assets at FVOCI financial assets, refundable deposits, installment payable and deposits from tenants are included in Level 3.

The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

31.18 Current and deferred income tax

The tax expense comprises current and deferred income taxes. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

In the sale of condominium units resulting in recognition of installments contracts receivable, full recognition for income tax purposes is applied when more than 25% of the selling price has been collected in the year of sale. Otherwise, the installment method is applied.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place can the Group control the reversal of the temporary difference that was not recognized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are derecognized when relevant temporary differences have been realized and settled, respectively. The Group reassesses at each reporting date the need to recognize previously unrecognized deferred income tax asset.

31.19 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are derecognized when the obligation is paid, cancelled or has expired.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the reversal is recognized in the consolidated statement of total comprehensive income within the same line item in which the original provision was charged.

31.20 Equity

(a) Share capital

Share capital consists of common shares, which are stated at par value, that are classified as equity.

Share premium is recognized for the excess proceeds and subscriptions over the par value of the shares issued.

(b) Treasury shares

Where any member of the Group purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Parent Company's shareholders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Parent Company's shareholders.

(c) Retained earnings

Retained earnings include current and prior years' results of operations, net of transactions with shareholders and dividends declared, if any.

(d) Dividend distribution

Dividend distribution to Parent Company's shareholder is recognized as a liability in its financial statements in the period in which the dividends are approved by the Board of Directors.

31.21 Earnings per share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares in issue during the year.

Diluted earnings per share is computed in the same manner as basic earnings per share, however, profit attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

31.22 Employee benefits

(a) Retirement benefits

The Group maintains a defined benefit retirement plan determined by periodic actuarial calculations. This defined benefit retirement plan is funded through payments to a trustee-administered fund and determined by periodic actuarial calculations. A defined benefit plan is a retirement plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated statement of financial position in respect of defined benefit retirement plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. In cases when the amount determined results in a surplus (being an excess of the fair value of the plan assets over the present value of the defined benefit obligation), the Group measures the resulting asset at the lower of: (a) such amount determined; and (b) the present value of any economic benefits available to the Group in the form of refunds or reductions in future contributions to the plan. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest of government bonds converted into zero coupon rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to present value.

(c) Short-term employee benefits

The Group recognizes a liability and an expense for short-term employee benefits which include salaries, paid sick and vacation leaves and bonuses. Bonuses are based on a formula that takes into consideration the resulting qualified profits. The Group recognizes a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

Liabilities for employee benefits are derecognized when the obligation is settled, cancelled or has expired.

31.23 Income and expense recognition

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or as an agent. The Group has concluded that it is acting as the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has inventory risk and pricing latitude.

The following specific recognition criteria must be met before revenue and expenses are recognized;

Revenue

(a) Revenue from condominium sales

The Group develops and sells condominium units. Under a contract to sell a condominium unit, the object is the property itself, which is the normal output of a real estate business. In addition, this contract contains information such as the contracting parties' rights and payment terms, which are essential elements for a valid revenue contract. The Group assesses that contract must be signed by the contracting parties to make it enforceable prior to revenue recognition. Also, the developer assesses the commercial substance of the contract and the probability that it will collect the consideration. Collectability of the contract price is demonstrated by the buyer's commitment to pay, which is supported by the buyer's initial and continuous investments that motivates the buyer to honor its obligation.

Contracts to sell condominium units are written on a lump sum payment basis or installment basis which include 10-20% reservation, down payments with installment terms ranging from 1-5 years.

The Group satisfies its performance obligation as it develops the property. In accordance with PFRS 15 and Philippine Interpretations Committee (PIC) 2016-04, the Group considers that the Group's performance does not create the asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date. Therefore, revenue is recognized over time, i.e. as the related obligations are fulfilled, measured principally using the output method on the basis of the estimated completion of a physical proportion of the contract work. Land and materials delivered on site, such as steels, rebars and elevators, which are yet to be installed/attached to the main structure, are excluded from the percentage-of-completion.

Revenue is measured at the transaction price agreed under the contract, except for contracts where the timing difference between the construction period and payment by the customer exceeds one year. In such contracts, the Group assessed that it is necessary to adjust the transaction price for the effects of a significant financing component as required by PIC Q&A 2018-12, but the Group decided not to adjust the transaction price and availed the relief issued by the SEC per Memorandum Circular No. 3-2019 dated February 8, 2019. The SEC provided relief to the real estate industry by deferring the application of the provisions of PIC Q&A 2018-12 for a period of three (3) years until January 1, 2021. For completed projects, revenue from condominium sales are recognized in full (ie. point in time) once the Group assessed that the contract meets all criteria for revenue recognition.

Under the sales contract, customers are required to pay the transaction price (in the form of progress billings) over a certain period of time. Any excess (deficit) of collections over the recognized revenue are recognized as contract liabilities under accounts payable and other current liabilities (installment contracts receivable under Trade and other receivables, net) as shown in the consolidated statement of financial position.

Payments received from potential buyer to provide exclusive rights to buy a specific condominium unit under certain conditions and up to specified period are treated initially as a liability and are recognized as part of "customers' deposits" under accounts payable and other liabilities. These deposits are applied as payment of the transaction price as soon as the revenue recognition criteria are met.

Cost of condominium sales include upfront costs such as land costs and connection fees, which are accounted for as fulfillment costs, and development costs which contribute to the construction progress of the development project. Fulfillment costs are recognized as contract assets arising from fulfillment costs to the extent that such costs give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered. These costs are included in properties held for sale in the consolidated statement of financial position. Such contract assets are amortized as cost of condominium sales consistent with the revenue recognition method applied, subject to impairment up to the extent that the carrying amount of the asset exceeds (a) the remaining amount of consideration that the Group expects to receive; less (b) direct costs that have not been recognized as expenses. Development costs are recognized as expense as the work to which they relate is performed.

Incremental costs of obtaining a contract to sell condominium units include commissions paid to sales or marketing agents. Fixed monthly living allowance, transportation allowance provided to real estate agents and commissions paid prior to signing of contracts to sell are expensed outright. Commissions paid after signing of contracts are recognized as contract assets arising from costs to obtain a contract presented as 'prepaid commission' under prepaid expenses and other current assets in the consolidated statement of financial position. These are amortized as cost of condominium sales consistent with the revenue recognition method applied.

The cost of inventory recognized in profit or loss on disposal (cost of condominium sales) is determined with reference to the specific and allocated costs incurred on the sold property taking into account the POC. The cost of condominium sales also includes the estimated development costs to complete the condominium, as determined by the Group's in-house technical staff, and taking into account the POC. The accrued development costs account is presented under "accounts payable and other current liabilities" in the consolidated statement of financial position.

Estimated loss on unsold units is recognized in profit or loss immediately when it is probable that total project costs will exceed total contract revenue.

Condominium units arising from cancellation of contracts to sell are initially measured by the Group based on its original carrying amount at the time it was sold. The Group decided to avail the relief issued by the SEC per Memorandum Circular No. 3-2019 dated February 8, 2019 deferring the application of the provisions of PIC Q&A 2018-14 for a period of three (3) years until January 1, 2021.

(b) Rental

Rental income from operating leases (the Group is the lessor) is recognized as income on a straight-line basis over the lease term or based on a certain percentage of gross revenue of the lessees, whichever is applicable. When the Group provides incentives to its lessees, the cost of incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income.

When the revenue recognition criteria are not met, cash received from lessees are recognized as advance rentals, until the conditions for recognizing rental income are met.

(c) Hotel operations

Hotel revenue from room rentals, food and beverage sales, and other ancillary services are recognized when the services are rendered. Revenue from other ancillary services include, among others, business center and car rental, laundry service, telephone service and health club services. The services rendered are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, that is over the stay within the hotel, at a point in time for other goods or services, when they have been delivered or rendered.

Costs of hotel operations are expensed as incurred. These include expenses incurred for the generation of revenue from food and beverage sales, room rentals, and other ancillary services.

(d) Interest income and expense

Interest income and expense are recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a Group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the original effective interest rate.

Interest income on bank deposits is recognized when earned, net of final withholding tax.

(e) Dividend income

Dividend income is recognized when the Group's right to receive payment is established, which is generally when the Board of the investee company approved the dividend.

(f) Other income

Administration and management services, customer lounge fees, banner income, income from cinema operations and other service income are recognized when the related services have been rendered. Revenues from auxiliary services such as handling, sale of scrap materials, import break bulk and brokerage are recognized when services are provided or when goods are delivered. Money received or amounts billed in advance for rendering of services or delivery of goods are recorded as unearned income until the earning process is complete.

(g) Cost and expenses

Cost and expenses are recognized when these are incurred.

CUSA charges to mall tenants are presented as a reduction to costs and expenses in the consolidated statement of total comprehensive income. The Group decided to avail the relief issued by the SEC per Memorandum Circular No. 3-2019 dated February 8, 2019. The SEC provided relief to the real estate industry by deferring the application of the provisions of PIC Q&A 2018-12-H for a period of three (3) years until January 1, 2021. (Note 31.2)

31.24 Leases

(a) Group is the lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease or based on a certain percentage of gross revenue of the lessees, whichever is applicable. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Assets under these arrangements are classified as investment property in the consolidated statement of financial position (Note 31.9).

(b) Group is the lessee

The Group has adopted PFRS 16 Leases using the modified retrospective approach from January 1, 2019, as permitted under the specific transition provisions in the standard (Note 31.2).

Aside from exemptions in the standard for short-term and low-value leases which are recognized as operating leases under the provisions of PAS 17, lease payments are discounted using the interest rate implicit in the lease. Payments for leases of properties and office equipment are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Accounting policies applied until December 31, 2018

Leases, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is apportioned between the liability and finance charges using the effective interest method. Finance charges are reflected in the consolidated statement of total comprehensive income through profit or loss. Rental obligations, net of finance charges, are included in liabilities in the consolidated statement of financial position. The property and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.
Leases, in which substantially all the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in the consolidated statement of total comprehensive income through profit or loss on a straight-line basis over the period of the lease.

31.25 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Philippine Peso, which is the functional and presentation currency of the Group.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the date of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

On consolidation, the assets and liabilities of Gipsey and SHIL, foreign subsidiaries with functional and presentation currency of Hong Kong dollar, are translated into Philippine Peso at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other components of equity. On disposal of a foreign subsidiary, the component of other components of equity relating to that particular foreign subsidiary is recognized in profit or loss.

31.26 Related party relationships and transactions

Related party relationship exists when one party has the ability to control the other party, directly or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

31.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. These operating segments are the basis upon which the Group reports its segment information presented in Note 2 to the consolidated financial statements.

The accounting policies used to recognize and measure the segment's assets, liabilities and profit or loss is consistent with those of the consolidated financial statements.

31.28 Contingencies

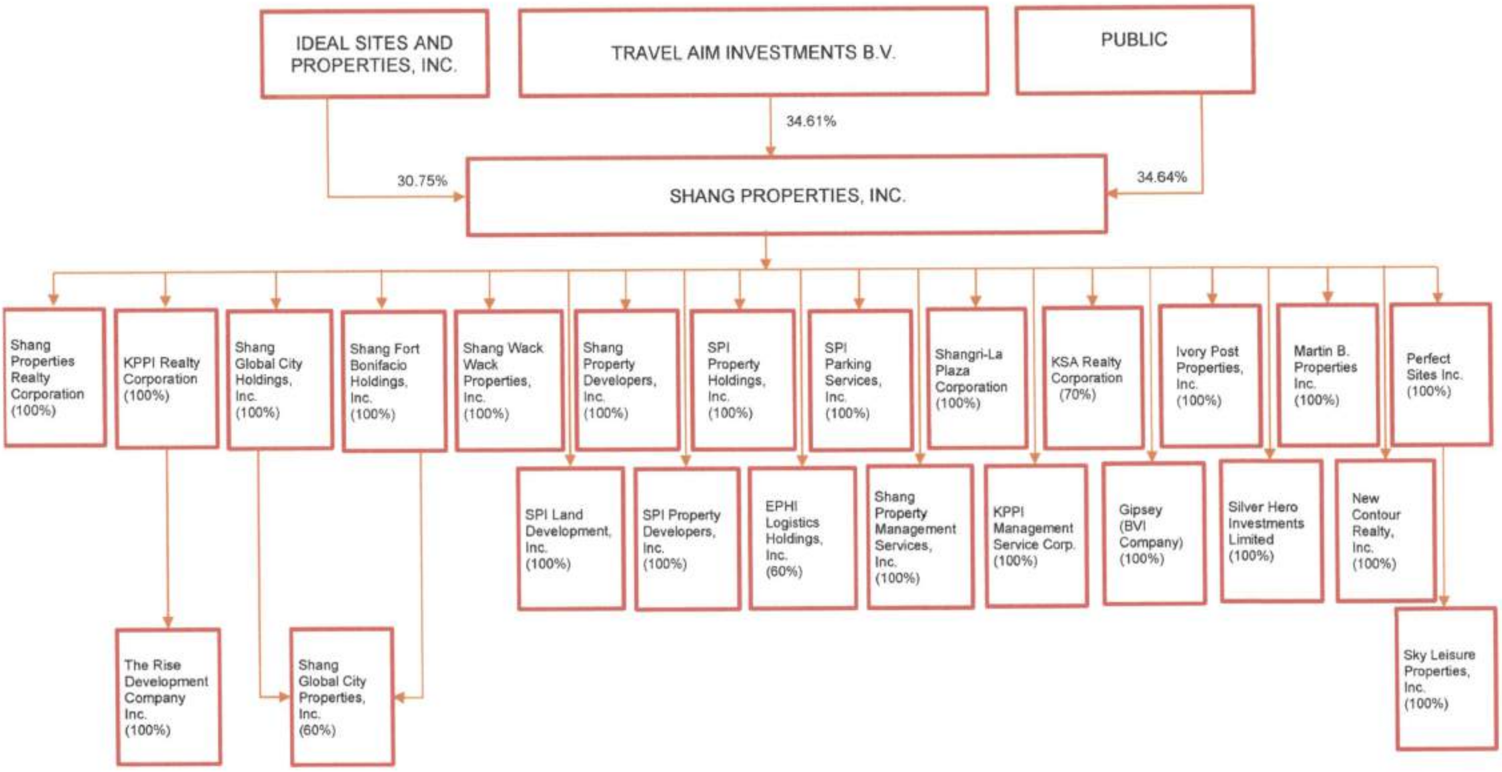
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

31.29 Events after the reporting period

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Shang Properties, Inc. and Subsidiaries

Map of the Group of Companies within which the Reporting Entity Belongs
As at December 31, 2020



Shang Properties, Inc. and Subsidiaries

Financial Soundness Indicators
As at December 31, 2020 and 2019
(With comparative figures as at December 31, 2018)

Ratio	Formula		2020	2019	2018
A. Current and Liquidity Ratios					
1. Current ratio	Total current assets	11,656,214,876	1.06	1.11	1.31
	Divided by: Total current liabilities	10,964,472,104			
	Current ratio	1.06			
2. Acid test ratio	Total current assets	11,656,214,876	0.91	0.99	1.13
	Less: Prepaid taxes and other current assets	1,663,214,222			
	Quick assets	9,993,000,654			
	Divided by: Total current liabilities	10,964,472,104			
	Acid test ratio	0.91			
B. Solvency ratio	Net income	1,421,579,782	0.12	0.21	0.22
	Add: Depreciation*	1,112,455,276			
	Net income before depreciation	2,534,035,058			
	Divided by: Total liabilities	21,495,590,534			
	Solvency ratio	0.12			
C. Debt to equity ratio	Total liabilities	21,495,590,534	0.52	0.54	0.54
	Divided by: Total equity	41,674,367,167			
	Debt to equity ratio	0.52			
D. Asset to equity ratio	Total assets	63,169,957,701	1.52	1.54	1.54
	Divided by: Total equity	41,674,367,167			
	Asset to equity ratio	1.52			
E. Debt ratio	Total liabilities	21,495,590,534	0.34	0.35	0.35
	Divided by: Total assets	63,169,957,701			
	Debt ratio	0.34			

Ratio	Formula		2020	2019	2018
F. Profitability ratios					
1. Return on assets (%)	Net income	1,421,579,782	2.25	5.40	5.91
	Divided by: Total assets	63,169,957,701			
	Return on assets (%)	2.25%			
2. Return on equity (%)	Net income	1,421,579,782	3.41	8.29	9.11
	Divided by: Total equity	41,674,367,167			
	Return on equity (%)	3.41%			
3. Net profit margin	Net income	1,421,579,782	22.85	30.12	31.85
	Divided by: Total revenues	6,220,488,711			
	Net profit margin (%)	22.85%			
G. Earnings per share (EPS) attributable to equity holders of Parent	Net income after minority interest	1,469,965,012	0.31	0.64	0.63
	Divided by: Total shares outstanding	4,761,918,337			
	EPS attributable to equity holders of Parent	0.31			
H. Book value per share (BPS) attributable to equity holders of Parent	Total equity after minority interest	35,724,025,721	7.50	7.35	6.88
	Divided by: Total shares outstanding	4,761,918,337			
	BPS attributable to equity holders of Parent	7.50			

Shang Properties, Inc. and Subsidiaries

Schedule A - Financial Assets
As at December 31, 2020
(All amounts in Philippine Peso)

Description of each issue	Number of shares	Amount shown in the Consolidated Statement of Financial Position	Value based on market quotations at statement date	Income (loss) received and accrued
Cash and cash equivalents*		1,549,970,914	1,549,970,914	12,956,641
Trade and other receivables**		4,996,338,314	4,996,338,314	299,782,769
Financial assets at fair value through profit or loss***		33,626,210	33,626,210	(2,652,634)
Refundable deposits****		139,864,908	139,864,908	-
Financial assets at fair value through other comprehensive income*****				
Quoted shares	8	27,950,000	27,950,000	-
Unquoted shares	298,516	769,618,496	769,618,496	(6,100,000)
		797,568,496	797,568,496	(6,100,000)
		7,517,368,842	7,517,368,842	303,986,776

* See Note 3 to the Consolidated Financial Statements.
** See Note 5 to the Consolidated Financial Statements.
*** See Note 4 to the Consolidated Financial Statements.
**** See Notes 7 and 14 to the Consolidated Financial Statements.
***** See Note 11 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As at December 31, 2020
(All amounts in Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Deduction: Amount collected	Deduction: Amount written-off	Current	Non-current	Balance at end of period
Classic Elite Holdings Inc.	1,144,187,554	-	-	-	-	1,144,187,554	1,144,187,554
One Shangri-la Place Condominium Corp.	42,863,156	14,252,220	(2,768,226)	-	13,720,342	40,626,808	54,347,150
Shang Salcedo Place Condominium Corp.	33,853,953	23,789,805	(593,704)	-	48,836,093	8,213,961	57,050,054
EDSA Shangri-la Hotel & Resorts, Inc.	31,988,514	35,247,771	(58,243,794)	-	8,006,161	986,330	8,992,491
Makati Shangri-la Hotel	8,874,010	1,510,969	(1,779,924)	-	377,475	8,227,580	8,605,055
The St. Francis Shangri-la Place Condominium Corp.	24,384,819	16,259,343	(7,636,925)		15,790,442	17,216,795	33,007,237
The Shang Grand Tower Condominium Corp	22,540,234	6,888,199	(6,505,903)	-	6,844,672	16,077,858	22,922,530
Ideal Sites Property, Inc.	5,704,580	1,693	-	-	1,693	5,704,580	5,706,273
Mactan Shangri-la Hotel	225,560	325,470	(173,892)	-	248,715	128,423	377,138
The Enterprise Centre Condominium Corp.	8,201,355	36,222,023	(35,354,292)	-	9,001,450	67,636	9,069,086
Shang Robinsons Properties, Inc.	28,036,088	29,665,649	(7,693,554)	-	35,534,769	14,473,394	50,008,183
Others	113,366,302	193,674,240	(97,074,319)	-	151,280,396	58,685,827	209,966,223
	1,464,226,125	357,837,382	(217,824,533)		289,642,228	1,314,596,746	1,604,238,974

See Notes 5 and 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule C - Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements
As at December 31, 2020
(All amounts in Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Shangri-la Plaza Corp.	20,208,709	21,985,675	(13,790,297)	-	2,315,208	26,088,879	28,404,087
Shang Property Management Services, Inc.	12,582,910	40,704,508	(26,905,296)	-	25,913,446	468,676	26,382,122
Shang Properties Realty Corporation	189,087,188	177,360,159	(150,941,475)	-	215,123,211	382,661	215,505,872
SPI Parking Services, Inc.	183,494	13,750	(121,701)	-	-	75,543	75,543
KPPI Management Services Corporation	-	-	-	-	-	-	-
Shang Global City Holdings, Inc.	-	-	-	-	-	-	-
Shang Fort Bonifacio Holdings, Inc.	-	-	-	-	-	-	-
KSA Realty Corporation	(1,540,540)	20,690,618	(16,905,546)	-	2,135,032	109,500	2,244,532
Shang Property Developers, Inc.	2,515,189,137	225,948,927	(345,698,337)	-	2,395,435,909	3,818	2,395,439,727
Silver Hero from SPDI	2,317,500,000	-	-	-	-	2,317,500,000	2,317,500,000
The Rise Development Company, Inc.	11,970,175	71,458,575	(6,556,500)	-	64,687,062	12,185,188	76,872,250
New Contour Realty Inc.	4,007,033	13,726	-	-	13,726	4,007,033	4,020,759
Shang Global City Properties, Inc.	5,844,362	9,576,646	(14,637,778)	-	783,230	-	783,230
Shang Wack Wack Properties, Inc.	221,199,045	1,936,632	(220,143,627)	-	2,921,965	70,085	2,992,050
Perfect Sites Inc.	84,908,696	20,100,000	-	-	20,100,000	84,908,696	105,008,696
KPPI Realty Corporation	500,003,612	400,000,000	(850,000,000)	-	50,000,000	3,612	50,003,612
Others	6,889,726,153	2,366,057,718	(1,259,582,884)	-	1,140,239,672	6,855,961,315	7,996,200,987
Total	12,770,869,974	3,355,846,934	(2,905,283,441)	-	3,919,668,461	9,301,765,006	13,221,433,467

See Note 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule D - Long-Term Debt
As at December 31, 2020
(All amounts in Philippine Peso)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related Statement of Financial Position	Amount shown under caption "Long-term debt" in related Statement of Financial Position
10-year loan with fixed interest rate of 4.00% per annum	933,333,333	533,333,333	400,000,000
10-year loan with interest based on the higher between the PHP BVAL rate plus spread of 0.75% per annum and the Bangko Sentral ng Pilipinas (BSP) overnight borrowing rate minus spread of 0.95% per annum	1,196,172,131	-	1,196,172,131
9-month loan with fixed interest rate of 4.08% per annum	50,000,000	50,000,000	-
9-month loan with fixed interest rate of 5.08% per annum	50,000,000	50,000,000	-
6-month loan with fixed interest rate of 5.15% per annum	50,000,000	50,000,000	-
6-month loan with fixed interest rate of 5.75% per annum	500,000,000	500,000,000	-
6-month loan with fixed interest rate of 4.75% per annum	1,100,000,000	1,100,000,000	-
6-month loan with fixed interest rate of 6.00% per annum	190,000,000	190,000,000	-
6-month loan with fixed interest rate of 4.75% per annum	110,000,000	110,000,000	-
3-month loan with fixed interest rate of 4.75% per annum	200,000,000	200,000,000	-
3-month loan with fixed interest rate of 4.50% per annum	200,000,000	200,000,000	-
3-month loan with fixed interest rate of 3.75% per annum	400,000,000	400,000,000	-
3-month loan with fixed interest rate of 3.70% per annum	900,000,000	900,000,000	-
	5,879,505,464	4,283,333,333	1,596,172,131

Shang Properties, Inc. and Subsidiaries

Schedule E - Indebtedness to Related Parties
As at December 31, 2020
(All amounts in Philippine Peso)

Name of related party	Balance at beginning of period	Balance at end of period
Shangri-La International Hotel Management Limited	57,131,230	80,774,467
St. Francis Shangri-La Place Condominium Corporation	316,967	316,967
The Enterprise Center Condominium Corporation	1,630,977	8,659,116
Others	41,410,080	82,806,117
	100,489,254	172,556,667

See Notes 15 and 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule F - Guarantees of Securities of Other Issuers
As at December 31, 2020
(All amounts in Philippine Peso)

Name of issuing entity of securities guaranteed by the Company for which statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by the company for which statement is filed	Nature of guarantee
		Not applicable		

Shang Properties, Inc. and Subsidiaries

Schedule G - Share Capital
As at December 31, 2020
(All amounts in Philippine Peso)

Title of issue	Number of shares authorized	Number of Shares issued and outstanding as shown under related Statement of Financial Position	Number of shares reserved for options, warrants, conversions, and other rights	Number of shares held by related parties	Number of shares held by Directors, officers, and employees	Others
Issued shares:						
Common shares	8,000,000,000	4,764,058,982		-	-	-
Outstanding shares:						
Common shares		4,764,058,982		3,114,016,694	4,053,136	1,645,989,152
Total		4,764,058,982		3,114,016,694	4,053,136	1,645,989,152

See Note 18 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2020
(All amounts in Philippine Peso)

Unappropriated Retained Earnings beginning		29,329,234,160
Fair value adjustment of investment properties in prior years, net of tax		(13,029,932,719)
Unappropriated Retained Earnings, as adjusted, beginning		
Net income based on the face of audited financial statements	1,421,579,782	16,299,301,441
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	(129,873,486)	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)		
Unrealized actuarial gain	-	
Fair value adjustment	-	
Fair value adjustment of investment property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP – gain		
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted under the PFRS		
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	-	
Fair value adjustment	1,856,844	
Adjustment due to deviation from PFRS/GAAP – loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net income actually earned during the period	1,293,563,140	1,293,563,140
Add (Less):		
Realized remeasurement loss during the year		
Dividends declarations during the year		(999,900,118)
Appropriations of retained earnings		
Reversal of appropriateness		
Other reserves from restatement due to PAS19 Revised		
Treasury shares		(6,850,064)
TOTAL RETAINED EARNINGS ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY, END AVAILABLE FOR DIVIDEND		16,586,114,399

SECRETARY'S CERTIFICATE

I, **FEDERICO G. NOEL, JR.,** of legal age, Filipino, and with office address at the 5th Level, Shangri-La Plaza, EDSA corner Shaw Boulevard, Mandaluyong City, being the duly elected incumbent Corporate Secretary of **SHANG PROPERTIES, INC.**, a corporation organized and existing under and by virtue of the laws of the Philippines, with principal offices at the address aforestated (the "Corporation"), under oath, do hereby certify that at the Regular Meeting of the Board of Directors of the Corporation held on 25 March 2021, the following resolutions were unanimously approved and adopted:

> "RESOLVED, that the audited financial statements of **SHANG PROPERTIES, INC.** (the 'Corporation') for the year ended December 31, 2020, inclusive of the Balance Sheet as of December 31, 2020 and the Statements of Income, changes in the Stockholder's Equity and Cash Flows for the year ended December 31, 2020, as audited by the Corporation's independent auditor, *Isla Lipana & Co.*, be, and the same are hereby, noted and approved.

IN WITNESS WHEREOF, I have signed this Secretary's Certificate this 29th day of April 2021 at Mandaluyong City, Metro Manila.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAY 12 2021 TSIS
RECEIVED
RHEA ARAGON

FEDERICO G. NOEL, JR.
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
MANDALUYONG CITY, METRO MANILA) S.S.

SUBSCRIBED AND SWORN to before me in the City of Mandaluyong this APR 29 2021 day of April 2021 by Federico G. Noel, Jr., having satisfactory proven to me his identity through his Philippine Passport No. P6098076A issued by the Department of Foreign Affairs, Manila on 20 February 2018 and valid until 19 February 2028 and who personally appeared before me and signed the foregoing Secretary's Certificate and acknowledge that he executed the same freely and voluntarily act and deed, 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. 172;
Page No. 36;
Book No. 17;
Series of 2021.

SecCerts: SPI-AFS [032521]
/belle 042721

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-19 VALID UNTIL JUNE 30, 2021
AS PER SC EN BANC RESOLUTION DATED DECEMBER 1, 2020
ROLL NO. 53970
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
PTR NO. 4581076; 1-4-21; MANDALUYONG
MCLE COMPLIANCE NO. VI 0017960 14 APRIL 2022
METRO MART COMPLEX, MANDALUYONG CITY

SECRETARY'S CERTIFICATE

I, **FEDERICO G. NOEL, JR.,** of legal age, Filipino, and with office address at the 5th Level, Shangri-La Plaza, EDSA corner Shaw Boulevard, Mandaluyong City, being the duly elected incumbent Corporate Secretary of **SHANG PROPERTIES, INC.,** a corporation organized and existing under and by virtue of the laws of the Philippines, with principal offices at the address aforestated (the "Corporation"), under oath, do hereby certify that at the Regular Meeting of the Board of Directors of the Corporation held on 25 March 2021 the following resolutions were unanimously approved and adopted:

> "RESOLVED, that the audited financial statements of **SHANG PROPERTIES, INC. AND ITS SUBSIDIARIES,** (the 'Corporation') for the year ended December 31, 2020, inclusive of the Consolidated Balance Sheet as of December 31, 2020 and the Statements of Income, changes in the Stockholder's Equity and Consolidated Cash Flows for the year ended December 31, 2020, as audited by the Corporation's independent auditor, *Isla Lipana & Co.*, be, and the same are hereby, noted and approved.

IN WITNESS WHEREOF, I have signed this Secretary's Certificate this 29th day of April 2021 at Mandaluyong City, Metro Manila.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAY 12 2021 TSIS
RECEIVED
RHEA ARAGON

FEDERICO G. NOEL, JR.
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
MANDALUYONG CITY, METRO MANILA) S.S.

SUBSCRIBED AND SWORN to before me in the City of Mandaluyong this APR 29 2021 day of April 2021 by Federico G. Noel, Jr., having satisfactory proven to me his identity through his Philippine Passport No. P6098076A issued by the Department of Foreign Affairs, Manila on 20 February 2018 and valid until 19 February 2028 and who personally appeared before me and signed the foregoing Secretary's Certificate and acknowledge that he executed the same freely and voluntarily act and deed, 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. 171;
Page No. 36;
Book No. 16;
Series of 2021

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-19 VALID UNTIL JUNE 30, 2021
AS PER SC EN BANC RESOLUTION DATED DECEMBER 1, 2020
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MCLE COMPLIANCE NO. VI 0017960 14 APRIL 2022
METRO MART COMPLEX, MANDALUYONG CITY

SecCerts: SPI-AFS [032521]
/belle 042721

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

TREASURER'S CERTIFICATION

I, Karlo Marco P. Estavillo, of legal age, Filipino, and with office address at the Level 5, Shangri-La Plaza Mall, EDSA corner Shaw Boulevard, Mandaluyong City, after being sworn in accordance with law, hereby certify that:

1. I am the Treasurer of **Shang Properties, Inc.** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines under SEC Certificate of Registration No. A1998-1805, with principal office address at 5/Level, Shangri-La Plaza Mall, EDSA corner Shaw Boulevard, Mandaluyong City.
2. The Financial Statement ("F/S") CD submitted contains the exact data stated in the hard copies of the F/S of the Corporation.
3. I am executing this certification to attest to the truth of the foregoing and in compliance with the reportorial requirements of the SEC.

WITNESS MY HAND on this 25th day of March 2021 at Mandaluyong City.

Karlo Marco P. Estavillo
Treasurer/Chief Finance Officer
and Chief Operating Officer

APR 26 2021

SUBSCRIBED AND SWORN to before me on this ___day of __________ at QUEZON CITY, Affiant exhibited to me his Passport Number P3455986B issued on 07 October 2019 and will expire on 06 October 2029.

Doc. No. 216 :
Page No. 45 :
Book No. 20 :
Series of 2021.

ATTY. CONCEPCION P. VILLARENA
Notary Public for Quezon City
Until December 31, 2021
PTR No. 0683154 / 1-4-2021/ QC
IBP No. 093587 / 10-22-2019/ QC
Roll No. 30457 / 05-09-80
MCLE VI-0030379 / 2-21-2020
Adm. Matter No. NP-001(2020-2021)
TIN NO. 131-942-754

Control No.:
Form Type: PHFS1

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC.
CURRENT ADDRESS: 5TH FLOOR SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 370-2700 FAX NO.: 370-2699
COMPANY TYPE : DEVELOPER PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2020 (in P'000)	2019 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	34,543,660	34,023,986
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	3,021,548	2,028,324
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	132,031	280,739
A.1.1.1 On hand	133	133
A.1.1.2 In domestic banks/entities	131,898	280,606
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	2,591,896	1,468,712
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	2,591,896	1,468,712
A.1.2.1.1 Due from customers (trade)	47,906	57,661
A.1.2.1.2 Due from related parties	2,540,231	1,404,274
A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2)	5,892	8,909
A.1.2.1.3.1 Installment receivable	0	0
A.1.2.1.3.2 Others	5,892	8,909
A.1.2.1.4 Allowance for doubtful accounts (negative entry)	(2,132)	(2,132)
A.1.2.2 Due from foreign entities, specify (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3 + A.1.2.2.4)	0	0
A.1.2.2.1		
A.1.2.2.2		
A.1.2.2.3		
A.1.2.2.4 Allowance for doubtful accounts (negative entry)		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	0	0
A.1.3.1 Raw materials and supplies		
A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)		
A.1.3.3 Finished goods		
A.1.3.4 Merchandise/Goods in transit		
A.1.3.5 Unbilled Services (in case of service providers)		
A.1.3.6 Others, specify (A.1.3.6.1 + A.1.3.6.2)	0	0
A.1.3.6.1		
A.1.3.6.2		
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)	3,451	2,451
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities: (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)	3,451	2,451
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions		
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions	3,451	2,451
A.1.4.2 Held to Maturity Investments - issued by domestic entities: (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)	0	0
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

Control No.:
Form Type: PHFS1

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC.
CURRENT ADDRESS: 5TH FLOOR SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 370-2700 FAX NO.: 370-2699
COMPANY TYPE : DEVELOPER PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2020 (in P'000)	2019 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)		
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions		
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)		
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions		
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions		
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)		
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments		
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)		
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	294,169	276,422
A.1.5.1 Properties held for sale	12,083	13,395
A.1.5.2 Prepayment and other current assets	282,087	263,027
A.1.5.3		
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+ A.2.8)	73,186	82,702
A.2.1 Land		
A.2.2 Building and improvements including leasehold improvement	115,050	110,210
A.2.3 Machinery and equipment (on hand and in transit)		
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment	42,564	42,564
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)	47,163	40,321
A. 2.5.1 Property, or equipment used for education purposes		
A. 2.5.2 Construction in progress		
A. 2.5.3 Furnitures, fixtures and other equipment	47,163	40,321
A. 2.5.4		
A. 2.5.5		
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4 + A.2.6.5)	0	0
A. 2.6.1		
A. 2.6.2		
A. 2.6.3		
A. 2.6.4		
A. 2.6.5		
A.2.7 Accumulated Depreciation (negative entry)	(131,591)	(110,394)
A.2.8 Impairment Loss or Reversal (if loss, negative entry)		
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3 + A.3.4)	15,788,095	17,013,799
A.3.1 Equity in domestic subsidiaries/affiliates	15,788,095	17,013,799
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3 + A.3.3.4 + A.3.3.5)	0	0
A.3.3.1		
A.3.3.2		
A.3.3.3		
A.3.3.4		
A.3.3.5		
A.4 Investment Property	14,565,681	14,228,883
A.5 Biological Assets		
A.6 Intangible Assets	0	0
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)	0	0
A.6.1.1		
A.6.1.2		
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)	0	0
A.6.2.1		
A.6.2.2		
A.7 Assets Classified as Held for Sale		
A.8 Assets included in Disposal Groups Classified as Held for Sale		

Control No.:
Form Type: PHFS1

SPECIAL FORM FOR CONSOLIDATED FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC.
CURRENT ADDRESS: 5TH FLOOR SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 370-2700 FAX NO.: 370-2699
COMPANY TYPE : DEVELOPER PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2020 (in P'000)	2019 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)	0	0
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3)	0	0
A.9.1.1		
A.9.1.2		
A.9.1.3		
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3)	0	0
A.9.2.1		
A.9.2.2		
A.9.2.3		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)	1,095,151	670,279
A.10.1 Deferred charges - net of amortization		
A.10.2 Advance/Miscellaneous deposits	0	0
A.10.3		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4+A.10.4.5)	1,095,151	670,279
A.10.4.1 Available-for-sale financial assets	187,084	193,184
A.10.4.2 Financial assets at fair valur through other comprehensive income	0	0
A.10.4.3 Retirement benefit asset	0	6,128
A.10.4.4 Refundable deposit	966	986
A.10.4.5 Deposit for a future project/Down payment to property developer	907,101	469,981
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)		
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	**10,470,739**	**10,528,364**
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	6,510,004	5,659,399
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)	6,457,395	5,611,855
B.1.1.1 Loans/Notes Payables	4,233,333	3,553,333
B.1.1.2 Trade Payables	76,435	57,784
B.1.1.3 Payables to Related Parties	2,075,062	1,901,188
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders		
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2 + B.1.1.5.3)	44,986	67,042
B.1.1.5.1 Accrued expenses	44,986	67,042
B.1.1.5.2		
B.1.1.5.3		
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3)	27,579	32,507
B.1.1.6.1 Withholding and other taxes payable	7,881	11,812
B.1.1.6.2 Output tax payable	2,489	5,973
B.1.1.6.3 Others	17,209	14,722
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)	0	0
B.1.2.1		
B.1.2.2		
B.1.2.3		
B.1.3 Provisions		
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3 + B.1.4.4 + B.1.4.5)	0	0
B.1.4.1		
B.1.4.2		
B.1.4.3		
B.1.4.4		
B.1.4.5		
B.1.5 Liabilities for Current Tax	0	0
B.1.6 Deferred Tax Liabilities		
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.7.1 + B.1.7.2 + B.1.7.3 + B.1.7.4 + B.1.7.5 + B.1.7.6)	52,609	47,545
B.1.7.1 Dividends declared and not paid at balance sheet date	52,609	47,545
B.1.7.2 Acceptances Payable		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Portion of Long-term Debt Due within one year		
B.1.7.5 Deferred Income		
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify:	0	0
B.1.7.6.1		
B.1.7.6.2		
B.1.7.6.3		

Control No.:
Form Type: PHFS1

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC.

CURRENT ADDRESS: 5TH FLOOR SHANGRI-LA PLAZA MALL, MANDALUYONG CITY

TEL. NO.: 370-2700 FAX NO.: 370-2699

COMPANY TYPE : DEVELOPER PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA		2020 (in P'000)	2019 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)		0	933,333
B.2.1 Domestic Public Financial Institutions			
B.2.2 Domestic Public Non-Financial Institutions			
B.2.3 Domestic Private Financial Institutions		0	933,333
B.2.4 Domestic Private Non-Financial Institutions			
B.2.5 Foreign Financial Institutions			
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)			
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale			
B.5 Other Liabilities (B.5.1 + B.5.2)		3,960,735	3,935,632
B.5.1 Deferred income tax liabilities - net		3,946,149	3,934,363
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4 + B.5.2.5)		14,586	1,269
B.5.2.1 Deposits from tenants		1,269	1,269
B.5.2.2 Retirement benefit liability		13,317	0
B.5.2.3			
B.5.2.4			
B.5.2.5			
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)		24,072,921	23,495,622
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)		8,000,000	8,000,000
C.1.1 Common shares	8,000,000,000 shares at P1 par value per share in 2018 and 2017	8,000,000	8,000,000
C.1.2 Preferred Shares			
C.1.3 Others			
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)		4,764,059	4,764,059
C.2.1 Common shares	4,764,058,982 shares at P1 par value per share in 2018 and 2017	4,764,059	4,764,059
C.2.2 Preferred Shares			
C.2.3 Others			
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)		4,764,059	4,764,059
C.3.1 Common shares		4,764,059	4,764,059
C.3.2 Preferred Shares			
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus		1,210,074	1,210,074
C.5 Minority Interest			
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3)		50,361	60,517
C.6.1 Treasury shares		(6,850)	(6,850)
C.6.2 Other Comprehensive Income (Loss)		57,211	67,367
C.6.3			
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus			
C.8 Retained Earnings (C.8.1 + C.8.2)		18,048,427	17,460,972
C.8.1 Appropriated			
C.8.2 Unappropriated		18,048,427	17,460,972
C.9 Head / Home Office Account (for Foreign Branches only)			
C.10 Cost of Stocks Held in Treasury (negative entry)			
TOTAL LIABILITIES AND EQUITY (B + C)		34,543,660	34,023,986

Control No.:
Form Type: PHFS1

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC.
CURRENT ADDRESS: LEVEL 5 SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 370-2700 FAX NO.: 370-2699
COMPANY TYPE : DEVELOPER PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2020 (in P'000)	2019 (in P'000)	2018 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	1,816,427	3,706,410	2,639,665
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity)			
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for			
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)	84,002	251,591	313,631
A.3.1 Rental Income from Land and Buildings	83,137	249,930	236,574
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)			
A.3.3 Sale of Real Estate or other Property and Equipment	865	1,661	77,058
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)			
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7 + A.3.5.8)	0	0	0
A.3.5.1			
A.3.5.2			
A.3.5.3			
A.3.5.4			
A.3.5.5			
A.3.5.6			
A.3.5.7			
A.3.5.8			
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	1,732,426	3,454,820	2,326,034
A.4.1 Interest Income	63,671	3,923	2,722
A.4.2 Dividend Income	1,445,141	1,781,554	1,394,482
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4)	0	0	0
A.4.3.1			
A.4.3.2			
A.4.3.3			
A.4.3.4			
A.4.4 Others, specify (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)	223,614	1,669,343	928,830
A.4.4.1 Increase in fair value of investment property	0	1,445,899	814,449
A.4.4.2 Share in net income from a joint venture	185,534	101,237	0
A.4.4.3 Others	38,081	122,207	114,381
A.4.4.4			
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)	0	0	0
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)			
B.1.1 Direct Material Used			
B.1.2 Direct Labor			
B.1.3 Other Manufacturing Cost / Overhead			
B.1.4 Goods in Process, Beginning			
B.1.5 Goods in Process, End (negative entry)			
B.2 Finished Goods, Beginning			
B.3 Finished Goods, End (negative entry)			
C. COST OF SALES (C.1 + C.2 + C.3)	1,313	2,468	32,741
C.1 Purchases	1,313	2,468	32,741
C.2 Merchandise Inventory, Beginning			
C.3 Merchandise Inventory, End (negative entry)			
D. GROSS PROFIT (A - B - C)	1,815,115	3,703,943	2,606,924

***NOTE:** Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.*

Control No.:
Form Type: PHFS1

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC.
CURRENT ADDRESS: LEVEL 5 SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 370-2700 FAX NO.: 370-2699
COMPANY TYPE : DEVELOPER PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2020 (in P'000)	2019 (in P'000)	2018 (in P'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	418,912	514,105	445,799
E.1 Selling or Marketing Expenses			
E.2 Administrative Expenses	358,015	445,938	409,915
E.3 General Expenses	60,897	68,167	35,885
E.4 Other Expenses, specify (E.4.1 + E.4.2 + E.4.3 + E.4.4 + E.4.5 + E.4.6 + E.4.7 + E.4.8 + E.4.9 + E.4.10)	0	0	0
E.4.1			
E.4.2			
E.4.3			
E.4.4			
E.4.5			
E.4.6			
E.4.7			
E.4.8			
E.4.9			
E.4.10			
F. FINANCE COSTS (F.1 + F.2 + F.3 + F.4 + F.5)	46,535	105,514	135,742
F.1 Interest on Short-Term Promissory Notes			
F.2 Interest on Long-Term Promissory Notes	46,200	104,994	135,309
F.3 Interest on bonds, mortgages and other long-term loans			
F.4 Amortization			
F.5 Other interests, specify (F.5.1 + F.5.2 + F.5.3 + F.5.4 + F.5.5)	335	520	433
F.5.1 Bank charges	335	520	433
F.5.2			
F.5.3			
F.5.4			
F.5.5			
G. NET INCOME (LOSS) BEFORE TAX (D - E - F)	1,349,667	3,084,324	2,025,382
H. INCOME TAX EXPENSE (negative entry)	(16,972)	(364,920)	(251,546)
I. INCOME(LOSS) AFTER TAX	1,332,696	2,719,404	1,773,836
J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on theMeasurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)			
J.1			
J.2			
K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST			
L. PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	1,332,696	2,719,404	1,773,836
M. EARNINGS (LOSS) PER SHARE			
M.1 Basic	0.280	0.571	0.372
M.2 Diluted			

Control No.:
Form Type: PHFS1

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC.
CURRENT ADDRESS: LEVEL 5 SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 370-2700 FAX NO.: 370-2699
COMPANY TYPE : DEVELOPER PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Cash Flow Statements

FINANCIAL DATA	2020 (in P'000)	2019 (in P'000)	2018 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss) Before Tax and Extraordinary Items	1,349,667	3,084,324	2,025,382
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation	21,197	20,063	11,792
Amortization, specify:			
Others, specify: Interest expenses	46,200	104,994	135,309
Retirement Benefit Expense	14,903	9,794	7,766
Gain on fair value of investment properties	0	(1,445,899)	(814,449)
Dividend Income	(1,445,141)	(1,781,554)	(1,394,482)
Gain on sale of property and equipment	0	(1,051)	(2)
Interest Income	(63,671)	(3,923)	(2,722)
Share in Net Income from a Joint Venture	(185,534)	(101,237)	0
Others	4	3,182	5,673
Write-down of Property, Plant, and Equipment			
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Receivables	(1,092,594)	9,793	(213,256)
Properties held for sale	1,313	252,763	29,847
Prepayments and Other Current Assets	(21,200)	119,461	(171,332)
Others, specify: Other Non-current Asset	28,788	(47,981)	0
Increase (Decrease) in:			
Accounts Payable and Other Current Liabilities	171,557	172,225	1,438,037
Income and Other Taxes Payable	-	-	-
Others, specify: Contribution to Retirement Plan	0	(12,873)	(4,788)
Interest Received	63,879	3,762	2,722
Deposits from tenants	0	0	0
Retirement Benefits paid directly by the Company	(1,015)		(7,486)
Retirement Benefit liabilities released due to transfers	(1,545)		
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	(1,113,191)	385,844	1,048,011
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in Long-Term Receivables			
(Increase) Decrease in Investment	1,422,000	137,944	(869,110)
Reductions/(Additions) to Property, Plant, and Equipment	(11,682)	(19,191)	(53,367)
Others, specify Dividends Received	1,414,344	1,764,454	1,394,482
Investment in and advances to a joint venture	(10,762)	(1,021,075)	(1,000,000)
Deposit for future project	(465,888)	(422,000)	(250,295)
Others	(336,798)	(970,177)	(49,627)
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	2,011,214	(530,045)	(827,917)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loans	2,100,000	3,145,000	1,300,000
Long-term Debt			
Issuance of Securities			
Others, specify: Interest paid	(52,217)	(105,933)	(130,236)
Payments of:			
(Loans)	(2,353,333)	(1,958,333)	(533,333)
(Long-term Debt)			
(Stock Subscriptions)			
Others, specify (negative entry):			
Cash dividends paid to shareholders	(740,176)	(830,856)	(925,518)
Effect of exchange rate changes	(1,004)	(1,809)	(4,731)
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	(1,046,730)	248,069	(293,818)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	(148,708)	103,868	(73,724)
Cash and Cash Equivalents			
Beginning of year	280,739	176,871	250,595
End of year	132,031	280,739	176,871

***NOTE:** Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.*

Control No.:
Form Type: PHFS1

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC.
CURRENT ADDRESS: 5TH LEVEL SHANGR-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 370-2700 FAX NO.: 370-2699
COMPANY TYPE : DEVELOPER PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

FINANCIAL DATA	(Amount in P000)					
	Capital Stock	Additional Paid-in Capital	Treasury Shares	Cummulative Comprehensive Income (Loss)	Retained Earnings	TOTAL
A. Balance, January 01, 2018	4,764,059	1,210,074	(6,850)	47,033	15,577,284	21,591,600
A.1 Correction of Error(s)						0
A.2 Changes in Accounting Policy						0
B. Restated Balance	4,764,059	1,210,074	(6,850)	47,033	15,577,284	21,591,600
C. Surplus						0
C.1 Surplus (Deficit) on Revaluation of Properties						0
C.2 Surplus (Deficit) on Revaluation of Investments				19,753		19,753
C.3 Currency Translation Differences						0
C.4 Other Surplus (specify)						0
C.4.1 Remeasurement loss on retirement benefit obligation				581		581
C.4.2						0
C.4.3						0
C.4.4						0
C.4.5						0
D. Net Income (Loss) for the Period					2,719,404	2,719,404
E. Dividends (negative entry)					(835,717)	(835,717)
F. Appropriation for (specify)						0
F.1						0
F.2						0
F.3						0
F.4						0
F.5						0
G. Issuance of Capital Stock						0
G.1 Common Stock						0
G.2 Preferred Stock						0
G.3 Others						0
H. Balance, 2018	4,764,059	1,210,074	(6,850)	67,367	17,460,972	23,495,622
H.1 Correction of Error (s)						0
H.2 Changes in Accounting Policy						0
I. Restated Balance						0
J. Surplus						0
J.1 Surplus (Deficit) on Revaluation of Properties						0
J.2 Surplus (Deficit) on Revaluation of Investments				(5,185)		(5,185)
J.3 Currency Translation Differences						0
J.4 Other Surplus (specify)						0
J.4.1 Remeasurement gain on retirement obligation				(4,971)		(4,971)
J.4.2						0
J.4.3						0
J.4.4						0
J.4.5						0
K. Net Income (Loss) for the Period					1,332,696	1,332,696
L. Dividends (negative entry)					(745,240)	(745,240)
M. Appropriation for (specify)						0
M.1						0
M.2						0
M.3						0
M.4						0
M.5						0
N. Issuance of Capital Stock						0
N.1 Common Stock						0
N.2 Preferred Stock						0
N.3 Others						0
O. Balance, 2019	4,764,059	1,210,074	(6,850)	57,211	18,048,427	24,072,921

Control No.:
Form Type: PHFS2

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC. AND SUBSIDIARIES
CURRENT ADDRESS: 5TH FLOOR SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 8-370-2700 FAX NO.: 8-370-2697
COMPANY TYPE : DEVELOPER PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2020 (in P'000)	2019 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	63,169,958	63,353,513
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	11,656,215	12,085,928
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	1,549,971	2,640,089
A.1.1.1 On hand	7,086	22,899
A.1.1.2 In domestic banks/entities	1,542,885	2,617,190
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	4,996,338	5,219,296
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	4,996,338	5,219,296
A.1.2.1.1 Due from customers (trade)	3,348,003	3,696,370
A.1.2.1.2 Due from related parties	1,604,239	1,464,226
A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2+A.1.2.1.3.3+A.1.2.1.3.4)	67,117	73,199
A.1.2.1.3.1 Advances to officers and employees	4,226	4,000
A.1.2.1.3.2 Interest	4,317	2,900
A.1.2.1.3.3 Others	58,574	66,298
A.1.2.1.4 Allowance for doubtful accounts (negative entry)	(23,020)	(14,498)
A.1.2.2 Due from foreign entities, specify (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3 + A.1.2.2.4)	0	0
A.1.2.2.1		
A.1.2.2.2		
A.1.2.2.3		
A.1.2.2.4 Allowance for doubtful accounts (negative entry)		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	3,413,065	2,876,245
A.1.3.1 Raw materials and supplies		
A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)		
A.1.3.3 Finished goods		
A.1.3.4 Merchandise/Goods in transit		
A.1.3.5 Unbilled Services (in case of service providers)		
A.1.3.6 Others, specify (A.1.3.6.1 + A.1.3.6.2 + A.1.3.6.3)	3,413,065	2,876,245
A.1.3.6.1 Construction in Progress	2,915,323	2,390,077
A.1.3.6.2 Condominium units held for sale	497,743	486,168
A.1.3.6.3 Real estate properties held for sale	0	0
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)	33,626	36,279
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities: (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)	33,626	36,279
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions	33,626	36,279
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities: (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)	0	0
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

Control No.:
Form Type: PHFS2

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES
NAME OF CORPORATION: SHANG PROPERTIES INC. AND SUBSIDIARIES
CURRENT ADDRESS: 5TH FLOOR SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 8-370-2700 FAX NO.: 8-370-2697
COMPANY TYPE : DEVELOPER PSIC: 7012
If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2020 (in P'000)	2019 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)		
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions		
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)		
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions		
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions		
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)		
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments		
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)		
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	1,663,214	1,314,019
A.1.5.1 Creditable withholding tax	420,217	398,878
A.1.5.2 Input value added tax	93,813	102,029
A.1.5.3 Others	1,149,184	813,112
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+ A.2.8)	11,684,593	12,811,490
A.2.1 Land		
A.2.2 Building and improvements including leasehold improvement	9,434,803	9,455,443
A.2.3 Machinery and equipment (on hand and in transit)		
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment	48,693	54,142
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)	6,982,848	6,978,260
A..2.5.1 Property, or equipment used for education purposes		
A..2.5.2 Furnitures and fixtures	6,982,848	6,978,260
A..2.5.3		
A..2.5.4		
A..2.5.5		
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4 + A.2.6.5)	0	0
A..2.6.1		
A..2.6.2		
A..2.6.3		
A..2.6.4		
A..2.6.5		
A.2.7 Accumulated Depreciation (negative entry)	(4,781,752)	(3,676,355)
A.2.8 Impairment Loss or Reversal (if loss, negative entry)		
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3 + A.3.4)	2,317,911	2,121,615
A.3.1 Equity in domestic subsidiaries/affiliates	2,317,911	2,121,615
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3 + A.3.3.4 + A.3.3.5)	0	0
A.3.3.1		
A.3.3.2		
A.3.3.3		
A.3.3.4		
A.3.3.5		
A.4 Investment Property	34,913,873	32,903,377
A.5 Biological Assets		
A.6 Intangible Assets	0	0
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)	0	0
A.6.1.1 Goodwill	0	0
A.6.1.2		
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)	0	0
A.6.2.1		
A.6.2.2		
A.7 Assets Classified as Held for Sale	0	0
A.8 Assets included in Disposal Groups Classified as Held for Sale		

Control No.:
Form Type: PHFS2

SPECIAL FORM FOR CONSOLIDATED FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC. AND SUBSIDIARIES
CURRENT ADDRESS: 5TH FLOOR SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 8-370-2700 FAX NO.: 8-370-2697
COMPANY TYPE : DEVELOPER PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2020 (in P'000)	2019 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)	0	0
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3)	0	0
A.9.1.1 Installment Contracts Receivables		
A.9.1.2		
A.9.1.3		
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3)	0	0
A.9.2.1		
A.9.2.2		
A.9.2.3		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)	2,597,366	3,431,104
A.10.1 Deferred charges - net of amortization		
A.10.2 Deferred Income Tax	465,151	226,922
A.10.3 Advance/Miscellaneous deposits		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4+A.10.4.5)	2,132,215	3,204,182
A.10.4.1 Real estate development projects	0	1,487,614
A.10.4.2 Available-for -sale financial assets	0	0
A.10.4.3 Other noncurrent assets	1,064,776	643,029
A.10.4.4 Goodwill	269,871	269,871
A.10.4.5 Financial assets at fair value through other comprehensive income	797,568	803,668
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)		
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	21,495,591	22,083,374
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	10,964,472	10,902,209
B.1.1 Trade and Other Payables to Domestic Entities	9,967,328	9,722,765
B.1.1.1 Loans/Notes Payables	4,283,333	3,553,333
B.1.1.2 Trade Payables	744,024	925,621
B.1.1.3 Payables to Related Parties	172,557	100,489
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders		
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2 + B.1.1.5.3)	1,933,705	1,637,756
B.1.1.5.1 Various Accruals	1,933,705	1,637,756
B.1.1.5.2	0	0
B.1.1.5.3		
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3+ B.1.1.6.4+B.1.1.6.5+B.1.1.6.5)	2,833,709	3,505,566
B.1.1.6.1 Excess billings over revenue	22,428	132,447
B.1.1.6.2 Customers' deposits	609,801	684,788
B.1.1.6.3 Retention Fees Payable	596,429	847,965
B.1.1.6.4 Advances from Condominium unit buyers	302,159	165,052
B.1.1.6.5 Reservation Payable	14,424	819,251
B.1.1.6.6 Deferred Output Vat	801,946	414,695
B.1.1.6.7 Others	486,521	441,367
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)	0	0
B.1.2.1		
B.1.2.2		
B.1.2.3		
B.1.3 Provisions		
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions)	0	0
B.1.4.1		
B.1.4.2		
B.1.4.3		
B.1.4.4		
B.1.4.5		
B.1.5 Liabilities for Current Tax	124,336	250,763
B.1.6 Deferred Tax Liabilities		
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-	872,808	928,681
B.1.7.1 Dividends declared and not paid at balance sheet date	74,031	47,545
B.1.7.2 Acceptances Payable		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Deferred lease income	41,298	45,304
B.1.7.5 Installment Payable	142,751	443,918
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify:	614,727	391,914
B.1.7.6.1 Current portion of deposit from tenants	614,727	391,914
B.1.7.6.2		
B.1.7.6.3		

Control No.:
Form Type: PHFS2

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES
NAME OF CORPORATION: SHANG PROPERTIES INC. AND SUBSIDIARIES
CURRENT ADDRESS: 5TH FLOOR SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 8-370-2700 FAX NO.: 8-370-2697
COMPANY TYPE : DEVELOPER PSIC: 7012
If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2020 (in P'000)	2019 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)	1,596,172	2,374,628
B.2.1 Domestic Public Financial Institutions	1,596,172	2,374,628
B.2.2 Domestic Public Non-Financial Institutions		
B.2.3 Domestic Private Financial Institutions		
B.2.4 Domestic Private Non-Financial Institutions		
B.2.5 Foreign Financial Institutions		
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)		
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		
B.5 Other Liabilities (B.5.1 + B.5.2)	8,934,946	8,806,538
B.5.1 Deferred Tax	8,018,042	7,865,210
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4 + B.5.2.5)	916,905	941,328
B.5.2.1 Advance rental - net of current portion	232,962	112,001
B.5.2.2 Deposits from Tenants - net of current portion	540,046	726,831
B.5.2.3 Accrued Employee Benefits	89,798	55,145
B.5.2.4 Deferred lease income - net of current portion	54,099	47,351
B.5.2.5 Installmeny payable - net of current portion	0	0
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)	41,674,367	41,270,139
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)	8,000,000	8,000,000
C.1.1 Common shares 8,000,000,000 shares at P1 par value per share in 2018 and 2017	8,000,000	8,000,000
C.1.2 Preferred Shares		
C.1.3 Others		
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)	0	0
C.2.1 Common shares		
C.2.2 Preferred Shares		
C.2.3 Others		
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)	4,764,059	4,764,059
C.3.1 Common shares 4,764,058,982 shares at P1 par value per share in 2018 and 2017	4,764,059	4,764,059
C.3.2 Preferred Shares		
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus	834,440	834,440
C.5 Minority Interest	5,950,341	6,254,206
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3)	78,418	95,050
C.6.1 Equity Reserves	(141,133)	(141,133)
C.6.2 Other comprehensive income (loss)	219,551	236,183
C.6.3		
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		
C.8 Retained Earnings (C.8.1 + C.8.2)	30,053,959	29,329,234
C.8.1 Appropriated		
C.8.2 Unappropriated	30,053,959	29,329,234
C.9 Head / Home Office Account (for Foreign Branches only)		
C.10 Cost of Stocks Held in Treasury (negative entry)	(6,850)	(6,850)
TOTAL LIABILITIES AND EQUITY (B + C)	63,169,958	63,353,513

Control No.:
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SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES
NAME OF CORPORATION: SHANG PROPERTIES INC. AND SUBSIDIARIES
CURRENT ADDRESS: LEVEL 5 SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 8-370-2700 FAX NO.: 8-370-2697
COMPANY TYPE : DEVELOPER PSIC: 7012
If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2020 (in P'000)	2019 (in P'000)	2018 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	7,100,758	12,079,729	12,650,054
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services,	6,220,489	11,361,826	11,180,487
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the Equity Method	185,534	101,237	0
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)	0	0	0
A.3.1			
A.3.2			
A.3.3			
A.3.4			
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7 + A.3.5.8)	0	0	0
A.3.5.1			
A.3.5.2			
A.3.5.3			
A.3.5.4			
A.3.5.5			
A.3.5.6			
A.3.5.7			
A.3.5.8			
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	694,736	616,665	1,469,566
A.4.1 Interest Income	382,943	217,586	190,829
A.4.2 Dividend Income	13,002	55,542	48,440
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4)	0	0	0
A.4.3.1			
A.4.3.2			
A.4.3.3			
A.4.3.4			
A.4.4 Others, specify	298,791	343,538	1,230,297
A.4.4.1 Remeasurement arising from business combination	0	0	0
A.4.4.2 Reversal of impairement loss on real estate development project	0	0	0
A.4.4.3 Gain on fair value adjustment of investment properties	0	276,697	879,994
A.4.4.4 Gain / (Loss) on Foreign Exchange	(3,729)	(7,757)	24,187
A.4.4.5 Disposal of investment in associates	0	0	0
A.4.4.6 Others	302,520	74,597	326,116
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)	0	0	0
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)			
B.1.1 Direct Material Used			
B.1.2 Direct Labor			
B.1.3 Other Manufacturing Cost / Overhead			
B.1.4 Goods in Process, Beginning			
B.1.5 Goods in Process, End (negative entry)			
B.2 Finished Goods, Beginning			
B.3 Finished Goods, End (negative entry)			
C. COST OF SALES (C.1 + C.2 + C.3)	3,636,627	6,079,008	6,270,756
C.1 Purchases	3,636,627	6,079,008	6,270,756
C.2 Merchandise Inventory, Beginning			
C.3 Merchandise Inventory, End (negative entry)			
D. GROSS PROFIT (A - B - C)	3,464,131	6,000,721	6,379,298

***NOTE:** Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two*

Control No.:
Form Type: PHFS2

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC. AND SUBSIDIARIES

CURRENT ADDRESS: LEVEL 5 SHANGRI-LA PLAZA MALL, MANDALUYONG CITY

TEL. NO.: 8-370-2700 FAX NO.: 8-370-2697

COMPANY TYPE : DEVELOPER PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2020 (in P'000)	2019 (in P'000)	2018 (in P'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	**1,498,689**	**1,251,803**	**1,188,180**
E.1 Selling or Marketing Expenses	204,293	254,459	303,478
E.2 Administrative Expenses	1,066,123	736,803	654,924
E.3 General Expenses	228,274	260,541	229,778
E.4 Other Expenses, specify (E.4.1 + E.4.2 + E.4.3 + E.4.4 + E.4.5 + E.4.6 + E.4.7 + E.4.8 + E.4.9 + E.4.10)	0	0	0
E.4.1 Education-related expenditures	0	0	0
E.4.2 Provision for impairement loss	0	0	0
E.4.3 Unreimbursed share in common expenses	0	0	0
E.4.4			
E.4.5			
E.4.6			
E.4.7			
E.4.8			
E.4.9			
E.4.10			
F. FINANCE COSTS (F.1 + F.2 + F.3 + F.4 + F.5)	139,647	**272,339**	**358,742**
F.1 Interest on Short-Term Promissory Notes			
F.2 Interest on Long-Term Promissory Notes			
F.3 Interest on bonds, mortgages and other long-term loans	101,541	236,040	325,129
F.4 Amortization			
F.5 Other interests, specify (F.5.1 + F.5.2 + F.5.3 + F.5.4 + F.5.5)	38,105	36,299	33,612
F.5.1 Accretion of deposits from tenants	38,105	36,299	33,612
F.5.2			
F.5.3			
F.5.4			
F.5.5			
G. NET INCOME (LOSS) BEFORE TAX (D - E - F)	1,825,796	4,476,579	4,832,376
H. INCOME TAX EXPENSE (negative entry)	(404,216)	(1,054,810)	**(1,271,762)**
I. INCOME(LOSS) AFTER TAX	1,421,580	**3,421,769**	**3,560,614**
J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on theMeasurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)			
J.1			
J.2			
K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST	**48,385**	(365,767)	(548,286)
L. PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**1,469,965**	3,056,002	3,012,328
M. EARNINGS (LOSS) PER SHARE			
M.1 Basic	0.31	0.64	0.63
M.2 Diluted	0.31	0.64	0.63

Control No.:
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SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES
NAME OF CORPORATION: SHANG PROPERTIES INC. AND SUBSIDIARIES
CURRENT ADDRESS: LEVEL 5 SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 8-370-2700 FAX NO.: 8-370-2697
COMPANY TYPE: DEVELOPER PSIC: 7012
If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Cash Flow Statements

FINANCIAL DATA	2020 (in P'000)	2019 (in P'000)	2018 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss) Before Tax and Extraordinary Items	1,825,796	4,476,579	4,832,376
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation	1,112,675	1,115,108	1,041,599
Amortization, specify Amortization of deferred lease income	(40,478)	(37,687)	(30,435)
Others, specify: Share in profit of an associated company	(185,534)	(101,237)	0
Reversal of impairement loss on real estate development projects			
Dividend Income	(13,002)	(55,542)	(48,440)
Remeasurement arising from business combination	0	0	0
Interest expense	138,904	271,398	357,899
Interest income/received	(1,417)	925	(137,383)
Others	148,066	9,223	(210,050)
Increase in fair value of investment properties	0	(276,697)	(879,994)
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Receivables	208,110	(1,937,313)	(52,263)
Properties held for sale	(692,236)	800,401	2,557,996
Other Current Assets	(349,196)	60,991	(272,776)
Others, specify:			
Real estate development projects	0	(45,181)	(3,096,727)
Retirement Benefit Cost	36,772	(18,505)	9,536
Other non current assets	44,141	(90,603)	21,642
Increase (Decrease) in:			
Account payable & other current liabilities	(340,014)	516,712	(752,635)
Others, specify: Installment payable	(301,167)	(97,244)	(95,349)
Accrued employee benefits	(12,725)	51	0
Advance rental	13,830	217,340	19,540
Deposit from tenants	45,149	32,157	10,855
Income taxes paid	(609,634)	(722,632)	(440,320)
A. Net Cash Provided by Operating Activities (sum of above rows)	1,028,039	4,118,245	2,835,071
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in Available-for-sale financial assets	0	0	0
(Increase) Decrease in financial assets at fair value through other comprehensive income	0	1,967	
(Increase) Decrease in investment in associates and a joint venture	(10,762)	(1,019,989)	(1,000,000)
(Increase) Decrease in Investment	0	0	0
Reductions/(Additions) to Property, Plant, and Equipment	(152,201)	(125,092)	(75,081)
Others, specify			
Proceeds from sale of property and equipment	704	2,341	269,640
Deposit for a future project	(465,888)	(171,705)	(250,295)
Decrease in real estate development projects	0	0	0
Dividends Received	13,002	55,542	48,440
Proceeds from disposal of investment properties	(367,686)	(1,109,209)	(489,887)
Proceeds from sale of investment in associates	0	0	0
Acquisition of a subsidiary/non-controlling interest, net of cash acquired			
B. Net Cash Used in Investing Activities (sum of above rows)	(982,831)	(2,366,147)	(1,497,182)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loans	2,550,000	3,145,000	1,300,000
Long-term Debt			
Issuance of Securities			
Others, specify:			
Payments of:			
(Loans)	(2,603,333)	(3,208,333)	(3,687,083)
(Long-term Debt)			
(Stock Subscriptions)	0	0	0
Others, specify (negative entry):			
Cash dividends paid to shareholders & minority shareholders of subsidiary	(973,413)	(1,229,324)	(1,243,094)
Payment of interest	(106,057)	(246,491)	(322,791)
C. Net Cash Used in Financing Activities (sum of above rows)	(1,132,804)	(1,539,148)	(3,952,968)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	(1,087,595)	212,950	(2,615,080)
Cash and Cash Equivalents			
Beginning of year	2,640,089	2,432,097	5,030,757
Effect of exchange rate changes	(2,522)	(4,959)	16,420
End of year	1,549,971	2,640,089	2,432,097

*NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending **December 31, 2005 up to November 30, 2006, a comparative format of only two (2)***

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Control No.:
Form Type: PHFS2

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES
NAME OF CORPORATION: SHANG PROPERTIES INC. AND SUBSIDIARIES
CURRENT ADDRESS: 5TH LEVEL SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 8-370-2700 FAX NO.: 8-370-2697
COMPANY TYPE: DEVELOPER PSIC: 7012
If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

(Amount in P'000)

FINANCIAL DATA	Capital Stock	Additional Paid-in Capital	Treasury Shares	Cumulative Changes in Fair value of Available-for-sale Financial Assets	Cumulative Translation Adjustment	Remeasurement Gains (Losses) on Defined Benefit Liability	Equity Reserves	Minority Interest	Retained Earnings	TOTAL
A. Balance, January 1, 2017	4,764,059	834,440	(6,850)	10,345	(215)	(11,013)	(141,133)	5,421,977	22,466,858	33,338,468
B. Surplus										0
C. Net Income (Loss) for the Period								873,916	3,346,166	4,220,082
D. Dividends (negative entry)								(239,680)	(785,717)	(1,025,397)
E. Appropriation for (specify)										0
E.1 Other comprehensive income				4,620	(57)	(13,475)				(8,912)
E.2										0
F. Issuance of Capital Stock										0
F.1 Common Stock										0
F.2 Preferred Stock - redemption										0
F.3 Others										0
G. Balance, December 31, 2017	4,764,059	834,440	(6,850)	14,965	(272)	(24,488)	(141,133)	6,056,213	25,027,307	36,524,241
G.1 Correction of Error (s)										0
G.2 Changes in Accounting Policy				220,501						220,501
H. Restated Balance January 1, 2018	4,764,059	834,440	(6,850)	235,466	(272)	(24,488)	(141,133)	6,056,213	25,027,307	36,744,742
I. Surplus										0
I.1 Surplus (Deficit) on Revaluation of Properties										0
I.2 Surplus (Deficit) on Revaluation of Investments										0
I.3 Currency Translation Differences										0
I.4 Other Surplus (specify)										0
I.4.1										0
J. Net Income (Loss) for the Period								548,288	3,012,328	3,560,614
K. Dividends (negative entry)								(317,576)	(930,687)	(1,248,263)
L. Appropriation for (specify)										0
L.1 Other comprehensive income				7,761	(340)	1,845				9,266
M. Issuance of Capital Stock										0
M.1 Common Stock										0
M.2 Preferred Stock-redemption										0
M.3 Others										0
N. Balance, December 31, 2018	4,764,059	834,440	(6,850)	243,226	(612)	(22,643)	(141,133)	6,286,923	27,108,949	39,066,359
O. Surplus										0
P. Net Income (Loss) for the Period								365,767	3,056,002	3,421,769
Q. Dividends (negative entry)								-398,468	-835,717	-1,234,185
R. Appropriation for (specify)										0
R.1 Other comprehensive income				19,944	-933	-2,799		-16		16,196
R.2										0
S. Issuance of Capital Stock										0
S.1 Common Stock										0
S.2 Preferred Stock - redemption										0
S.3 Others										0
T. Balance, December 31, 2019	4,764,059	834,440	(6,850)	263,170	(1,545)	(25,442)	(141,133)	6,254,206	29,329,234	41,270,139
U. Surplus										0
V. Net Income (Loss) for the Period								-48,385	1,469,965	1,421,580
W. Dividends (negative entry)								-254,660	-745,240	-999,900
X. Appropriation for (specify)										0
X.1 Other comprehensive income				-4,461	-291	-11,880		-819		-17,451
X.2										0
Y. Issuance of Capital Stock										0
Y.1 Common Stock										0
Y.2 Preferred Stock - redemption										0
Y.3 Others										0
Z. Balance, December 31, 2020	4,764,059	834,440	-6,850	258,709	-1,836	-37,322	-141,133	5,950,341	30,053,959	41,674,367