

COVER SHEET

1 4 5 4 9 0

SEC Registration Number

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

(Company's Full Name)

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

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

ATTY. FEDERICO G. NOEL, JR.

(Contract Person)

370-2700

(Company Telephone Number)

1 2 3 1
Month Day
(Fiscal Year)

2 0 - I S
(Form Type)

Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

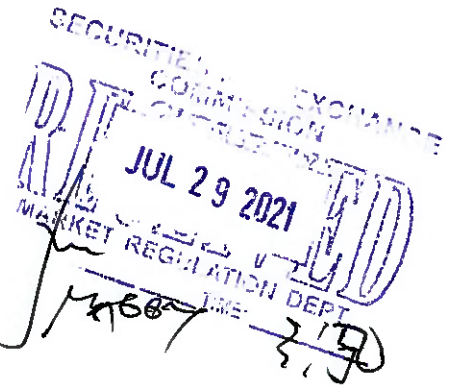
LCU

Document ID

Cashier

STAMPS

Please use BLACK ink for scanning purposes.



19 July 2021

**SECURITIES AND EXCHANGE COMMISSION
MARKETS AND SECURITIES REGULATION DEPARTMENT**
Secretariat Building, PICC Complex
Roxas Boulevard
Pasay City

ATTENTION: VICENTE GRACIANO P. FELIZMENIO, JR.
Director, Markets and Securities Regulation

Re: 20-IS Shang Properties, Inc.

Gentlemen:

Further to your letter dated 16 July 2021 via email, respecting the comments of your Office on the Preliminary Information Statement submitted by Shang Properties, Inc. ("SPI"), set forth below are SPI's responses:

1. Item 1. Date, Time, and Place of Meeting

- Copies of the Notice of Meeting, Information Statement and other documents in connection with the 19 August 2021 meeting will be send out through courier and will also be published
- Notice is also posted on 21 July 2021 at the SPI website with the link <https://www.shangproperties.com/app/uploads/2021/07/Notice-of-Annual-Stockholders-Meeting-on-August-2021.pdf>.

2. Item 4. (2) Security Ownership of Management

- The matter is disclosed on **page 4** of the Definitive 20-IS, thus:

3. Certification

- The Certification that none of the Directors and Officers work in government is attached herewith.

4. Certification

- The Certification on the Qualifications and Disqualification of Independent Directors is attached herewith.

5. Compensation of Directors and Executive Officers

- The positions of the Officers are disclosed and correction made as to the reported year of compensation. Please see **page 16 and 17 of the Definitive 20-IS**.

6. Compliance with Section 49 of the Revised Corporation Code

- Please refer to **page 21** for the voting procedure used in the meeting;
- Please refer to **18 November 2020 minutes of the meeting** which is posted at SPI website for the matters discussed and resolutions reached for the most recent meeting;
- Please refer to the **Annual Report/ 17-A** for the list of directors, officers, and stockholders who attended the meeting;
- Please refer to **page 21** for the appraisals and performance reports for the board and the criteria and procedure for assessment;
- Please refer to the **Annual Report/ 17-A** for the directors disclosures on self-dealings and related party transactions.

7. Management Report

- Please see **page 31** for the discussion on the financial condition for the years 2018 – 2017.
- Second Quarter Report for the period ended 30 June 2021 is attached herewith.

Very truly yours,

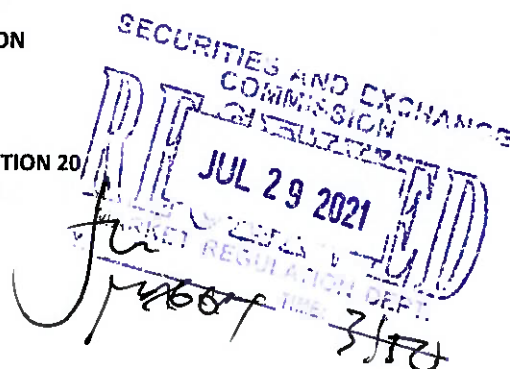


FEDERICO G. NOEL, JR.
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE



1. Check the appropriate box:
☒ **Definitive Information Statement**
☐ **Preliminary Information Statement**
2. Name of Registrant as specified in its charter SHANG PROPERTIES, INC.
3. Philippines
 Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number: 145490
5. BIR Tax Identification Code: 000-144-386
6. Level 5, Administration Offices, Shangri-La Plaza Mall
EDSA cor. Shaw Boulevard, Mandaluyong City
 Address of principal office 1550
 Postal Code
7. Registrant's telephone number, including area code (632) 8370-2700
8. The annual meeting of Registrant's stockholders will be held on 19 AUGUST 2021 at 10:00 A.M. via video conference.
 Date, time and place of the meeting of security holders
9. Approximate date on which the Information Statement is first to be sent or given to security holders:
28 JULY 2021, which is fifteen (15) business days prior to the date of the Annual Stockholders' Meeting on 19 AUGUST 2021.
10. No proxy solicitations will be made by Registrant.
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	4,764,056,287 ¹ common shares (* not included are the Registrant's 2,695 treasury shares)

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

Yes ☒ No ☐

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

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

¹ RCBC Board Lot Report as of 30 June 2021

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

The annual meeting of Registrant's stockholders will be held on **19 AUGUST 2021 at 10:00 A.M. via video conference.**

The approximate date on which the Information Statement is first to be sent or given to security holders is on **28 JULY 2021, which is fifteen (15) business days prior to the date of the Annual Stockholders' Meeting on 19 AUGUST 2021.**

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

Item 2. Dissenters' Right of Appraisal

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

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

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

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

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of the date of submission of this Information Statement, the Registrant has 4,764,056,287 issued and outstanding common shares all with a par value of One Peso (₱1.00) per share. All shares have identical voting rights. Every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock as of record date. Every stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate his votes and give one candidate/nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit provided that the total number of votes cast by him shall not exceed the number of shares owned multiplied by the whole number of directors to be elected.

The record date for the Registrant's Annual Stockholders' Meeting is **19 JULY 2021.**

Every stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate his votes and give one candidate/nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle

among as many candidates as he shall see fit provided that the total number of votes cast by him shall not exceed the number of shares owned multiplied by the whole number of directors to be elected.

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

The Top 20 stockholders of the Issuer as of 30 JUNE 2021 ²are:

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 (PH)	1,012,913,413	21.26%
4. SM Development Corporation	189,550,548	4.00%
5. PCD Nominee Corporation (OA)	60,805,567	1.28%
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 SND. 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%

As of 30 JUNE 2021, the total number of shareholders of Issuer's common shares is 5,177³.

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

Following are the stockholders who are known to the Issuer to be directly or indirectly the record and/or beneficial owner of more than 5% of any class of the Issuer's voting shares as of 30 JUNE 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	Percent
Common	Travel Aim Investment B.V. 25/F Kerry Centre 683 King's Road Quarry Bay, HK	R	Foreign	1,648,869,372	34.61%
Common	Ideal Sites &	R	Filipino	1,465,144,626	30.75%

² RCBC Top 20 Report as of 30 June 2021

³ RCBC Board Lot Report dated 04 July 2021

	Properties, Inc.				
Common	PCD Nominee Corporation	R	Filipino	1,012,913,413	21.26%

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

Ideal Sites and Properties, Inc. (Ideal) is the owner of record of 1,465,144,626 shares. These shares serve as underlying securities to the Philippine Deposit Receipts (PDRs) issued by Ideal. Ideal is a member of the Kuok Group of Companies. The votes for Ideal Sites and Properties, Inc., are to be cast by the said Company's appointed proxy, who is usually the Chairman of the Issuer's Annual Shareholders Meeting. The Annual Shareholders Meeting of the Issuer is usually chaired by Mr. Edward Kuok Khoon Loong, and in his absence, by Mr. Alfredo Ramos.

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

Security Ownership of Management (as of 30 JUNE 2021)

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	Antonio O. Cojuangco	3,026,964(D)	Filipino	0.000%
Common	Maximo G. Licaucó III	1(D)	Filipino	0.000%
Common	Benjamin Ivan S. Ramos	2(D)	Filipino	0.000%
Common	Cynthia R. Del Castillo	1(D)	Filipino	0.000%
Common	Karlo Marco P. Estavillo	5000(D)	Filipino	0.000%
Common	Wilfred Shan Chen Woo	1,000(D)	Canadian	0.064%
Common	Wolfgang Krueger	10,000(D)	Deutsch	0.000%
Common	Jose Juan Z. Jugo	1,000(D)	Filipino	0.000%
Common	Federico G. Noel	1 (D)	Filipino	0.000%

As of the reporting of SEC Form 20-IS for 2021, the aggregate ownership of all directors and officers as a group unnamed is **4,065,711** shares or **0.007%** of the outstanding shares of Issuer.

VOTING TRUST / HOLDERS OF 5% OR MORE

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

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

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

On 09 November 2009, the Issuer entered into a Memorandum of Agreement with its subsidiary Shang Properties Realty Corporation ("SPRC") (formerly, The Shang Grand Tower Corporation), wherein Issuer agreed with SPRC to develop a portion of Issuer's Property located at Edsa cor. Shaw Blvd., Mandaluyong City, into another commercial/retail building ("Project") comprised of a shopping mall, parking facilities, and high-rise residential condominium building to be known as "One Shangri-La Place". Under the MOA, Issuer commits to transfer a portion of its Property where the Project will be constructed, and to contribute up to PHP TWO BILLION FIVE HUNDRED MILLION and 00/100 (PHP2,500,000,000.00) to partially fund the construction of the Project. SPRC, for its part, will put up the rest of the funding required for the construction of the Project. On 20 September 2013, Shang Properties Realty Corporation purchased the Property from Issuer.

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

On 27 June 2011, Issuer purchased Hervey Asia Corporation 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 P450,000,000.00. Said sale increased Issuer's equity in SLPC from 78.72% previously to 100%, making SLPC a wholly-owned subsidiary of Issuer. SLPC owns and operates the mall establishment known as the Shangri-La Plaza which is located in Mandaluyong City.

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

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.

Issuer's subsidiary Shang Properties Realty Corporation and SLPC have in turn entered into an agreement whereby SLPC shall lease said mall facility from Issuer of a period of five (5) years commencing on September 2012, renewable upon mutual agreement of the Parties. Rental income is calculated at 12% of SLPC's annual rental income from mall operations. The lease has been renewed for another period which shall expire on 31 December 2022.

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.

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). 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 P10Billion for the project.

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 June 13, 1991. Its significant and active subsidiaries are as follows:

- Shangri-La Plaza Corporation (100% owned by Issuer);
- SPI Parking Services, Inc. (formerly EDSA Parking Services, Inc.) (100 % owned by Issuer); and
- Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation (100 % owned by Issuer)
- EPHI Logistics Holdings, Inc. (60% owned by Issuer)
- Shang Global City Holdings, Inc. (100% owned by Issuer)
- Shang Fort Bonifacio Holdings, Inc. (100% owned by Issuer)
- Shang Property Management Services Corporation (formerly EPHI Project Management Services Corporation) (100% owned by Issuer)
- KSA Realty Corporation (70.04% owned by Issuer)
- Shang Property Developers, Inc. (100% owned by Issuer)
- Shang Global City Properties, Inc. (60% owned through the Issuer's wholly owned subsidiaries Shang Global City Holdings, Inc., and Shang Fort Bonifacio Holdings, Inc.)
- The Rise Development Company, Inc. (100% owned through Issuer's wholly owned subsidiary KPPI Realty Corporation)
- Shang Wack Wack Properties, Inc. (100% owned by Issuer)
- Classic Elite Holdings, Ltd. (100% owned by 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)
- Shang Robinsons Properties Inc. (50% 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, Rustan's, Zara, Debenhams, Armani, etc., which caters to the upscale market.

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

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

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

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

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

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

KSA Realty Corporation was incorporated on 03 August 1990 as a realty development company. It owns The Enterprise Center, one of the most modern and luxurious office buildings in the country which is located at the heart of the Makati Central Business District. 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. which was incorporated on 17 December 2010 as a realty development company. It is the owner and developer of the Shang Salcedo Place, a residential condominium located in Sen. Gil Puyat Ave. cor. Tordesillas St., H.V. de la Costa St., Salcedo Village, Makati City. It is slated for completion in 2015.

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

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

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

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 Issuer may explore possible off-shore investment opportunities aligned with Issuer's business objectives/purposes.

SPI Property Holdings Inc. was incorporated on 09 December 2019 and currently preparing to develop a residential condominium project to be located in Pasig City.

SPI Property Developers Inc. and SPI Land Development Inc. were all incorporated on 09 December 2019 as a holding company.

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, Taguig City.

- (ii) Issuer's subsidiary, Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation) and Shang Property Developers, Inc. sold units of the condominium development The St. Francis Shangri-La Place to non-resident Filipinos and foreigners, but not exceeding 40% of the total no. of units. It has been selling units of the One Shangri-La Place, its latest condominium development, but subject to the limitation that not more

than 40% of the total number of units shall be sold to foreigners. Issuer's subsidiary Shang Property Developers Inc. has also started selling units to its residential condominium development, Shang Salcedo Place, sales for which are also subject to the 40% alien ownership limitation.

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

With Issuer's subsidiaries:

- a. With Shangri-La Plaza Corporation (SLPC)
 - i) 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 shall lease said mall facility from Issuer of a period of five (5) years commencing on September 2012, renewable upon mutual agreement of the Parties. Rental income is calculated at 12% of SLPC's annual rental income from mall operations. 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 to be known as The St. Francis Shangri-La Place ("Project"). SPRC shall provide the funding for the Project which was completed in 2009.

The MOA, among others, provides that Issuer, as the owner of the Property, commits to transfer the same, free from all liens and encumbrances, in favor of the Condominium Corporation that will be incorporated upon the completion of the Project. Pending the transfer of the Property to the Condominium Corporation, Issuer shall allow the use of the Property for the construction of the Project, subject to the terms and conditions hereinafter stipulated. SPRC shall provide funding for the construction of the Project. It is the intention of the Parties to allocate the resulting units in the Project between them, with each party taking ownership and possession of its respective allocated units ("Allocated Units"), with full power and discretion on the disposition of the same, subject only 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 to be known as "One Shangri-La Place". This MOA was rescinded by the Parties on 20 September 2013, wherein SPRC purchased the land from Issuer to become both the landowner and developer of the Project.

With Issuer's affiliates:

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

The Issuer leased a portion of its land to an affiliate, Edsa Shangri-La Hotel & Resort, Inc., where the latter's Edsa Shangri-La Hotel is located. The lease is for a period of twenty five (25) years commencing on 28 August 1992, renewable for another twenty five years at the option of the lessee. Rental income is computed on a fixed percentage of the Hotel's room, food and beverage, dry goods and other service payments. 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 Corporation entered into a Memorandum of Agreement with KSA Realty Corporation, pursuant to which the former shall assist the latter in managing and administering the leasing operations of The Enterprise Center.
- b. Shang Property Management Services Corporation entered into a Memorandum of Agreement with The Enterprise Center Condominium Corporation pursuant to which the former shall assist the latter in managing and administering the condominium development known as The Enterprise Center, specifically with respect to the common areas thereof.
- c. Shang Property Management Services Corporation entered into a Memorandum of Agreement with The St. Francis Shangri-La Place Condominium Corporation pursuant to which the former shall assist the latter in managing and administering the condominium development known as The Enterprise Center, specifically with respect to the common areas thereof.
- d. SPI Parking Services, Inc. entered into a Memorandum of Agreement with KSA Realty Corporation, with conformity of The Enterprise Center Condominium Corporation, to administer, manage and operate the TEC Parking Slots as a pay parking facility under a mutually agreeable remuneration scheme.

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

FOREIGN OWNERSHIP LEVEL AS OF 30 JUNE 2021⁴:

<u>Security</u>	<u>Total Outstanding Shares</u>	<u>Shares Owned By Foreigners</u>	<u>Percent of Ownership</u>
<u>Common Shares</u>	<u>4,764,056,287</u>	<u>1,870,086,146</u>	<u>39.25%</u>

Item 5. Directors and Executive Officers

CHANGES IN CONTROL

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

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

⁴ RCBC's Report on Foreign Ownership as of 30 June 2021

Name	Citizenship	Director/ No. of Years	Age	Office Held	Directorship in other reporting (Listed) Companies
Edward <u>Kuok</u> Khoon Loong	Malaysian	Yes /29 yrs. & 3 mos.	68	Chairman	None
Alfredo C. Ramos	Filipino	Yes /32 yrs. & 10 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 /20yrs.	68		Sanitary Wares & Mfg. Corp.
Benjamin I. Ramos	Filipino	Yes /11 yrs.	51		None
Wilfred Shan Chen Woo	Canadian	Yes/ 10 yrs.	63		None
Antonio O. Cojuangco***	Filipino	Yes /14 yrs.	69		None
Jose Juan Z. Jugo	Filipino	Yes/6 mos.	49	Executive Vice President	None
Karlo Marco P. Estavillo	Filipino	Yes/4 yrs.	49	Treasurer/ CFO/COO	None
Wolfgang Krueger	Deutsch	Yes/6 mos.	56	Executive Vice President	None
Maximo G. Licauco III	Filipino	Yes/7 yrs & 7 mos.	70		None
Rajeev Garg	Indian	(No)	47	VP/Group Financial Controller	None
Federico G. Noel, Jr.	Filipino	(No)	59	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.

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.

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.

Maximo G. Licaucó 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.

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.

***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)*

***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)*

Rajeev Garg is the 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.

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, 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 proceedings, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

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

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

Nomination of Regular (Non-independent) and Independent Directors

Pursuant to the SEC approved Amended by-Laws of the Registrant wherein new provisions on the nomination and election of the regular and independent members of the Board of Directors were added in compliance with the SRC and SEC Rules and Regulations, the Registrant duly published in a newspaper of general circulation the Notice to Stockholders calling for nominations for regular and independent members of the Registrant's Board of Directors who shall be elected during the Annual Stockholders Meeting on 19 August 2021 (published on 16 June 2021 in The Manila Times). Pursuant to the nominations received by the Corporate Secretary of Registrant the following names have been forwarded to the Corporate Governance Committee / Nomination Committee for nomination to the Board of Directors during the Annual Stockholders Meeting:

Edward Kuok Khoon Loong
Alfredo C. Ramos
Cynthia R. Del Castillo
Karlo Marco P. Estavillo
Antonio O. Cojuangco

Maximo G. Licauco III
Wilfred Shan Chen Woo
Wolfgang Krueger
Benjamin C. Ramos
Jose Juan Z. Jugo

Messrs. Maximo G. Licauco III, Benjamin C. Ramos, and Antonio O. Cojuangco nominated themselves to be voted upon as independent members of the Board during the Annual Stockholders' Meeting on 19 August 2021.

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

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

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

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

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

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

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

- (i) The nomination of regular and independent directors shall be conducted by the Nomination Committee prior to a stockholders' meeting. All nominations shall be signed by the

nominating stockholders together with the acceptance and conformity by the would-be nominee.

- (ii) The Nomination Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for regular and independent director/s.
- (iii) After the nomination, the Nomination Committee shall prepare a Final List of Candidates for regular and independent directors which shall contain all the following information about all the nominees:
 - Names, ages, and citizenship of all nominees;
 - Positions and offices that each nominee has held, or will hold if known;
 - Term of office and the period during which the nominee has served as director;
 - Business experience during the past five (5) years;
 - Other directorships held in SEC reporting companies, naming each company;
 - Family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, or persons chosen by the company to become directors or executive officers;
 - Involvement in legal proceedings, i.e., a description of any of the following events that occurred during the past five (5) years up to the latest date that are material to an evaluation of the ability of integrity of any director, any nominee for election as director, executive officer, underwriter or control person of the company:
 - Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
 - Any conviction by final judgment, including the nature of the offense, in a criminal proceedings, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
 - Being subject to any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
 - Being found by a domestic or foreign of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.
 - Disclosure if owning directly or indirectly as record and/or beneficial owner of any class of the company's voting securities;
 - Disclosure of owning voting trust of more than 5% of the company's securities; and
 - Any such other information as may be required to be disclosed by the Securities and Exchange Commission although not expressly provided for above.

The Corporate Governance Committee / Nomination Committee is chaired by Mr. Edward Kuok Khoon Loong, while the Committee Members are Ms. Cynthia N. Del Castillo and Antonio O. Cojuangco.

Involvement in Certain Legal Proceedings

The Issuer is not involved in any litigation for this reporting period where the cases it has been reporting in the past years have been resolved by the Supreme Court with finality in Issuer's favor.

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

None of the directors or executive officers of the Registrant has had any bankruptcy petition filed by or against any business of which such director or executive officer was a general partner or executive officer either at the time of bankruptcy or within five (5) years up to the latest date; None of the directors or executive officers of

the Registrant has had any conviction by final judgment in a criminal proceedings, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; None of the directors or executive officers of the Registrant has been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and None of the directors or executive officers of the Registrant has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

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

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

Parents of Registrant

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

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

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

Resignation of Director Since the Last Annual Shareholders' Meeting

Mr. Koay Kean Choon resigned as a member of the Board as of 03 December 2020 and was replaced by Mr. Jose Juan Z. Jugo who serves as member of the Board for the remainder of Mr. Koay's term and until his successor is duly elected and qualified.

Mr. Louie Chi Kong Wong who resigned as a member of the Board as of 03 December 2020 and was replaced by Mr. Wolfgang Krueger who serves as member of the Board for the remainder of Mr. Wong's term and until his successor is duly elected and qualified.

Proxy Solicitations

No proxy solicitations will be made by the Registrant.

Item 6. Compensation of Directors and Executive Officers

The following is a summary of the aggregate compensation paid or accrued during the last two (2) fiscal years, i.e. 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/DIRECTOR	FISCAL YEAR	AGGREGATE COMPENSATION (in ₱)		
		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				

The figures reported in Item 6 (Compensation of Directors and Executive Officers) comprise the aggregate compensation of **all the officers of SPI**. SPI has a lean organization and has no other officers except as indicated in the table in Item 6. With respect to SPI's Directors, as SPI has consistently disclosed these past years, the members of the Board of SPI do not receive any form of compensation, whether in the form per diem, options, etc.

Item 7. Independent Public Accountants

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

The Registrant is compliant with the SRC rule 68, as amended, par 3(b)(iv), and has observed the rotation of signing partners for its Independent Public Accountants, Isla Lipana & Co. (Price WaterHouse Coopers Philippines). With respect to Isla Lipana & Co, the signing partner starting FY 2018 is Imelda Ronnie de Guzman - Castro. Isla Lipana & Co is a SEC-accredited external auditing firm, effective until 20 June 2021 and **will be recommended for re-appointment as External Auditor for the year 2021-2022 during the Annual Stockholders' Meeting on 19 AUGUST 2021.**

AUDIT COMMITTEE

Pursuant to the provisions of Registrant's Manual of Corporate Governance, the Registrant has an Audit Committee which is chaired by **Maximo G. Licauco III who is an independent director. The members of the Committee are Benjamin I. Ramos and Cynthia del Castillo.**

(B) Information of Independent Accountant and other related matters

a. External Audit Fees and Services

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

	2020	2018
Audit Fees	4,458,250	4,393,050
Tax Consultancy Fees	-	-
	4,458,250	4,393,050

No other service was provided by external auditors to the Company for the fiscal years 2020 and 2019.

b. 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.

Not Applicable.

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

The Group's external auditor for the last 2 years is 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

Item 8. Compensation Plans

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

The merger of Registrant and Kuok Philippine Properties, Inc. ("KPPI"), with the Registrant as the surviving entity, and KPPI as the absorbed entity, was duly approved by the SEC on 25 July 2007. Pursuant to the Plan of Merger of Registrant and KPPI, as approved by the Board of Directors of Registrant, all KPPI shareholders as of the date of approval by the Securities and Exchange Commission of the Merger ("Record Date"), were entitled to exchange every seven (7) of their KPPI shares with one (1) share of the Registrant. Fractional

shares (shares less than 7) held by the qualified KPPI shareholders were paid by the Registrant in cash. The shares of the Registrant which was issued to the KPPI shareholders was taken from out of an increase in the Authorized Capital Stock of the Registrant from ₱6,000,000,000.00 (representing 6,000,000,000 common shares at ₱1.00 par value per share) to ₱8,000,000,000.00 (representing 8,000,000,000 common shares at ₱1.00 par value per share), which increase in the Authorized Capital Stock has been duly approved by the SEC. All shares issued to KPPI shareholders have been duly listed with the Philippine Stock Exchange.

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

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

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

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

No dividends in arrears or defaults in principal interest

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

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

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 April 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 audited 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.

Item 15. Action with respect to Reports

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

- (i) approve the minutes of the Annual Stockholders' Meeting held on 18 NOVEMBER 2020 which minutes reflect the following: call to order, proof of notice of meeting, certification of quorum, approval of minutes of the previous annual stockholders' meeting, approval of the Management's report of operations **for 2020**, ratification of the acts of the Board of Directors, election of directors, appointment of the firm of Isla Lipana & Co. (Price WaterHouse Coopers Philippines) as the Registrant's External Auditors, and adjournment.
- (ii) ratify the acts of Management and the Board of Directors since the Annual Stockholders' Meeting held 18 NOVEMBER 2020 up to the date of this year's Annual Stockholders' Meeting. The items covered with respect to this general ratification are the acts of Board of Directors in the ordinary course of business, with those acts of significance having been subject of prior disclosures to the SEC.
- (iii) approve and ratify amendment of the Registrant's Articles II and III of its Amended By-Laws.
- (iv) approve and ratify the Registrant's Audited Financial Statements as of 31 December 2020, elect the Board of Directors for the year 2021-2022, elect the Registrant's external auditors.
- (v) approve the appointment of the Issuer's External Auditors Isla Lipana & Co. (Price WaterHouse Coopers Philippines) for the fiscal year 2021-2022.

As of this **PRELIMINARY** Information Statement, other than the above, no other action shall be taken during the annual stockholders' meeting.

Item 16. Matters Not Required to be Submitted

All matters or actions to be taken up in the meeting will require the vote of the stockholders as of the record date.

Item 17. Amendment of Charter, Bylaws or Other Documents

To prevent contamination and spread of the COVID 19 virus and to ensure that the health and safety of the shareholders, directors, and other persons, the Registrant has set its guidelines and internal procedure which will allow them to participate and vote in absentia through remote modes of communication pursuant to the SRC Revised Rule and Revised Corporation Code.

To allow the Corporation greater flexibility in holding corporate meetings, both by the Board of Directors and Stockholders, the Registrant amended Articles II and III of its By-Laws. The amendments pertain to service of Notice of Meetings, Manner of Voting and Conduct of Meetings

A stockholder may propose the holding of a special meeting and items to be included in the agenda

Item 18. Other Proposed Action

None

Item 19. Voting Procedures

The vote of at least a majority of the stockholders who participates through remote communication or by proxy and entitled to vote, a quorum being present, shall be required for approval or election. The votes shall be taken and counted viva voce, by the secretary of the Meeting through video conference.

CORPORATE GOVERNANCE MANUAL

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

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

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

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

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

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

Internal Control

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

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

Audit Committee

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

The Audit Committee is scheduled to meet at least three times a year. The Committee is chaired by Maximo G. Licauco III. Its members are Benjamin I. Ramos, Cynthia R. del Castillo.

Corporate Governance Committee (Subsumed the functions of the Nomination Committee)

Pursuant to its Corporate Governance Manual, the Board created a Corporate Governance Committee which absorbed all the functions of the Nomination Committee. The Corporate Governance Committee / Nomination Committee is chaired by Mr. Edward Kuok Khoon Loong, while the Committee Members are Ms. Cynthia N. Del Castillo and Antonio O. Cojuangco. The procedure for the nomination of regular and independent directors is detailed in the Issuer's amended Manual on Corporate Governance as well as in Issuer's amended By-Laws.

Nomination of Independent Director/s

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

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

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

In compliance with PSE Memorandum No. 2010-0505 which requires the disclosure of the level of public ownership of the Issuer, as of 30 JUNE 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.

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
2021		
First Quarter	2.87	2.50
Second Quarter	2.78	2.53
2020		
First Quarter	3.31	2.45
Second Quarter	2.99	2.55
Third Quarter	2.74	2.65

Fourth Quarter	2.69	2.65
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
2018		
First Quarter	P3.59	P3.01
Second Quarter	P3.52	P3.13
Third Quarter	P3.30	P3.15
Fourth Quarter	P3.20	P3.04

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 high and low of Issuer's shares for the period **01 April 2021 to 30 June 2021** are as follows:

High: ₱2.78
Low: ₱2.53

The closing price for the issuer's shares on **30 June 2021** is **₱2.69**

The high and low of Issuer's shares for **30 June 2021** are as follows:

High: ₱2.78
Low: ₱2.53

- (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.

PART II.

INFORMATION REQUIRED IN A PROXY FORM

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

UNDERTAKING

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

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Mandaluyong this **19th day of JULY 2021.**

By:

SHANG PROPERTIES, INC.


FEDERICO G. NOEL, JR.
Corporate Secretary

ADDENDUM TO THE ANNUAL REPORT

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

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

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

(1) Plan of Operation – N/A (SPI has revenue in each of the last two fiscal years)

(2) Management's Discussion and Analysis

(a) Full Fiscal Years

Key Performance Indicators

		31-Dec		%
		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 ₱6.220B in 2020 from ₱11.362B in 2019. Sales of residential condominium units of ₱3.010B accounted for 48% of the Group's turnover in 2020. Revenue from rental and cinema operations amounted to ₱2.129B 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 ₱0.309 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.

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 ₱77M 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 ₱189M due to higher occupancy compared to same period last year.
3. Decrease in cost of condominium sales by ₱304M 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.

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 2020 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.

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 P86M 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 P217M 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 P3.012B, P334M lower than the P3.346B posted in the same period last year.

Decrease in Turnover by P2.590B or 18.81% to P11.180B in 2018 from P13.770B 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 P3.201B is mainly due to fewer available units for sale due to completed projects.
2. Increase in rental and cinema revenue by P36M mainly due to higher rental yield of The Enterprise Center.
3. Increase in revenue from hotel operations by P575M is mainly due to higher occupancy this year compared to last year.

Cost of sales and services of the Group amounted to P6.270B, lower by P1.338B compared with last year's P7.608B due to the following:

1. Decrease in cost of condominium sales by P1.726B 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 P24M 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 P365M due to higher occupancy compared to same period last year.

Operating expenses of the Group amounted to P1.188B lower by P35M or -2.83% from last year's P1,222.8M 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 P15M mainly due to higher real property taxes and documentary stamp tax paid during the year.
3. Increase in depreciation by P3M 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.

Financial Condition

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 SGCP'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.
- Increase 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 mainly 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.

Calendar Year 2018 Compared to Calendar Year 2017

Total assets of the Company amounted to ₱60.255B, decreased by ₱194M from the total assets of ₱60.449B in December 31, 2017. The following are the significant movements in the assets:

Decrease in cash and cash equivalents by ₱2.599B mainly due to repayment of bank loans and additions to investment properties and associates.

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 receivables by ₱216M mainly due to collection of installment contracts receivable from Horizon Homes.

Decrease in properties held for sale by ₱2.558B due to sale of condominium units of Horizon Homes.

Increase in investment in associates by ₱499M is mainly due to the joint venture with Robinson's Land Corporation (RLC). Both RLC and SPI shall own 50% of the outstanding shares in the joint venture under the name of Shang Robinsons Properties Inc.

Increase in investment properties by ₱2.411B is mainly due to the investment in Sky Leisure Properties Inc and the fair value adjustment in investment properties.

Increase in real estate development projects by ₱260M is due to the additional cost which pertains to the retail portion of The Rise Makati Project.

Increase in the available for sale financial assets by ₱269M is mainly due to the revaluation to fair value of the unlisted shares that were previously carried at cost.

Increase in property, plant and equipment by ₱1.807B is due to reclassification from real estate development cost the completed portion of Shangri-La at the Fort Hotel.

Decrease in deferred income tax assets decreased by ₱70M is mainly due to the recognition of higher percentage of completion of The Rise condominium project.

Decrease in other noncurrent assets by ₱29M is mainly due to the input VAT claimed and return of deposits for utilities by Shangri-La at the Fort.

The net decrease in total liabilities by ₱2.735B from ₱23.925B in 2017 to ₱21.190B in 2018 mainly due to the following:

Net decrease in installment payable by ₱246M is mainly due to quarterly payments during the year.

Decrease in bank loans mainly due to repayments amounting to ₱2.376B.

Increase in deferred lease income by ₱21M mainly due to higher deposits from The Enterprise Center and (TEC) and Shangri-La Plaza.

Decrease in income tax payable by ₱22M mainly due to lower taxable income during the year.

Increase in dividends payable by ₱5M due to declaration of cash dividends during the year.

Increase in accrued employee benefits by ₱5M mainly due to the increase in retirement benefits to be paid based on the actuarial valuation.

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.

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.

Not Applicable.

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

The Group's external auditor for the last 2 years is Isla Lipana & Co. There was no disagreement/s 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

Information of Independent Accountant and other related matters

a. External Audit Fees and Services

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

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

No other service was provided by external auditors to the Company for the fiscal years 2020 and 2019.

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

None

Consolidated Audited Financial Statements

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

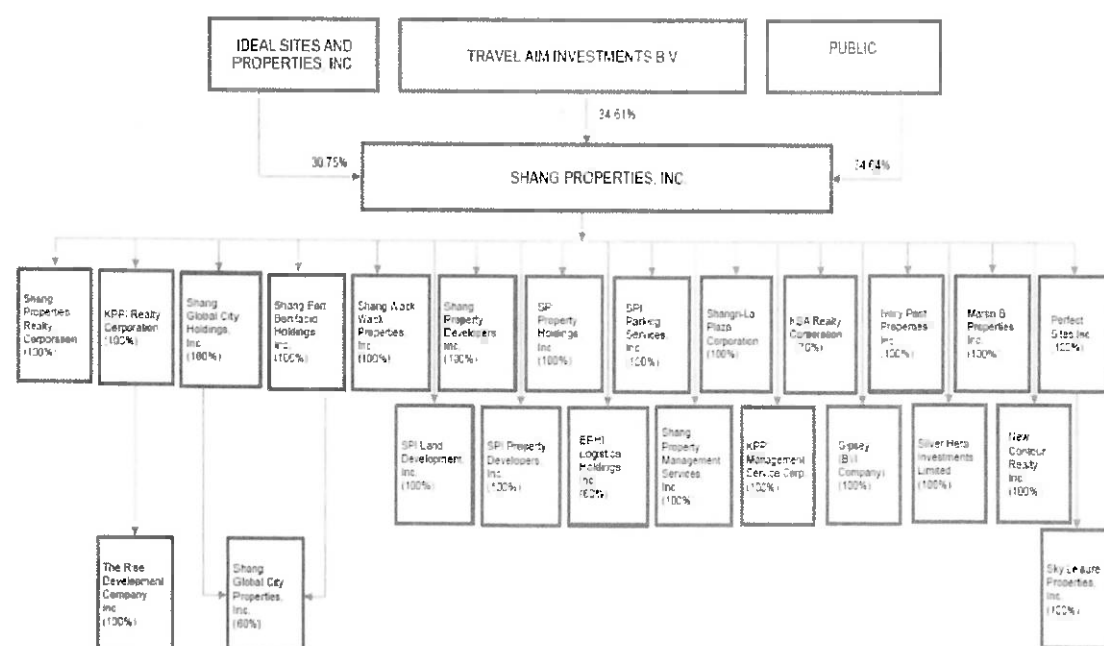
Statements Required by Rule 68 Securities Regulation Code (SRC)

Other Required Disclosures

- A.) The attached interim financial reports were prepared in accordance with Philippine Financial Reporting Standard. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2019.
- B.) Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.

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	Deduction			Current	Non-current	Balance at end of period
		Additions	Amount collected	Amount written-off			
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

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

To be held on 19 August 2021 at 10:00 A.M.

To All Stockholders:

Please be advised that the Annual Meeting of the Stockholders of **SHANG PROPERTIES, INC.** (the "**Corporation**") will be held on 19 August 2021 at 10:00 A.M. *via* video conference.

The Agenda of the meeting is set forth below:

- 1) Call to Order
- 2) Certification of Notice and Quorum
- 3) Approval of the Minutes of the Annual Meeting of the Stockholders held on 18 November 2020
- 4) Report of Management
- 5) Ratification of Acts of Management and the Board of Directors
- 6) Election of the Board of Directors for the year 2021-2022
- 7) Amendment of By-Laws
- 8) Election of External Auditors
- 9) Other Matters
- 10) Adjournment

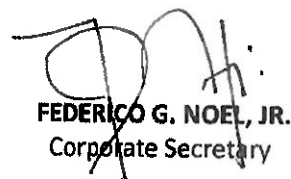
The Board of Directors has fixed the close of business hours on **19 July 2021** as the record date for the determination of the stockholders in good standing entitled to notice of and to vote at such meeting.

Minutes of the Stockholders' Meetings and SEC Form 17-A (Annual Report) for the year ended 31 December 2020 as well as the resolutions of the Board of Directors, will be available for examination during office hours at the office of the Corporate Secretary.

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

Mandaluyong City, Metro Manila, 24th day of June 2021.

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


FEDERICO G. NOEL, JR.
Corporate Secretary

AGENDA ITEMS

- 1) Call to Order

- 2) Certification of Notice and Quorum

The Chairman will call upon the Secretary to present proof that notice of the meeting was sent out to all concerned shareholders of record in accordance with the By-Laws of the Corporation and the relevant rules of the Securities and Exchange Commission ("SEC") and to report on the attendance of the meeting. If there are present in person or by proxy stockholders representing at least majority of the outstanding capital stock of the Corporation entitled to vote, the meeting shall proceed to take up the business at hand.

- 3) Approval of the Minutes of the Annual Meeting held on 18 November 2020

The Stockholders will be asked to approve the Minutes of the Annual Meeting of Stockholders held on 18 November 2020.

- 4) Report of Management

The Chairman will present the Report of Management to the stockholders.

- 5) Ratification of Acts of Management and the Board of Directors for the year 2021-2022

The Chairman will submit for the consideration and ratification of stockholders all acts and/or resolutions of the Board of Directors and Management of the Corporation for the last Annual Shareholders' meeting up to the present stockholders' meeting.

- 6) Election of the Board of Directors for the year 2021-2022

Pursuant to the Amended By-Laws of the Corporation, the stockholders present representing at least a majority of the outstanding capital stock of the Corporation entitled to vote, shall elect the Independent Directors and Regular Directors of the Corporation's Board of Directors to serve for the fiscal year 2021-2022 and until their successors are qualified and elected.

- 7) Amendment of By-Laws

The Stockholders will be asked to approve the amendment of the Corporation's By-Laws under Articles II and III.

- 8) Election of External Auditors

The Stockholders shall vote upon the appointment of the Company's External Auditors for the fiscal year 2021-2021.

- 9) Other Matters

The meeting will be opened to the discussion of other matters that may be brought up by the stockholders.

- 10) Adjournment

COVER SHEET

				1	4	4	5	9	0
--	--	--	--	---	---	---	---	---	---

SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

ATTY. FEDERICO G. NOEL, JR.

(Contract Person)

8370-2700

(Company Telephone Number)

1	2	3	1
---	---	---	---

Month Day
(Fiscal Year)

1	7	-	Q	2
---	---	---	---	---

(Form Type)

--	--	--	--

Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

[illegible]

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

LCU

[illegible]

Document ID

Cashier

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE
SECURITIES REGULATION CODE

1. For the quarterly period ended : 30 June 2021
2. Commission Identification Number : 145490
3. BIR Tax Identification Number : 000-144-386

SHANG PROPERTIES, INC.

4. Exact name of the Issuer as specified in this charter:
5. Province, country or other jurisdiction of incorporation or organization: Not Applicable
6. Industry Classification Code: (SEC Use Only)
7. Shangri-La Plaza Adm. Office, 5th Floor, Shangri-La Plaza, EDSA cor. Shaw Blvd. Mandaluyong
City 1550
Address of issuer's principal office Postal Code
(632) 8370-2700
8. Issuer's telephone number, including area code
9. Former name, former address and former fiscal year, if changed since last report:
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA.

Title of each Class
Common Stock

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

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

Yes [x] No []

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

Philippine Stock Exchange

12. Indicate by check mark whether the registrant:

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

Yes [x]

No []

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

Yes [x]

No []

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached.

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

Please see attached.

SIGNATURES

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

SHANG PROPERTIES, INC.

Issuer

By:



KARLO MARCO P. ESTAVILLO
Treasurer / Chief Finance Officer



RAJEEV GARG
Group Financial Officer

Date of Signing: 28 July 2021

i) SEC Number: 145490

File Number: _____

SHANG PROPERTIES, INC.

(Company's Full Name)

Admin Office, Shangri-La Plaza
EDSA cor. Shaw Boulevard, Mandaluyong City

(Company Address)

(632) 8370 3700

(Telephone Number)

June 30, 2021

(Quarter Ending)

SEC Form 17-Q Quarterly Report

(Form Type)

-

(Amendments)

COVER SHEET

1	4	5	4	9	0				
---	---	---	---	---	---	--	--	--	--

S.E.C. Registration Number

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

(Company's Full Name)

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

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

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Contact Person

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Company Telephone

Number

1	2
---	---

Month

3	1
---	---

Day

Fiscal Year

SEC FORM 17-Q

FORM TYPE

Any day in June

Month Day
Annual Meeting

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Secondary License Type, if Applicable

--	--	--

Dept. Requiring this Doc.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Amended Articles Number/Section

4,764,058,982

Total No. of Stockholders

Total Amount of Borrowings
Php. 6.165B
(As of June 30, 2021)
Domestic

--

Foreign

To be accomplished by SEC Personnel concerned

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

LCU

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

CASHIER

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

SHANG PROPERTIES, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	Unaudited June 30, 2021	Audited December 31, 2020
ASSETS			
Current Assets			
Cash and cash equivalents	3	1,205,228,711	1,549,970,914
Financial assets at fair value through profit or loss	4	31,686,669	33,626,210
Trade and other receivables, net	5	5,275,715,449	4,996,338,314
Properties held for sale	6	3,507,924,453	3,413,065,216
Prepaid taxes and other current assets	7	1,823,312,698	1,663,214,222
Total Current Assets		11,843,867,980	11,656,214,876
Non-Current Assets			
Investment in and advances to associates and a joint venture	8	2,559,529,155	2,317,911,271
Investment properties	10	35,026,597,884	34,913,873,065
Financial assets at fair value through other comprehensive income	11	797,568,496	797,568,496
Property and equipment, net	12	11,164,944,535	11,684,592,560
Goodwill		269,870,864	269,870,864
Deferred income tax assets		527,531,056	465,150,772
Other non-current assets	13	180,053,271	1,064,775,797
Total Non-Current Assets		50,526,095,261	51,513,742,825
Total Assets		62,369,963,241	63,169,957,701
LIABILITIES & STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	14	5,004,708,832	5,683,994,606
Current portion of:			
Installment payable		47,883,236	142,751,080
Bank loans	15	4,966,666,667	4,283,333,333
Deposits from tenants	16	583,505,565	614,727,181
Deferred lease income		29,374,003	41,298,111
Income tax payable		62,285,839	124,336,401
Dividends payable		86,819,722	74,031,392
Total Current Liabilities		10,781,243,864	10,964,472,104
Non-Current Liabilities			
Accrued employee benefits		85,872,900	89,798,059
Bank loans, net of current portion	15	1,198,131,947	1,596,172,131
Deferred income tax liabilities, net		6,877,707,608	8,018,041,563
Advance rental, net of current portion		232,961,590	232,961,590
Deposit from tenants, net of current portion	16	520,529,543	540,045,750
Deferred lease income, net of current portion		54,099,337	54,099,337
Total Non-Current Liabilities		8,969,302,925	10,531,118,430
TOTAL LIABILITIES		19,750,546,789	21,495,590,534
Stockholders' Equity			
Share capital	17	4,764,058,982	4,764,058,982
Share premium	17	834,439,607	834,439,607
Treasury shares		(6,850,064)	(6,850,064)
Equity reserves		(141,132,606)	(141,132,606)
Other comprehensive income		219,280,362	219,550,748
Retained earnings		31,168,057,280	30,053,959,054
Total equity attributable to shareholders of the Parent Company		36,837,853,561	35,724,025,721
Non-controlling interest		5,781,562,891	5,950,341,446
Total equity		42,619,416,452	41,674,367,167
Total Liabilities and Equity		62,369,963,241	63,169,957,701

(See accompanying notes to unaudited consolidated financial statements)

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

	UNAUDITED FOR THE QUARTER ENDED		UNAUDITED FOR THE SIX (6) MONTHS ENDED	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
REVENUES				
Condominium sales	466,444,317	292,467,745	969,407,775	938,773,270
Rental and cinema	438,202,604	396,876,993	927,066,532	1,152,260,438
Hotel operations	117,985,590	211,875,951	303,288,278	854,796,972
	1,022,632,511	901,220,689	2,199,762,585	2,945,830,680
COST OF SALES AND SERVICES				
Cost of condominium sales	251,078,878	94,863,310	508,013,118	455,978,259
Cost of rental and cinema	38,313,047	25,887,807	30,353,658	49,805,198
Cost of hotel operations	346,223,772	386,998,117	743,771,137	966,194,965
	635,615,697	507,749,234	1,282,137,913	1,471,978,422
GROSS PROFIT	387,016,814	393,471,455	917,624,672	1,473,852,258
OPERATING EXPENSES				
General and administrative	214,182,843	206,516,181	547,852,715	575,585,817
Taxes, licenses and fees	50,661,778	34,325,969	128,948,938	104,460,778
Depreciation	7,631,994	7,462,053	15,347,203	14,927,172
Insurance	4,611,752	4,084,392	8,951,324	9,118,208
	277,088,367	252,388,595	701,100,180	704,091,975
OTHER INCOME				
Interest income	30,085,935	57,390,928	62,739,614	207,824,990
Foreign exchange gains-net	(158,688)	(1,749,013)	1,247,404	(1,065,857)
Other income - net	(7,389,394)	(4,895,559)	124,506,632	37,028,026
	22,537,853	50,746,356	188,493,650	243,787,159
INCOME BEFORE SHARE IN PROFIT OF ASSOCIATES AND A JOINT VENTURE	132,466,300	191,829,216	405,018,142	1,013,547,442
SHARE IN PROFIT OF ASSOCIATES AND A JOINT VENTURE	62,853,311	21,467,316	238,534,809	89,960,767
INTEREST EXPENSE AND BANK CHARGES	(27,497,386)	(31,840,857)	(53,742,465)	(68,514,778)
INCOME BEFORE INCOME TAX	167,822,225	181,455,675	589,810,486	1,034,993,431
Provision for income tax	1,019,908,404	(91,937,690)	976,313,690	(271,282,144)
NET INCOME FOR THE YEAR	1,187,730,629	89,517,985	1,566,124,176	763,711,287
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the Parent company	1,109,125,520	84,000,607	1,495,222,740	700,238,966
Non-controlling Interest	78,605,109	5,517,378	70,901,436	63,472,321
	1,187,730,629	89,517,985	1,566,124,176	763,711,287
ITEMS THAT WILL BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS				
Translation adjustments	37,430,218	18,658,811	(270,388)	(180,024)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,225,160,847	108,176,796	1,565,853,788	763,531,263
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the Parent company	1,146,555,738	102,659,418	1,494,952,352	700,058,942
Non-controlling Interest	78,605,109	5,517,378	70,901,436	63,472,321
	1,225,160,847	108,176,796	1,565,853,788	763,531,263
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	0.233	0.018	0.314	0.147

(See accompanying notes to unaudited consolidated financial statements)

SHANG PROPERTIES, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Shareholders of the Parent Company						
	Capital stock	Additional Paid-in Capital	Treasury Stock	Equity Reserves	Other Comprehensive Income	Retained Earnings	Non-controlling Interest
Balances as of January 1, 2020	4,764,058,982	834,439,607	(6,850,064)	(141,132,606)	236,182,784	29,329,234,160	6,254,206,015
Translation adjustments	-	-	-	-	(180,024)	-	-
Cash dividends	-	-	-	-	-	(535,715,741)	(209,720,000)
Net income for the period	-	-	-	-	-	700,238,966	63,472,321
Balances as of June 30, 2020	4,764,058,982	834,439,607	(6,850,064)	(141,132,606)	236,002,760	29,493,757,385	6,107,958,336
Balances as of January 1, 2021	4,764,058,982	834,439,607	(6,850,064)	(141,132,606)	219,550,748	30,053,959,054	5,950,341,446
Translation adjustments	-	-	-	-	(270,386)	(11)	9
Cash dividends	-	-	-	-	-	(381,124,503)	(239,680,000)
Net income for the period	-	-	-	-	-	1,495,222,740	70,901,436
Balances as of June 30, 2021	4,764,058,982	834,439,607	(6,850,064)	(141,132,606)	219,280,362	31,168,057,280	5,781,562,891

(See accompanying notes to unaudited consolidated financial statements)

SHANG PROPERTIES, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	June 30, 2021	June 30, 2020
Cash flows from operating activities		
Income before provision for income tax	589,810,486	1,034,993,431
Adjustments for:		
Depreciation and amortization	15,347,203	14,927,172
Interest expense	40,551,272	59,686,874
Retirement benefit expense	(3,925,159)	7,828,915
Loss on fair value adjustment of financial assets at fair value through profit or loss	1,939,540	9,108,608
Cumulative translation adjustment	270,397	180,024
Share in net profits of associates and a joint venture	(238,534,809)	(89,960,767)
Unrealized foreign exchange gain	1,247,404	(1,065,857)
Dividend income	(266,731)	(43,636)
Interest income	(62,739,614)	(207,824,990)
Operating income before working capital changes	343,699,989	827,829,774
Changes in working capital:		
Trade and other receivables	(279,377,131)	612,528,479
Properties held for sale	(94,859,238)	(244,613,235)
Prepaid taxes and other current assets	(160,098,503)	(281,072,817)
Real estate development projects	-	(161,757,038)
Other non-current assets	822,342,245	(117,109,778)
Accounts payable and other current liabilities	(333,879,686)	331,608,252
Installment payable	(94,867,843)	(121,066,644)
Deposits from tenants	62,661,931	(31,224,404)
Net cash generated from operations	265,621,764	815,122,589
Income tax paid	(173,545,585)	(482,346,536)
Interest received	65,746,055	207,789,078
Net cash provided by operating activities	157,822,234	540,565,131
Cash flows from investing activities		
Additions to:		
Investments in and advances to associates and a joint venture	(3,083,074)	(4,558,477)
Investment properties	(112,724,817)	(20,334,676)
Property and equipment	(10,343,229)	(13,210,367)
Deposit for a future project	-	(91,530,000)
Dividends received	266,731	43,636
Net cash used in investing activities	(125,884,389)	(129,589,884)
Cash flows from financing activities		
Payments of:		
Loan principal	(1,166,666,667)	(1,927,961,091)
Interest	(40,812,109)	(64,075,257)
Cash dividends payable (paid) to:		
Shareholders	(378,273,868)	(439,403,217)
Non-controlling shareholders of subsidiaries	(239,680,000)	(209,720,000)
Proceeds from loan availment, net of debt issue costs	1,450,000,000	650,000,000
Net cash used in financing activities	(375,432,644)	(1,991,159,565)
Net increase (decrease) in cash and cash equivalents for the period	(343,494,799)	(1,580,184,319)
Cash and cash equivalents at beginning of the period	1,549,970,914	2,640,088,900
Effects of exchange rate changes on cash and cash equivalents	(1,247,404)	1,065,857
Cash and cash equivalents at end of the period	1,205,228,711	1,060,970,439

(See accompanying notes to unaudited consolidated financial statements)

Shang Properties, Inc. and Subsidiaries

Notes to the Unaudited Consolidated Financial Statements

(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 continues 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 their 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.

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 operation

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 2023. 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 2021 and 2020. 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 2021 and 2020.

The segment assets, liabilities and results of operations of the reportable segments of the Group as of and for the year ended June 30, 2021 are as follows:

	Property development	Hotel operation	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues:							
Condominium sales	969,407,775	-	-	-	969,407,775	-	969,407,775
Rental and cinema	12,650,030	-	949,727,148	-	962,377,178	(35,310,646)	927,066,532
Hotel operations	-	303,288,278	-	-	303,288,278	-	303,288,278
Cost of sales and services:							
Condominium sales	(508,013,118)	-	-	-	(508,013,118)	-	(508,013,118)
Rental and cinema	-	-	(20,388,495)	(7,618,966)	(28,007,461)	(2,346,197)	(30,353,658)
Hotel operations	-	(743,771,137)	-	-	(743,771,137)	-	(743,771,137)
Gross profit or revenues	474,044,687	(440,482,859)	929,338,653	(7,618,966)	955,281,515	(37,656,843)	917,624,672
Operating Expenses:							
Staff costs	(39,314,893)	-	(270,928,585)	(23,223,684)	(333,467,162)	30,115,272	(303,351,890)
Taxes and licenses	(57,222,652)	(22,568,673)	(44,244,126)	(4,874,504)	(128,909,955)	(38,983)	(128,948,938)
Depreciation and amortization	(2,274,989)	-	(118,517,641)	(287,122)	(121,079,752)	105,732,549	(15,347,204)
Insurance	(450,265)	(8,367,887)	(127,174)	(5,998)	(8,951,324)	-	(8,951,324)
General and administrative expenses	(75,932,335)	(98,733,458)	(102,987,883)	(4,374,761)	(282,028,437)	37,527,612	(244,500,825)
Other income (expense)							
Interest income	57,992,929	31,257	4,654,008	61,420	62,739,614	-	62,739,614
Foreign exchange gains – net	837,223	(300,426)	706,537	2,643,485	3,886,819	(2,639,415)	1,247,404
Share in net income of an associate	-	-	238,534,809	-	238,534,809	-	238,534,809
Other income, net	12,266,209	12,266,960	1,116,131,399	424,277,343	1,564,941,911	(1,440,435,279)	124,506,632
Interest expense and bank charges	(142,193)	(31,218,956)	(22,328,879)	(52,437)	(53,742,465)	-	(53,742,465)
Income before income tax	369,803,721	(589,374,042)	1,730,231,118	386,544,776	1,897,205,573	(1,307,395,087)	589,810,486
Provision for income tax	10,037,569	81,393,156	291,124,200	(1,482,274)	381,072,651	4,059,767	385,132,418
Net income for the year	379,841,290	(507,980,886)	2,021,355,318	385,062,502	2,278,278,224	(1,303,335,320)	974,942,904
Segment assets	12,406,827,271	9,155,102,107	47,872,918,267	8,649,740,538	78,084,588,183	(18,274,154,097)	59,810,434,086
Associate companies	-	-	-	2,559,529,155	2,559,529,155	-	2,559,529,155
Total assets	12,406,827,271	9,155,102,107	47,872,918,267	11,209,269,693	80,644,117,338	(18,274,154,097)	62,369,963,241
Segment liabilities	6,861,404,733	2,804,525,936	13,904,243,694	8,523,922,255	32,094,096,618	(12,343,549,829)	19,750,546,789
Capital expenditures for the year	43,095	2,300,109	7,937,018	63,007	10,343,229	-	10,343,229

The segment assets, liabilities and results of operations of the reportable segments of the Group as of and for the year ended December 31, 2020 are as follows:

	Property development	Hotel operation	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 income	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	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 gains 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
Provision for income tax	(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 companies	-	-	-	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	2,676,259	136,712,429	380,212,784	285,714	519,887,186	-	519,887,186

Note 3 - Cash and cash equivalents

Cash and cash equivalents consist of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash on hand	26,283,536	7,086,224
Cash in banks	407,519,803	817,325,094
Cash equivalents	771,425,372	725,559,596
	1,205,228,711	1,549,970,914

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 2021 and 2020.

Interest income earned amounted to P1,250,259 and P12,956,641 for the quarter ended June 30, 2021 and the year ended December 31, 2020, respectively.

Note 4 - Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represent shares of stock of various locally listed companies and valued based on current bid prices in an active market (Level 1 valuation). Movements in the account for the quarter ended June 30, 2021 and the year ended December 31, 2020 respectively are as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
At beginning of period	33,626,210	36,278,844
Loss on fair value adjustment	(1,939,541)	(2,652,634)
At end of period	31,686,669	33,626,210

Fair value adjustments of financial assets at fair value through profit or loss are presented in the consolidated statements of total comprehensive income as part of other income.

Note 5 - Trade and Other Receivables, net

Trade and other receivables, net, as at June 30, 2021 and December 31, 2020 consist of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade		
Installment contracts receivable	2,450,755,171	3,044,359,832
Rent	223,973,941	249,776,897
Receivables from guests and concessionaires	62,257,816	53,866,187
Non-trade		
Related parties	2,471,905,097	1,604,238,974
Advances to officers and employees	3,611,096	4,225,928
Interest	1,310,283	4,316,725
Others	84,582,923	58,574,091
	5,298,396,327	5,019,358,634
Allowance for impairment of receivables	(22,680,878)	(23,020,320)
	5,275,715,449	4,996,338,314

Installment contracts receivable arises from sale of condominium units with average term ranging from one to five years. This arises when the revenue recognized to date under the percentage-of-completion method exceeds the total collections from the buyer. Interest income earned from installment contract receivable for the period ended June 30, 2021 amounted to P57,360,441 (2020 – P166,391,384).

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.

Note 6 - Properties held for sale

Properties held for sale consist of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Condominium units held for sale	413,228,272	497,742,705
Construction in-progress	3,094,696,181	2,915,322,511
	3,507,924,453	3,413,065,216

On November 2, 2015, TRDCI entered into a contract with Vivelya Development Company, Inc. (VDCI) 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 per cent (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 payable on a quarterly installment basis until full payment of the purchase price.

Note 7 - Prepaid taxes and other current assets

Prepaid taxes and other current assets consist of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Advances to contractors and suppliers	983,150,233	888,508,872
Creditable withholding tax (CWT)	460,951,430	420,217,281
Prepaid commission	112,123,173	119,207,410
Input value added tax (VAT)	48,975,384	93,813,135
Prepaid property tax	47,891,356	62,647,224
Inventories	22,031,337	13,303,359
Deferred input VAT	16,290,834	6,031,092
Refundable deposits	2,678,192	2,897,511
Prepaid insurance	25,941,455	13,486,737
Other prepaid expenses	103,279,304	43,101,601
	1,823,312,698	1,663,214,222

Advances to contractors and suppliers pertain to down payment made by the Group for the construction and development of its condominium properties. These are not collectible but recouped upon every 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 the withholding agents from payments to the Group which can be applied against the income tax payable.

Prepaid commission pertains to the excess of the commission paid to property consultants and brokers over the commission expense recognized for the year based on the percentage of completion.

Input VAT represents tax paid to suppliers that can be claimed as credit against the future output VAT liabilities without prescription.

Inventories consist of food, beverages and other recreational consumable items for the hotel operation. The inventories are stated at cost. There is no allowance for decline in value of inventories.

Other prepaid expenses mainly consist of advance payments for rent, and other expenses which are normally utilized within the next financial year.

Note 8 - Investments in and advances to associates and a joint venture

Investment in an associate and a joint venture consist of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Investment in a joint venture		
At January 1	1,317,778,398	1,121,482,600
Additions to investment	3,083,075	10,762,246
Share in net income	238,534,809	185,533,552
At December 31	1,559,396,282	1,317,778,398
Advances to a joint venture	1,000,000,000	1,000,000,000
Investments in immaterial associates		
Acquisition costs	132,873	132,873
	2,559,529,155	2,317,911,271

(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), JVC. 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.

(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.

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:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
KSA	29.96%	29.96%
SGCPI	40.00%	40.00%

On June 20, 2016, the Parent Company acquired 207,082 KSA common shares from Ocmador Philippines, B.V. for a purchase price amounting to P1,419,610,919. The Parent Company accounted for the increase in ownership in KSA from 52.90% to 70.04% as equity transaction. The difference between the considerations paid and the carrying amount of the NCI acquired is recognized directly in equity reserves amounting to P141,132,606.

Note 10 - Investment properties

Details of investment properties as at December 31, 2020 and their movements during 2021 are as follows:

	Land	Building	Total
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	-	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
Gain (loss) on fair value adjustment	-	-	-
Capitalized subsequent expenditures	-	112,724,819	112,724,819
At June 30, 2021	15,905,946,923	19,120,650,961	35,026,597,884

The Group's investment properties located in Mandaluyong City and Makati City include parcels of land and buildings held for office and retail leases and other parcels of land held for capital appreciation.

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 fair value measurements for investment properties have been categorized as Level 3 for parcels of land and building properties. The current use of these properties is their highest and best use.

Note 11 - Financial assets at fair value through other comprehensive income, net

Financial assets at fair value through other comprehensive income (FVOCI), net as at June 30, 2021 and December 31, 2020 are presented below.

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Unquoted	488,429,727	488,429,727
Quoted	9,101,515	9,101,515
	497,531,242	497,531,242
Cumulative changes in fair value	300,037,254	300,037,254
	797,568,496	797,568,496

Unquoted equity securities include unlisted shares of stock which are carried 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 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.

Note 12 - Property and equipment, net

Details of property and equipment and their movements during the period are as follows:

	Building and building improvements	Transportation equipment	Furniture, fixtures and other equipment	Total
Cost				
At January 1, 2021	9,434,803,085	48,693,212	6,982,848,189	16,466,344,486
Additions	3,872,883	-	6,470,346	10,343,229
Disposals	(1,890,000)	-	-	(1,890,000)
Reclassification	-	-	(100,893)	(100,893)
At June 30, 2021	9,436,785,968	48,693,212	6,989,217,642	16,474,696,822
Accumulated depreciation and amortization				
At January 1, 2021	1,336,454,869	34,335,012	3,410,962,045	4,781,751,926
Depreciation and amortization	63,422,224	2,846,046	461,732,091	528,000,361
Disposals	-	-	-	-
Reclassification	-	-	-	-
At June 30, 2021	1,399,877,093	37,181,058	3,872,694,136	5,309,752,287
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
Adjustments	(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
Net book values at				
At June 30, 2021	8,036,908,875	11,512,154	3,116,523,506	11,164,944,535
At December 31, 2020	8,098,348,216	14,358,200	3,571,886,144	11,684,592,560

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.

Note 13 - Other non-current assets

Other non-current assets as at June 30, 2021 and December 31, 2020 consist of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Deposit for a future project	865,394	887,888,000
Refundable deposits	161,256,732	136,967,397
Deferred input VAT	8,209,566	30,198,822
Retirement benefit asset	9,721,579	9,721,578
	180,053,271	1,064,775,797

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. Such costs were transferred to Receivable from a Joint Venture in 2021.

Refundable deposits are cash paid by the Group for construction of condominium units and deposits to utility companies which are expected to be returned after a specified period of time, or when certain conditions are satisfied.

Deferred input VAT represents non-current portion of VAT arising from the purchase of capital goods on credit.

Note 14 - Accounts payable and other current liabilities

Accounts payable and other current liabilities consist of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade:		
Accounts payable	468,337,973	575,234,991
Advance rentals	121,638,792	168,788,961
Accrued expenses	1,863,002,950	1,933,704,763
Customers' deposits from:		
Condominium sales	319,263,457	460,174,363
Hotel guests	124,987,181	149,627,017
Retention payables	573,638,511	596,429,280
Reservation payables	25,066,286	14,424,466
Advances from condominium unit buyers	263,682,135	302,158,966
Contract liabilities	91,838,153	22,428,105
Payable to contractors and suppliers	58,088,116	58,088,116
Construction bonds	61,640,204	62,695,015
Non-trade:		
Payable to related parties	9,482,694	172,556,667
Deferred output VAT	752,972,174	801,945,912
Payable to government agencies	24,722,444	43,852,775
Output VAT	38,166,864	53,347,319
Others	208,180,898	268,537,889
	5,004,708,832	5,683,994,606

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.

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 15 - Bank loans

Bank loans as consist of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Current portion		
Parent Company	4,166,666,667	3,833,333,333
SGCPI	800,000,000	450,000,000
	4,966,666,667	4,283,333,333
Non-current portion		
SGCPI	1,198,131,947	1,196,172,130
Parent Company	-	400,000,001
	1,198,131,947	1,596,172,131
	6,164,798,614	5,879,505,464

Movements in the bank loans are as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
At beginning of period	5,879,505,464	5,927,961,091
Amortized debt issue cost	1,959,817	4,877,706
Proceeds from loan availment, net of unamortized debt issue costs	1,450,000,000	2,550,000,000
Payments	(1,166,666,667)	(2,603,333,333)
At end of period	6,164,798,614	5,879,505,464

(a) Parent Company

On July 30, 2012, the Parent Company obtained a 10-year loan facility from a local bank amounting to P5 billion 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.

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 June 30, 2021 the Parent Company is in compliance of all its loan covenants.

Total drawdown from the above facility amounted to P3.20 billion and outstanding balance as at June 30, 2021 amounted to P666,666,667 (December 31, 2020 - P933 million).

The Parent Company likewise obtained short-term loans with maturities of 12 months or less with average interest rate of 3.5% in 2021 and 3.5% to 4.75% in 2020. Outstanding balance as of June 30, 2021 amounted to P4.10 billion (December 31, 2020 – P3.30 billion).

(b) SGCPI

On April 11, 2012, SGCPI obtained a 10-year term loan facility from a local bank amounting to P10 billion to be used for the construction of SGCPI's hotel, serviced apartments and residential units in Fort Bonifacio, Taguig City in relation to the construction of the Hotel and Horizon Homes.

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. Interest rate was fixed at 2.5% starting March 2021.

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 June 30, 2021 and December 31, 2020 SGCPI has not reached the debt-service coverage ratio requirement specified in the loan agreement. SGCPI has agreed with the bank to restructure the loan to extend its maturity, among others. The loan restructuring likewise includes a consent from the bank to allow the non-compliance to the debt-service coverage ratio in 2021 and 2020.

The loan is secured by an absolute and unconditional continuing suretyship of the sureties namely, Shangri-La Asia Limited and the Parent Company. The loan restructuring will also include additional security for the loan.

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 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.

As at June 30, 2021 and December 31, 2020, SGCPI has prepaid P1.42 billion 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 interest rate in 2021 is 2.65% (fixed rate of 5% prior to that, the loan is subject to a floating interest rate at an average of 3.47% in 2020).

Outstanding balance of SGCPI's long-term loans as at June 30, 2021 and December 31, 2020 consist of:

Bank loan	1,200,000,000
Unamortized debt issue costs	(3,827,870)
	<u>1,196,172,130</u>

SGCPI also obtained short-term loans with maturities of 12 months or less and average interest rate of 4.25% in 2021 and 4.75% to 5.15% in 2020. Outstanding balance as of June 30, 2021 amounted to P800 Million (December 31, 2020 – P450 Million).

Note 16 - 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.

Note 17 - Equity

Details of share capital and share premium are as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
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. 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.

Note 18 - Financial risk and capital management

18.1 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 June 30, 2021 and December 31, 2020.

18.1.1 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 June 30, 2021 and December 31, 2020 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 and FVOCI 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). Interest rates on bank loans amounting to P1,996,172,130 as at June 30, 2021 (2020 – P1,646,172,130) 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 P4,766,666,667 as at June 30, 2021 (2020 – P4,233,333,334) 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.

18.1.2 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:

- Performing - settlements are obtained from counterparty following the terms of the contracts without history of default.
- Underperforming - some reminder follow-ups are performed to collect accounts from counterparty.
- Credit impaired - 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 June 30, 2021 and December 31, 2020:

	Performing	Under performing	Non-Performing	Total
2021				
Current assets				
Cash and cash equivalents	1,205,228,711	-	-	1,205,228,711
Trade and other receivables	5,275,715,448	-	22,680,878	5,298,396,326
Financial assets at fair value through profit or loss	31,686,669	-	-	31,686,669
Refundable deposits	2,678,192	-	-	2,678,192
Non-current assets				
Advances to a joint venture	1,000,000,000	-	-	1,000,000,000
Refundable deposits	161,256,733	-	-	161,256,733
Financial assets at FVOCI	797,568,496	-	-	797,568,496
	8,474,134,249	-	22,680,878	8,496,815,127
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

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 June 30, 2021 and December 31, 2020 amounted to P23,030,320. 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 counterparty's potential failure to make payments.

(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.

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 includes 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.

d) Financial assets at fair value through profit or loss and financial assets at FVOCI

The Group adheres to fixed limits and guidelines in its dealings with counterparties of its investments in financial assets at fair value through profit or loss and financial assets at FVOCI. The Group's maximum exposure to credit risk as at June 30, 2021 and December 31, 2020 is equal to the carrying values of its financial assets. Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

18.1.3 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.

18.2 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 2021 and 2020.

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 is presented below:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Net debt		
Long-term loan	6,164,798,614	5,879,505,463
Less: cash and cash equivalents	(1,205,228,711)	1,549,970,914
	4,959,569,903	4,329,534,549
Capital		
Total equity	42,028,235,180	41,674,367,167
Less: Non-controlling interest	(5,781,562,891)	5,950,341,446
	36,246,672,289	35,724,025,721
Gearing ratio	13.68%	12.12%

The Group was able to meet its capital management objectives.

18.3 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 June 30, 2021 and December 31, 2020:

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
2021				
Assets measured at fair value				
Financial assets at fair value through profit or loss	31,686,669	-	-	31,686,669
Investment properties:				
Land	-	-	15,905,946,923	15,905,946,923
Buildings	-	-	19,120,650,961	19,120,650,961
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	-	163,934,925	-	163,934,925
Liabilities for which fair values are disclosed				
Installment payable	-	47,883,236	-	47,883,236
Deposits from tenants	-	1,104,035,108	-	1,104,035,108

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
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

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 2021 and 2020.

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.

(e) 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.

Note 19 - Summary of significant accounting and financial reporting policies

19.1 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.

19.2 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 reposessed property at its fair value less cost to repossess, or to recognize the reposessed 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 reposessed 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 reposessed 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 in 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.

19.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at June 31, 2021 and December 31, 2020. 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:

Nature and name of entity	Ownership %		
	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 period ended June 30, 2021 and the year ended December 31, 2020 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 recognised 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 recognised directly in profit or loss.

Inter-company transactions, balances and unrealised 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.

(b) 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.

(c) 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 19.13.

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.

19.4 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.

19.5 Financial instruments

19.5.1 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.

19.5.2 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 13) 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 June 30, 2021 and 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 June 30, 2021 and 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.

19.5.3 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.

19.5.4 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 June 30, 2021 and 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 14), installment payable, deposits from tenants (Note 16), dividends payable, accrued employee benefits (excluding retirement benefits) and bank loans (Note 15) are classified under financial liabilities at amortized cost.

19.5.5 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.

19.5.6 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.

19.5.7 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.

19.5.8 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 June 30, 2021 and December 31, 2020.

19.6 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 19.5 for other relevant accounting policies on trade and other receivables.

19.7 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.

19.8 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.

19.9 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 19.11), 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 19.13.

19.10 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.

19.11 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 19.13).

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.

19.12 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.

19.13 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.

19.14 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 19.5.

19.15 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.

19.16 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 19.2).

19.17 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.

19.18 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.

19.19 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.

19.20 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.

19.21 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.

19.22 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.

19.23 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;

(a) Revenue

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.

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 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.

(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 19.2)

19.24 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 19.9).

(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 19.2).

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.

19.25 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.

19.26 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.

19.27 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.

19.28 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.

19.29 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.

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.

The President of the Republic of the Philippines signed the CREATE Act into law in March 26, 2021.

As of June 30, 2021, the Group has taken up adjustment of P864.4 million to reflect the effects of the lower tax rate starting July 1, 2020. The adjustment lowered net deferred tax liabilities and income tax payable and effectively increased net income by the same amount.

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

Key Performance Indicators

		June 30 2021	June 30 2020	Change
Turnover	(Php M)	2,199.8	2,945.8	-25.3%
Profit attributable to shareholders	(Php M)	1,495.2	700.2	113.5%
Earnings per share	(Php Ctv)	0.31	0.15	113.5%
Net asset value per share	(Php)	7.690	7.338	4.7%
Debt to equity ratio	(Ratio)	0.46	0.49	-5.5%

- Turnover consists of sales of residential condominium units, revenue from rental and cinema and hotel operations. For six (6) months ended June 30, 2021, Shang Properties' revenue decreased by P746 million (M) to P2.2 billion (B) from P2.945B revenues during the same period in 2020. Sales of residential condominium units accounted for P969M or 44% of the total revenue and is higher by P30.6M from P938.7M in the same period last year. Revenue from leasing operations amounted to P927M or 42% of the total revenue and is lower by P225M from P1.152B in the same period last year. Shangri-La at the Fort's hotel operations contributed revenue amounting to P303M or 14% of the total revenue and is lower by P551.5M from P855M of the same period last year.
- Profit attributable to shareholders that pertains to net income from operations after tax amounted to P1,495.2M, higher by P795M or 113% compared with the same period last year.
- Earnings per share of P0.31 in 2021 is higher by 131% compared with the second quarter of 2020.
- Net asset value per share is calculated by dividing the total net asset of the Group (Total assets – Total liabilities and equity attributable to non-controlling interest) by the number of shares outstanding. Net asset value per share increased by 4.7% mainly due to income generated during the period and acquisition of land and other investments.
- Debt to equity measures the exposure of creditors to that of the stockholders. It gives an indication of how leveraged the Group is. It is determined by dividing total debt by stockholder's equity. The Group's financial position remains solid with debt to equity ratio of 0.46:1 as of June 30, 2021 and 0.49:1 as of June 30, 2020.

Financial Condition

Total assets of the Group as of June 30, 2021 amounted to P62B, a decrease of P800M from total assets of P63.2B in December 31, 2020. Following are significant movements in assets during the first half of the year:

- Cash and Cash Equivalents decreased by P344.7M mainly due to usage of cash in bank for working capital and asset acquisition.

- Financial Assets at Fair Value Through Profit or Loss decreased by ₱1.9M mainly due to decline in value of listed shares owned by the Group.
- Receivables increased by ₱279.3M mainly due to reclassification from Investment to Bridgetown Project to Receivable from a Joint Venture.
- Properties Held for Sale increased by ₱94.9M is mainly due to costs incurred in ongoing project developments.
- Input Tax and Other Current Assets increased mainly due to down payments made to contractors of Shang Residences Wack Wack during the second quarter of the year. These will be recouped from future progress billings. Also, included are annual prepaid expenses paid at the beginning of the year and will be amortized monthly.
- Deferred Income Tax Assets increased by ₱62.38M mainly due to adjustment made by SGCPI for their NOLCO.
- Other Noncurrent Assets decreased by ₱884.7M is mainly due to the reclassification of fund for a future project to Due from Affiliates.
- Current ratio is 1.10:1 as of June 30, 2021 from 1.06:1 as of December 31, 2020.

Total liabilities decreased by ₱1.75B from ₱21.5B in 2020 to ₱20.3B in 2021 mainly due to the net effect of the following:

- Increase in bank loans by ₱285M is mainly due to additional loan availments during the first half of the year.
- Decrease in Accounts Payable by ₱631M is mainly due to payments made during the first half of the year.
- Decrease in income tax payable by ₱62M is mainly due to lower taxable income and decrease in tax rate from 30% to 25% brought about by the CREATE Act.
- Increase in dividends payable by ₱12.8M is due to the unpaid portion of cash dividends declared by KSA Realty Corporation. The remaining unpaid balance pertains to dividends of shareholders who are out of the country and remittance was delayed due to the more stringent restrictions being imposed by the.
- Decrease in accrued employee benefits by ₱3.9M is mainly due to payments made in the first half of the year.
- Decrease in Deposit from Tenants by ₱50.7M is mainly due to refunds made during the first 6 months of 2021.
- Deferred Income Tax Liabilities decreased by ₱1.14B mainly due to adjustment made because of lower income tax rate effected in 2021 based on the CREATE Act.

Results of Operation

Consolidated net income for the period ended June 30, 2021 amounted to P1.495B which is higher by 113% from last year's P700M. The increase is mainly due to the effects of the CREATE Act which reduced income tax rates effective July 1, 2020. The effect of the lower tax rates in 2020 were taken up in 2021 after CREATE Act was signed into law in March 2021.

Turnover decreased by P746M to P2.2B in 2021 from P2.9B in 2020, mainly due to net effect of the following:

- Increase in revenue from condominium sales by P30.6M mainly due to higher revenue recognition of Shang Wack Wack units due to higher percentage of completion.
- Decrease in revenue from hotel operations by P551.5M mainly due to lower occupancy and lower Average Daily Rate caused by the ongoing travel bans and community quarantine.

Total Cost of Sales and Services of the Group amounted to P1.282B, lower by P189.8M compared with last year's P1.472B. This was mainly due to the following:

- Increase in cost of condominium sales due to additional higher cost recognition because of higher percentage of completion and additional costs incurred due to COVID19 safety protocols.
- Decrease in cost of rental and cinema by P19.45M is mainly due to lower utility costs, repairs and maintenance cost and advertising costs due to reduced operations of the mall brought by the quarantine periods mandated by government.
- Decrease in cost of hotel operations by P222M due to lower occupancy caused by the ongoing travel bans and community quarantine.

Total Operating Expenses of the Group amounted to P701.1M, lower by P2.991M compared with last year's P704M. This was mainly due to the net effect of the following:

- Decrease in general and administrative expense by P27.7M is mainly due to lower advertising and promotion expense incurred.
- Increase in taxes and licenses due to payment of real property taxes of The Rise Common Areas, Machinery, Commercial Units and Parking.
- Increase in depreciation by P420K is due to depreciation of additional improvements incurred and equipment bought in 2020 and first half of 2021.
- Decrease in insurance by P166.9K mainly due to lower Property Insurance of SGCPI.

Other Income increased by P87.5M mainly due to recognition of management income from affiliates.

Financial Soundness Indicators

	End of June 2021	End of December 2020
Current Ratio ¹	1.10:1	1.06:1
Debt-to-equity ratio ²	0.46:1	0.52:1
Asset-to-equity ratio ³	1.46:1	1.52:1
	2Q 2021	2Q 2020
Interest rate coverage ratio ⁴	11.97	16.11
Return on assets ⁵	4.76%	2.24%
Return on equity ⁶	7.10%	3.39%

¹Current assets/current liabilities

²Total liabilities/stockholders' equity

³Total asset/stockholders' equity

⁴Income before interest and taxes/interest expense

⁵Annualized net income/average total assets⁷

⁶Annualized net income/average stockholders' equity⁷

⁷Annualized net income = 1Q Net income x Average Total Assets = average total assets as of end of March 2020 and end of March 2019

Average Stockholders' Equity = average stockholders' equity as of end of March 2020 and end of March 2019

PART II--OTHER INFORMATION

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

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

Item 3. Other Required Disclosures

- A. The attached interim financial reports were prepared in accordance with Philippine Financial Reporting Standard. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2020.
- B. Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.
- C. There were no materials changes in estimates of amounts reported in prior period that have material effects in the current interim period.
- D. Except as disclosed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there were no other issuances, repurchases and repayments of debt and equity securities.
- E. There are no significant events that happened subsequent to June 30, 2021 up to the date of this report that needs disclosure herein.

SHANG PROPERTIES, INC. AND SUBSIDIARIES

AGING OF RECEIVABLES

As of June 30, 2021

TENANTS	TOTAL RECEIVABLES	CURRENT	1-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS
Mall Tenants	118,872,956	64,049,439	6,339,620	5,381,780	9,269,489	33,832,628
EDSA Shangri-La Hotel & Resort	2,338,510	1,624,488	714,022	-	-	-
TSFT Commercial Space	1,631,537	432,935	1,198,602	-	-	-
TEC Tenants	35,444,029	1,491,620	7,166,591	376,068	26,409,750	-
Third Parties	108,651,165	108,651,165	-	-	-	-
Installment Contracts Receivables	2,450,755,171	2,450,755,171	-	-	-	-
	2,717,693,368	2,627,004,818	15,418,835	5,757,848	35,679,239	33,832,628

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


 KARLO MARCO P. ESTAVILLO
 Treasurer/Chief Financial Officer

SHANG PROPERTIES, INC. AND SUBSIDIARIES

AGING OF RECEIVABLES

As of June 30, 2021

TENANTS	TOTAL RECEIVABLES	CURRENT	1-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS
Mall Tenants	118,872,956	64,049,439	6,339,620	5,381,780	9,269,489	33,832,628
EDSA Shangri-La Hotel & Resort	2,338,510	1,624,488	714,022	-	-	-
TSFT Commercial Space	1,631,537	432,935	1,198,602	-	-	-
TEC Tenants	35,444,029	1,491,620	7,166,591	376,068	26,409,750	-
Third Parties	108,651,165	108,651,165	-	-	-	-
Installment Contracts Receivables	2,450,755,171	2,450,755,171	-	-	-	-
	2,717,693,368	2,627,004,818	15,418,835	5,757,848	35,679,239	33,832,628

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


 KARLO MARCO P. ESTAVILLO
 Treasurer/Chief Financial Officer

Trusted Since 1898

The Manila Times

anilatimes.net

LIC OF THE PHILIPPINES)
F MANILA)S.S.

FIDAVIT OF PUBLICATION

Carmina Lourdes B. Dineros, of legal age, Filipino and a resident of 20 Libra St., 1a Park Subdivision, Pamplona, Las Piñas City Philippines, after having been duly sworn to law, do hereby depose and state:

I am the Auditor of **The Manila Times**, a paper which is published Online and Printed in and Edited in Metro Manila, and circulated daily from Monday to Sunday with postal at 2/F Sitio Grande, 409 A. Soriano Avenue, Pasig, Manila

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

published in **The Manila Times** newspaper in its issue of **JULY 29, 2021**

as whereof, I signed this Affidavit in Manila, Philippines, this _____ day of _____, 2021

CARMINA LOURDES B. DINEROS
Affiant

Subscribed and sworn to before me this 29 day of JULY, 2021 in MANILA, Philippines, affiant brought to me her Driver's License No. **D06-93-** issued at Las Piñas valid until February 08, 2022 and SSS ID No. **33-457-425-09**

ATTY. ROGELIO J. BOLIVAR

NOTARY PUBLIC

19
3
7
f 2021
Adm. Matter No. 204 June 21, 2021 to Dec. 31 2022
SPOR No. 132134 MD 2021 & SPOR No. 132076 MC 2022
PTROR No. 06/21129 1421 / RGR No. 17/2019 129-871-075
MCLE No. V-16/2021 is a from 12/16/16 valid until 24/1421

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

SHANG
PROPERTIES

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

To be held on 19 August 2021 at 10:00 A.M.

To All Stockholders:

Please be advised that the Annual Meeting of the Stockholders of **SHANG PROPERTIES, INC.** (the "Corporation") will be held on 19 August 2021 at 10:00 A.M. via video conference.

The Agenda of the meeting is set forth below:

- 1) Call to Order
- 2) Certification of Notice and Quorum
- 3) Approval of the Minutes of the Annual Meeting of the Stockholders held on 18 November 2020
- 4) Report of Management
- 5) Ratification of Acts of Management and the Board of Directors
- 6) Election of the Board of Directors for the year 2021-2022
- 7) Amendment of By-Laws
- 8) Election of External Auditors
- 9) Other Matters
- 10) Adjournment

The Board of Directors has fixed the close of business hours on 19 July 2021 as the record date for the determination of the stockholders in good standing entitled to notice of and to vote at such meeting.

Minutes of the Stockholders' Meetings and SEC Form 17-A (Annual Report) for the year ended 31 December 2020 as well as the resolutions of the Board of Directors, will be available for examination during office hours at the office of the Corporate Secretary.

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

Mandaluyong City, Metro Manila, 24th day of June 2021.

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

FEDERICO G. NOEL, JR.
Corporate Secretary

AGENDA ITEMS

- 1) Call to Order
- 2) Certification of Notice and Quorum

The Chairman will call upon the Secretary to present proof that notice of the meeting was sent out to all concerned shareholders of record in accordance with the By-Laws of the Corporation and the relevant rules of the Securities and Exchange Commission ("SEC") and to report on the attendance of the meeting. If there are present in person or by proxy stockholders representing at least majority of the outstanding capital stock of the Corporation entitled to vote, the meeting shall proceed to take up the business at hand.

- 3) Approval of the Minutes of the Annual Meeting held on 18 November 2020

The Stockholders will be asked to approve the Minutes of the Annual Meeting of Stockholders held on 18 November 2020.

- 4) Report of Management

The Chairman will present the Report of Management to the stockholders.

- 5) Ratification of Acts of Management and the Board of Directors for the year 2021-2022

The Chairman will submit for the consideration and ratification of stockholders all acts and/or resolutions of the Board of Directors and Management of the Corporation for the last Annual Shareholders' meeting up to the present stockholders' meeting.

- 6) Election of the Board of Directors for the year 2021-2022

Pursuant to the Amended By-Laws of the Corporation, the stockholders present representing at least a majority of the outstanding capital stock of the Corporation entitled to vote, shall elect the Independent Directors and Regular Directors of the Corporation's Board of Directors to serve for the fiscal year 2021-2022 and until their successors are qualified and elected.

- 7) Amendment of By-Laws

The Stockholders will be asked to approve the amendment of the Corporation's By-Laws under Articles II and III.

- 8) Election of External Auditors

The Stockholders shall vote upon the appointment of the Company's External Auditors for the fiscal year 2021-2021.

- 9) Other Matters

The meeting will be opened to the discussion of other matters that may be brought up by the stockholders.

- 10) Adjournment

MT - July 29, 2021



25 March 2021

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building,
PICC Complex
Roxas Boulevard, Manila

Thru: Corporate Finance Department

Re: Shang Properties, Inc. (SPI)

Gentlemen:

Please see attached SEC Form 17-C, which we have filed with the Philippine Stock Exchange.

Thank you.

Very truly yours,

SHANG PROPERTIES, INC.

By:

A handwritten signature in black ink, appearing to read "F. Noel, Jr.", written over a horizontal line.

FEDERICO G. NOEL, JR.

Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. 25 March 2021
Date of Report (Date of earliest event reported)
2. SEC Identification Number: 145490 3. BIR Tax Identification No.: 000-144-386
4. SHANG PROPERTIES, INC.
Exact name of Issuer as specified in its charter
5. Philippines 6. (SEC Use Only)
Province, Country or other jurisdiction Industry Classification Code
of incorporation or organization
7. 5th Level Shangri-La Plaza Mall
EDSA corner Shaw Boulevard, Mandaluyong City 1550
Address of principal office Postal Code
8. (632) 8370-2700
Registrant's telephone number, including area code
9. _____
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding</u>
Common Stock ₱1.00 par value	4,764,058,982

11. Indicate the item numbers reported herein.

During the Regular Meeting of the Board of Directors held on 25 March 2021, the following matters were taken up:

Item No. 9

i) Declaration of Cash Dividends

The declaration of **₱0.08** per share cash dividend to all shareholders of record as of 9 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) **APPROVAL OF YEAREND RESULTS**

Passed resolutions to approve the audited financial statements of the Issuer for the year ended 31 December 2020.

iii) **AMENDMENT OF BY-LAWS**

The Board of Directors approved the amendment of the Corporation's Articles II & III of the Corporation's By-Laws. Specifically, the proposed amendments pertain to service of Notice of Meetings, Manner of Voting and Conduct of Meetings.

As amended, the Corporation's Amended By-Laws shall read as follows:

ARTICLE II

Section 4. **Notice of Meeting** - Notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery or by mail **or by email** the notice at least fifteen (15) business days prior to the date of the meeting to each stockholder of record at his last known post office address **or his last known email address (as the case may be)** or by publishing the notice in a newspaper of national circulation **or by such other manner as may be allowed by law, rules or regulations**. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberations at such meeting. A shareholder may waive the requirements of this paragraph, but only when such waiver is expressed in writing. (As amended by majority vote of the Board of Directors and Shareholders representing at least 2/3 of the outstanding capital at the meetings held on 21 June 1999 and 15 November 1999, respectively).

Section 5. **Quorum** - Unless Philippine law shall require a higher majority vote, the affirmative vote of shareholders of the Corporation owning or representing at least a majority of the entire subscribed capital stock entitled to vote shall be necessary to constitute a quorum and the majority vote of those present in a meeting constituting a quorum shall be necessary for any corporate act by the shareholders of the Corporation. (As amended on 23 November 1990).

If no quorum is constituted, the meeting shall be adjourned until the requisite amount of stock shall be present.

In instances when participation and voting in stockholders' meetings are done by remote communication, video conferencing or in absentia, a stockholder who participates through remote communication or video conferencing or in absentia shall be deemed present for purposes of quorum.

Section 6. **Conduct of Meeting** - Meetings of the stockholders shall be presided over by the Chairman of the Board, or in his absence, the Vice Chairman of the Board, or in his absence, the President, or if none of the foregoing is in office and present and acting, by a chairman to be chosen by the stockholders. The Secretary, or in his absence, the Assistant Secretary, shall act as Secretary of every meeting, but if either the Secretary, nor the Assistant Secretary is present, the chairman of the meeting shall appoint a secretary of the meeting. The Chairman of the meeting may adjourn the meeting from time to time, without notice other than announced at the meeting.

The stockholders may participate in stockholders' meetings either (a) in person, (b) by proxy, or (c) by remote communication (e.g., by teleconference, by

videoconference, by computer conferencing, by audio conferencing) or by other alternative modes of communication.

The corporation shall have internal procedures for the conduct of stockholders' meetings by remote communication or *in absentia* or other alternative modes of communication.

Section 7. Manner of Voting - At all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact or, by remote communication or in absentia provided that in the election of directors, stockholders may vote through remote communication or in absentia notwithstanding the absence of an authorization from the Board of Directors. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary.

All proxies must be in the hands of the Secretary not later than ten (10) days before the time set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary at least three (3) days prior to a scheduled meeting or by their personal presence at the meeting. The decision of the Secretary on the validity of proxies shall be final and binding until set aside by a court of competent jurisdiction.

ARTICLE III

Section 5. Notice - Notice of the regular or special meeting of the Board, specifying the date, time, and place of the meeting, shall be communicated by the Secretary to each director personally, or by telephone, telex, telegram, or by written or oral message or by email at least seven (7) days prior to the date of the meeting. A director may waive this requirement, but only where such waiver is expressed in writing.

Section 6. Quorum - Unless Philippine law shall require a higher majority vote, a majority of the entire membership of the Board of Directors shall constitute a quorum for the transaction of business; and no corporate act shall be deemed to have been taken by the Board without the affirmative vote of at least a majority of those present during the meeting. (As amended on 23 November 1990)

Section 7. Conduct of Meetings - Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, the Vice-Chairman of the Board, or in his absence, the President, or if none of the foregoing is in office and present and acting, by any other director chosen by the Board. The Corporate Secretary, or in his absence, the Assistant Corporate Secretary, shall act as secretary of every meeting, but if either the Corporate Secretary nor an Assistant Corporate Secretary is present, the Chairman of the meeting, shall appoint a secretary of the meeting.

The Board of Directors may hold their meetings in person or by remote communication (e.g., by teleconference, by videoconference, by computer conferencing, or by audio conferencing) or other alternative modes of communication, or by such other means as may be allowed by law, rules, or regulations, provided that, directors attending by remote communication shall notify the corporation prior to the meeting and in accordance with the latter's instruction of his/her intention to join the meeting by remote communication.

The corporation may adopt internal procedures for the conduct of the Board meeting by remote communication.

SIGNATURES

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

SHANG PROPERTIES, INC.
Issuer

A handwritten signature in black ink, appearing to read 'F. G. Noel, Jr.', written over a horizontal line.

FEDERICO G. NOEL, JR.
Corporate Secretary

Date: 25 March 2021

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. 14 June 2021
Date of Report (Date of earliest event reported)
2. SEC Identification Number: 145490 3. BIR Tax Identification No.: 000-144-386
4. **SHANG PROPERTIES, INC.**
Exact name of Issuer as specified in its charter
5. Philippines
Province, Country or other jurisdiction
of incorporation or organization
6. (SEC Use Only)
Industry Classification Code
7. 5th Level Shangri-La Plaza Mall
EDSA corner Shaw Boulevard, Mandaluyong City
Address of principal office 1550
Postal Code
8. (632) 8370-2700
Registrant's telephone number, including area code
9. _____
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 4 and 8 of the RSA

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

11. Indicate the item numbers reported herein.

Item No. 9

Pursuant to the authority passed by the Board of Directors of Issuer during its Board meeting held on 25 March 2021, the Office of the Corporate Secretary confirmed the postponement of Issuer's Annual Shareholders' 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 2021.

The postponement of the annual shareholders' meeting is due to the restrictions brought by the lockdown and quarantine measures imposed by the Inter Agency Task force to contain the contamination and spread of the COVID 19 virus and to ensure that the health and safety of the shareholders will not be compromised.

Notice of the definite date of the Shareholders' Meeting with the time, venue, agenda, and other details of the meeting, including but not limited to the Minutes of the previous shareholders' meeting, SEC Form 17-A (Annual Report) for the year ended 31 December 2020, Definitive Information Statement (20-IS), will be distributed to all shareholders and will also be available at the Issuer's website, www.shangproperties.com, and at the PSE Edge in compliance with the periods provided for by the Revised Corporation Code and the Memorandum Circulars issued by the Securities and Exchange Commission (SEC).

SIGNATURES

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

SHANG PROPERTIES, INC.
Issuer



FEDERICO G. NOEL, JR.
Corporate Secretary

Date: 14 June 2021

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **BENJAMIN IVAN S. RAMOS**, Filipino, of legal age and a resident of Makati City, Philippines, after having been duly sworn to in accordance with law do hereby declare that:

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

Company/Organization	Position/Relationship	Period of Service
RDI Corp	Director	8 years

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

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
Alfredo Ramos	National Book Store	Uncle
Maximo Licauco	Filstar	Uncle

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

Offense Charged/Investigated	Tribunal or Agency Involved	Status
NA		

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


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

Done this 18th day of July, 2021 at Makati City.


BENJAMIN IVAN S. RAMOS
Affiant

SUBSCRIBED AND SWORN to before me this JUL 21 day of 2021 at MANDALUYONG CITY
_____ personally appeared before me and exhibited to me _____
issued at _____ on _____
_____ expiring on _____.

Doc. No. 305;
Page No. 02;
Book No. 269;
Series of 2021.


JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-21 UNTIL DECEMBER 31, 2022
ROLL NO. 53970
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
PTR NO. 4581076; 1-4-21; MANDALUYONG
SOLE COMPLIANCE NO. VI 0017960 14 APRIL 2022
METRO MART COMPLEX, MANDALUYONG CITY

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ANTONIO O. COJUANGCO**, Filipino, of legal age and a resident of 2335 Makopa Street Dasmarinas Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

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

Company/Organization	Position/ Relationship	Period of Service
Ballet Philippines, Inc.	Chairman	1993 - present
Canlubang Golf & Country Club	President & Director	March 11 2005 - present
Calatagan Golf, Inc.	President & Director	Apr 12 1993 - present
CAP Life Insurance	Chairman	Apr. 2000 – present
Cinemalaya Foundation	Chairman	Jan 2006 - present
Directories Philippines Corporation	Chairman	Jan 26 2011 - present
Nabasan Subic Development Corporation	Chairman	Aug 19 2009 - present
Radio Veritas	Chairman	July 21 1994 - present
Tanghalang Pilipino	Chairman	2000 - present

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

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

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

Offense Charged/Investigated	Tribunal or Agency Involved	Status

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


Done this JUL 21 2021 day of JUL 21 2021 at MANDALUYONG CITY.


ANTONIO O. COJUANGCO
Affiant

JUL 21 2021

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2021 at _____
affiant personally appeared before me and exhibited to me Passport No. P4757237B issued at DFA Manila on February 10, 2020 expiring on February 9, 2030.

Doc. No. 307 ;
Page No. 03 ;
Book No. 26 ;
Series of 2021.


JOVEN W. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-21 UNTIL DECEMBER 31, 2022
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

CERTIFICATION OF INDEPENDENT DIRECTORS

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

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

Company/Organization	Position/ Relationship	Period of Service
Filstar Distributors Corp.	CEO	1998 to Present
Lirafil Corporation	President	1983 to Present

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

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

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

Offense Charged/Investigated	Tribunal or Agency Involved	Status

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

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

Done this 14th day of July 2021 at Pasig City.



MAXIMO G. LICAUCO III
Affiant

JUL 21 2021

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2021 at _____, affiant personally appeared before me and exhibited to me Passport No. P4434379B issued at DFA NCR East on 11 April 2019 expiring on 10 April 2029.

Doc. No. 300;
Page No. 63;
Book No. 26;
Series of 2021.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-21 UNTIL DECEMBER 31, 2022
ROLL NO. 53970
ID# LIFETIME NO. 011302; 12-28-12; RIZAL
FOR NO. 4581076; 1-4-21; MANDALUYONG
COMPLIANCE NO. VI 0017960 14 APRIL 2022
RC MART COMPLEX, MANDALUYONG CITY

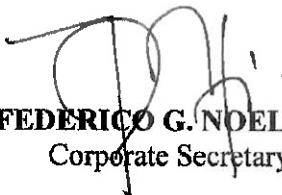
CERTIFICATION

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

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

JUL 12 2021

IN WITNESS WHEREOF, I have signed this Certification this _____ at Mandaluyong City.


FEDERICO G. NOEL, JR.
Corporate Secretary

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

JUL 12 2021
SUBSCRIBED AND SWORN to before me in the City of Mandaluyong this _____ day of _____ by Federico G. Noel, Jr., having satisfactorily proven to me his identity through his Philippine Passport No. P6098076A issued by the DFA Manila on 20 February 2018 and valid until 19 February 2028, and who personally appeared before me and signed the foregoing Certification, and acknowledge that he executed the same freely and voluntarily, that he is acting as the authorized representative of Shang Properties, Inc. and that he has the authority to sign in such capacity.

Doc. No. 250 ;
Page No. 51 ;
Book No. 25 ;
Series of 2021.

JOVEB G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0235-21 UNTIL DECEMBER 31, 2022
NOTARY PUBLIC
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