

Michaela Mensalvas

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Hi SHANG PROPERTIES INC.,

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Submission Date/Time: **May 16, 2022 10:17 AM**

Company TIN: **000-144-386**

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SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong City

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**


The management of **SHANG PROPERTIES INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

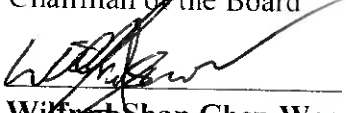
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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


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

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

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


Edward Kuok Khoon Long
Chairman of the Board


Wilfred Shan Chen Woo
Executive Assistant to the Chairman of the Board


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

Signed this 24th day of March 2022

SUBSCRIBED AND SWORN TO BEFORE ME in the City
of Mandaluyong this ___ day of ___ 20__
affiant exhibiting to me his/her MAY 12 2022
as competent evidence of identity.

JOVEN G. SANTIAGO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-21 UNTIL DECEMBER 31, 2022
IBP LIFETIME NO. 001102; 12-25-12; RIZAL
PTR NO. 486-123; 1-3-22; MANDALUYONG
MCLE COMPLIANCE NO. 0010250 14 APRIL 2025
3003 CITYLAND TOWER,
SHAW BLVD. MANDALUYONG CITY

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

The management of **Shang Properties, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2021. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the years ended December 31, 2021 and 2020 and the accompanying Annual Income Tax Return as at December 31, 2021 are in accordance with the books and records of **Shang Properties, Inc.** is complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and
- (c) **Shang Properties, Inc.** has filed all applicable tax returns, reports and statements required to be filed under Philippines tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Karlo Marco P. Estavillo

Treasurer/Chief Finance Officer and Chief Operating Officer

Rajeev Garg

Vice President-Controllersh

Signed this 24th day of March, 2022



SECRETARY'S CERTIFICATE

I, **FEDERICO G. NOEL, JR.**, of legal age, Filipino, and with office address at the 5th Level, Shangri-La Plaza, EDSA corner Shaw Boulevard, Mandaluyong City, being the duly elected incumbent Corporate Secretary of **SHANG PROPERTIES, INC.**, a corporation organized and existing under and by virtue of the laws of the Philippines, with principal offices at the address aforesaid (the "Corporation"), under oath, do hereby certify that at the Regular Meeting of the Board of Directors of the Corporation held on 24 March 2022, the following resolutions were unanimously approved and adopted:

"RESOLVED, that the audited financial statements of **SHANG PROPERTIES, INC.** (the 'Corporation') for the year ended December 31, 2021, inclusive of the Balance Sheet as of December 31, 2021 and the Statements of Income, changes in the Stockholder's Equity and Cash Flows for the year ended December 31, 2021, as audited by the Corporation's independent auditor, *Is/a Lipana & Co.*, be, and the same are hereby, noted and approved.

IN WITNESS WHEREOF, I have signed this Secretary's Certificate this 11th day of May 2022 at Mandaluyong City, Metro Manila.


FEDERICO G. NOEL, JR.
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
MANDALUYONG CITY, METRO MANILA) S.S.

MAY 11 2022

SUBSCRIBED AND SWORN to before me in the City of Mandaluyong this ____ day of May 2022 by Federico G. Noel, Jr., having satisfactory proven to me his identity through his Philippine Passport No. P6098076A issued by the Department of Foreign Affairs, Manila on 20 February 2018 and valid until 19 February 2028 and who personally appeared before me and signed the foregoing Secretary's Certificate and acknowledge that he executed the same freely and voluntarily act and deed, that he is acting as the authorized representative of **SHANG PROPERTIES, INC.**, and that he has the authority to sign in such capacity.

Doc. No. 300;
Page No. 61;
Book No. 14;
Series of 2022.

SecCerts: SPI-AFS [032422]
/belle 051122

JOVEN G. SEMILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-21 UNTIL DECEMBER 31, 2022
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
PTR NO. 4864924; 1-3-22; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

Shang Properties, Inc.

Separate Financial Statements

As at and for the years ended December 31, 2021 and 2020



Isla Lipana & Co.



Isla Lipana & Co.

Independent Auditor's Report

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

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Shang Properties, Inc. (the "Company") as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2021 and 2020;
- the statements of comprehensive income for the years ended December 31, 2021 and 2020;
- the statements of changes in equity for the years ended December 31, 2021 and 2020;
- the statements of cash flows for the years ended December 31, 2021 and 2020; and
- the notes to the separate financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Isla Lipana & Co., 29th Floor Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
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Isla Lipana & Co.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Shang Properties, Inc.
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Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Isla Lipana & Co.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Shang Properties, Inc.
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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

*Isla Lipana & Co., 29th Floor Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (3) 8845 2728, F: +63 (3) 8845 2806, www.pwc.com/ph*

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Isla Lipana & Co.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Shang Properties, Inc.
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Report on the Bureau of Internal Revenue Requirement

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

Isla Lipana & Co.



Zaldy D. Aguirre
Partner

CPA Cert No. 105660

P.T.R. No. 0024447, issued on January 6, 2022, Makati City

SEC A.N. (individual) as general auditors 105660-SEC, Category A;
valid to audit 2020 to 2024 financial statements

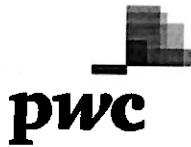
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements

TIN 221-755-698

BIR A.N. 08-000745-77-2020, issued on December 14, 2020; effective until December 13, 2023

BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
March 24, 2022



Isla Lipana & Co.

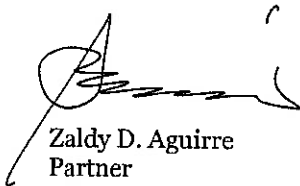
Statement Required by Section 8-A, Revenue Regulations No. V-1

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

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

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

Isla Lipana & Co.



Zaldy D. Aguirre
Partner

CPA Cert No. 105660

P.T.R. No. 0024447, issued on January 6, 2022, Makati City

SEC A.N. (individual) as general auditors 105660-SEC, Category A;
valid to audit 2020 to 2024 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements

TIN 221-755-698

BIR A.N. 08-000745-77-2020, issued on December 14, 2020; effective until December 13, 2023

BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
March 24, 2022

Shang Properties, Inc.

Statements of Financial Position
As at December 31, 2021 and 2020
(All amounts in Philippine Peso)

	Notes	2021	2020
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	2	184,664,709	132,031,110
Financial assets at fair value through profit or loss	3	2,767,676	3,450,947
Trade and other receivables, net	4	8,275,192,152	2,591,896,350
Properties held for sale, net	5	-	12,082,779
Prepayments and other current assets	6	295,023,363	282,086,682
Total current assets		8,757,647,900	3,021,547,868
Non-current assets			
Investments and advances	7	14,098,617,177	15,788,094,865
Investment properties	8	13,951,003,549	14,565,680,839
Financial assets at fair value through other comprehensive income, net	9	186,483,642	187,083,642
Property and equipment, net	10	60,662,574	73,186,110
Other non-current assets	11	22,326,425	908,066,924
Total non-current assets		28,319,093,367	31,522,112,380
Total assets		37,076,741,267	34,543,660,248
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Accounts payable and other current liabilities	12	2,320,948,071	2,224,061,560
Bank loans	13	5,390,000,000	4,233,333,334
Dividends payable	14	61,896,969	52,609,087
Total current liabilities		7,772,845,040	6,510,003,981
Non-current liabilities			
Deferred income tax liabilities, net	19	3,400,175,897	3,946,149,360
Retirement benefit liability	18	4,155,550	13,316,584
Deposits from tenants		1,269,161	1,269,161
Total non-current liabilities		3,405,600,608	3,960,735,105
Total liabilities		11,178,445,648	10,470,739,086
Equity			
Share capital	14	4,764,058,982	4,764,058,982
Share premium	14	1,210,073,869	1,210,073,869
Treasury shares	14	(6,850,064)	(6,850,064)
Other comprehensive income	9, 18	71,832,670	57,211,054
Retained earnings	14	19,859,180,162	18,048,427,321
Total equity		25,898,295,619	24,072,921,162
Total liabilities and equity		37,076,741,267	34,543,660,248

The notes on pages 1 to 50 are integral part of these separate financial statements.

Shang Properties, Inc.

Statements of Comprehensive Income
For the years ended December 31, 2021 and 2020
(All amounts in Philippine Peso)

	Notes	2021	2020
Revenue			
Rental	8, 22	68,587,143	83,136,766
Sale of condominium units		-	864,966
		68,587,143	84,001,732
Costs of sales and services			
Rental	8	14,511,255	18,191,051
Sale of condominium units	5	-	1,312,500
		14,511,255	19,503,551
Gross profit		54,075,888	64,498,181
Operating expenses			
Staff costs	15	261,432,075	260,791,069
Taxes and licenses		37,588,028	27,620,935
Depreciation and amortization	10	22,705,864	21,197,029
Other operating expenses	16	82,858,354	91,112,144
		404,584,321	400,721,177
Other income			
Dividend income	20	1,630,378,790	1,445,140,517
Miscellaneous	17	97,325,966	37,745,125
		1,727,704,756	1,482,885,642
Income from operations		1,377,196,323	1,146,662,646
Finance income, net			
Finance income	2, 7	78,610,295	63,671,165
Finance costs	13	(16,250,114)	(46,199,930)
		62,360,181	17,471,235
Share in net income of a joint venture	7	404,707,422	185,533,552
Income before income tax		1,844,263,926	1,349,667,433
Benefit from (provision for) income tax	19	556,966,789	(16,971,787)
Net income for the year		2,401,230,715	1,332,695,646
Other comprehensive income (loss)			
Items that will not be subsequently reclassified to profit or loss			
Decrease in fair value of equity investments at fair value through other comprehensive income, net of tax	9	(1,633,324)	(5,185,000)
Remeasurement on retirement benefit obligation, net of tax	18	16,254,940	(4,971,061)
		14,621,616	(10,156,061)
Total comprehensive income for the year		2,415,852,331	1,322,539,585
Basic and diluted earnings per share	14	0.50	0.28

The notes on pages 1 to 50 are integral part of these separate financial statements.

Shang Properties, Inc.

Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(All amounts in Philippine Peso)

	Other comprehensive Income (loss)							
	Share capital (Note 14)	Share premium (Note 14)	Treasury shares (Note 14)	Cumulative changes in fair value of FVOCI (Note 9)	Remeasurement on retirement benefit obligation (Note 18)	Total comprehensive income	Retained earnings (Note 14)	Total equity
Balances at January 1, 2020	4,764,058,982	1,210,073,869	(6,850,064)	93,435,172	(26,068,057)	67,367,115	17,460,971,793	23,495,621,695
Comprehensive income								
Net income for the year	-	-	-	-	-	-	1,332,695,646	1,332,695,646
Other comprehensive income	-	-	-	(5,185,000)	(4,971,061)	(10,156,061)	-	(10,156,061)
Total comprehensive income	-	-	-	(5,185,000)	(4,971,061)	(10,156,061)	1,332,695,646	1,322,539,585
Transaction with owners								
Cash dividends declared (Note 14)	-	-	-	-	-	-	(745,240,118)	(745,240,118)
Balances at December 31, 2020	4,764,058,982	1,210,073,869	(6,850,064)	88,250,172	(31,039,118)	57,211,054	18,048,427,321	24,072,921,162
Comprehensive income								
Net income for the year	-	-	-	-	-	-	2,401,230,715	2,401,230,715
Other comprehensive (loss) income	-	-	-	(1,633,324)	16,254,940	14,621,616	-	14,621,616
Total comprehensive income	-	-	-	(1,633,324)	16,254,940	14,621,616	2,401,230,715	2,415,852,331
Transaction with owners								
Cash dividends declared (Note 14)	-	-	-	-	-	-	(590,477,874)	(590,477,874)
Balances at December 31, 2021	4,764,058,982	1,210,073,869	(6,850,064)	86,616,848	(14,784,178)	71,832,670	19,859,180,162	25,898,285,619

The notes on pages 1 to 50 are integral part of these separate financial statements.

Shang Properties, Inc.

Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(All amounts in Philippine Peso)

	Notes	2021	2020
Cash flows from operating activities			
Income before income tax		1,844,263,926	1,349,667,433
Adjustments for:			
Interest expense	13	16,250,114	46,199,930
Depreciation and amortization	10	22,705,864	21,197,029
Retirement benefit expense	18	18,068,605	14,903,238
Unrealized foreign exchange (gain) loss, net	2	(816,538)	1,004,314
Loss (gain) on fair value adjustment of financial assets at fair value through profit or loss	3	683,271	(1,000,154)
Interest income	2, 7	(78,610,295)	(63,671,165)
Share in net income from a joint venture	7	(404,707,422)	(185,533,552)
Dividend income	20	(1,630,378,790)	(1,445,140,517)
Operating loss before working capital changes		(212,541,265)	(262,373,444)
Changes in working capital:			
Trade and other receivables		(5,683,295,802)	(1,092,594,267)
Properties held for sale		12,082,779	1,312,500
Prepayments and other current assets		1,895,413	(21,199,741)
Other non-current assets		885,740,499	28,788,412
Accounts payable and other current liabilities		98,171,354	171,557,402
Cash absorbed by operations		(4,897,947,022)	(1,174,509,138)
Interest received		146,187,539	63,878,525
Retirement benefits paid directly by the Company	18	-	(1,015,381)
Retirement benefit liabilities released due to transfers	18	482,727	(1,545,157)
Net cash used in operating activities		(4,751,276,756)	(1,113,191,151)
Cash flows from investing activities			
Dividends received	20	1,546,472,029	1,414,343,517
Decrease in investments and advances	7	2,094,185,110	1,421,999,998
Additions to:			
Investment in a joint venture	7	-	(10,762,246)
Restricted fund	11	-	(465,888,000)
Investment properties	8	614,677,290	(336,798,152)
Property and equipment	10	(10,182,328)	(11,681,540)
Net cash provided by investing activities		4,245,152,101	2,011,213,577
Cash flows from financing activities			
Availment of loan	13	2,590,000,000	2,100,000,000
Payments of:			
Cash dividends	14	(581,189,991)	(740,175,547)
Loan principal	13	(1,433,333,334)	(2,353,333,333)
Interest	13	(17,534,959)	(52,217,058)
Net cash provided by (used in) financing activities		557,941,716	(1,045,725,938)
Net increase (decrease) in cash and cash equivalents		51,817,061	(147,703,512)
Cash and cash equivalents as at January 1		132,031,110	280,738,936
Effects of exchange rate changes on cash and cash equivalents		816,538	(1,004,314)
Cash and cash equivalents as at December 31	2	184,664,709	132,031,110

The notes on pages 1 to 50 are integral part of these separate financial statements.

Shang Properties, Inc.

Notes to the Separate Financial Statements

As at and for the years ended December 31, 2021 and 2020

(In the notes, all amounts are shown in Philippine Peso, unless otherwise stated)

Note 1 - General information

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

The Company is the owner of the land being leased out to a related party that operates the main building and main-wing parking building of Shangri-La Plaza Mall in Mandaluyong City. It also owns the carpark building located in the north wing of the same mall in Mandaluyong City also being leased out to another related party.

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

The Company has its primary listing on the Philippine Stock Exchange (PSE). It was registered on June 13, 1991 with total listed shares of 4,764,058,982, which was initially issued at P1.18 per share. As at December 31, 2021, the Company has 5,160 shareholders (2020 - 5,191). The details of the Company's shareholders are disclosed in the annual report.

COVID-19 pandemic

The pandemic which broke out in 2020 forced governments all over the world, including the Philippines, to implement community lockdowns and quarantines to mitigate the spread of the virus. Unfortunately, these lockdowns caused the demands for goods and services to plummet which ultimately led to the contraction of both the global and domestic economies. In the Philippines, work from home arrangements and other health and safety protocols were implemented by companies to comply with the requirements of the government.

As of report date, the pandemic remains the topmost concern of governments and businesses alike. The Philippine economy is gradually reopening with the imposition of less stringent community quarantine protocols. Likewise, the vaccination program of the government has commenced in 2021 which is hoped to slow down the spread of the virus and boost confidence among businesses and consumers. While the pandemic still poses some risks and uncertainties, the Company however remains confident on its ability to absorb some conceivable financial shocks that may arise due to volatile economic conditions.

The separate financial statements have been approved and authorized for issue in accordance with a resolution of the Board of Directors dated March 24, 2022.

Note 2 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2021	2020
Cash on hand	318,264	132,767
Cash in banks	163,639,769	66,113,178
Cash equivalents	20,706,676	65,785,165
	184,664,709	132,031,110

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

Deposits with banks and cash equivalents earn interest at prevailing market rates. Total interest income earned and interest receivable for the year ended and as at December 31, 2021 amounted to P904,751 and P43,083, respectively (2020 - P893,387 and P3,364, respectively) (Note 4).

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

	2021			2020		
	Foreign currency	Exchange rate	Peso Equivalent	Foreign currency	Exchange rate	Peso Equivalent
US Dollar	320,021	50.58	16,185,837	372,140	48.02	17,870,163
HK Dollar	2,000	6.39	12,776	2,000	6.39	12,780
			16,198,613			17,882,943

Realized and unrealized foreign exchange gain charged to income for the year ended December 31, 2021 amounted to nil and P816,538, respectively (2020 - P1,182,670 and P1,004,314 loss, respectively) (Note 17).

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

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

	Note	2021	2020
January 1		3,450,947	2,450,793
(Loss) gain on fair value adjustments (included in Miscellaneous)	17	(683,271)	1,000,154
December 31		2,767,676	3,450,947

Note 4 - Trade and other receivables, net

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

	Notes	2021	2020
Trade			
Rental - related parties	20	70,304,764	46,954,147
Rental - third parties		1,740,872	951,819
Non-trade			
Receivables from related parties	20	8,171,813,082	2,540,230,794
Advances to officers and employees		1,165,614	1,380,011
Interest	2	43,083	3,364
Others		30,124,737	4,508,258
		8,275,192,152	2,594,028,393
Allowance for impairment of non-trade receivables		-	(2,132,043)
		8,275,192,152	2,591,896,350

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

Trade receivables

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

Receivables from related parties

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

Advances to officers and employees

This account represents noninterest-bearing cash advances that are settled via payroll deduction or expense liquidation.

Other non-trade receivables

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

Note 5 - Properties held for sale

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

	2021	2020
January 1	12,082,779	13,395,279
Recognized cost of condominium units sold	-	(1,312,500)
Transfer to investment properties	(12,082,779)	-
December 31	-	12,082,779

Properties held for sale are stated at cost and no allowance for write-down is provided as at December 31, 2021 and 2020.

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

Note 6 - Prepayments and other current assets

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

	2021	2020
Creditable withholding tax	271,607,532	254,023,952
Input VAT	20,609,990	26,272,897
Prepaid expenses	2,805,841	1,789,833
	295,023,363	282,086,682

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

(4)

Note 7 - Investments and advances

Investments and advances at December 31 consist of:

	Ownership %		Amount	
	2021	2020	2021	2020
Subsidiaries:				
Property development:				
Shang Properties Realty Corporation (SPRC)	100	100	950,036,621	950,036,621
Shang Wack Wack Properties, Inc. (SWWPI)	100	100	850,000,000	850,000,000
Shang Property Developers, Inc. (SPDI)	100	100	5,000,000	5,000,000
SPI Land Development, Inc.	100	100	1,000,000	1,000,000
SPI Property Developers, Inc.	100	100	1,000,000	1,000,000
SPI Property Holdings, Inc.	100	100	1,000,000	1,000,000
Leasing:				
KSA Realty Corporation (KSA)	70.04	70.04	4,333,249,902	4,333,249,902
Shangri-la Plaza Corporation (SLPC)	100	100	699,882,830	699,882,830
SPI Parking Services, Inc. (SPSI)	100	100	250,000	250,000
Real estate:				
KPPI Realty Corporation (KRC)	100	100	125,000,000	125,000,000
New Contour Realty, Inc. (NCRI)	100	100	50,000	50,000
Perfect Sites, Inc. (PSI)	100	100	250,000	250,000
Ivory Post Properties, Inc. (IPPI)	100	100	250,000	250,000
Shang Fort Bonifacio Holdings, Inc. (SFBHI)	100	100	500,000	500,000
Shang Global City Holdings, Inc. (SGCHI)	100	100	500,000	500,000
Martin B Properties, Inc. (MBPI)	100	100	400,000	400,000
Property management:				
KPPI Management Services Corporation (KMSC)	100	100	1,000,000	1,000,000
Shang Property Management Services, Inc. (SPMSI)	100	100	50,000	50,000
Other supplementary business:				
Gipsey, Ltd. (Gipsey)	100	100	2,095,810,078	2,095,810,078
EPHI Logistics Holdings, Inc. (ELHI)	60	60	900,000	900,000
Guidebo Properties, Inc.	100	100	62,500	62,500
Laguna Hills Property Ventures, Inc.	100	100	62,500	62,500
			9,066,254,431	9,066,254,431
Associate:				
Real estate:				
Ideal Sites and Properties, Inc. (ISPI)	40	40	250,000	250,000
Joint venture:				
Real estate:				
Shang Robinsons Properties, Inc. (SRPI)	50	50	1,727,894,911	1,317,778,398
Deposits for future share subscription, and advances to subsidiaries, associate, and joint venture			4,837,725,520	6,937,319,721
Allowance for impairment losses			(1,533,507,685)	(1,533,507,685)
			14,098,617,177	15,788,094,865

The following subsidiaries and associates are owned through:

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

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

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

There has been no movement in the allowance for impairment losses as at December 31, 2021 and 2020.

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

The summarized financial information of subsidiaries with significant non-controlling interest as at and for the year ended December 31, 2021 are as follows:

	KSA	SGCPI
Total current assets	217,652,623	686,647,703
Total non-current assets	10,664,093,012	8,413,718,132
Total assets	10,881,745,635	9,100,365,835
Total current liabilities	(432,973,791)	(1,812,676,481)
Total non-current liabilities	(2,273,227,675)	(1,262,955,255)
Total liabilities	(2,706,201,466)	(3,075,631,736)
Net assets	8,175,544,169	6,024,734,099
Non-controlling interest share in net assets	2,449,393,033	2,409,893,640
Revenue	1,254,214,669	802,424,771
Cost and expenses	(92,793,189)	(1,750,387,177)
Other expense	(6,955,776)	(74,601,600)
Income (loss) before provision for income tax	1,154,465,704	(1,022,564,006)
Income tax benefit	192,472,563	188,741,049
Net income (loss) for the year	1,346,938,267	(833,822,957)
Other comprehensive loss	(13,951)	-
Total comprehensive income (loss) for the year	1,346,924,316	(833,822,957)
Non-controlling interest share in total comprehensive income (loss) for the year	330,065,155	(333,529,183)
	KSA	SGCPI
Cash flows provided by (used in):		
Operating activities	775,714,330	(516,728,127)
Investing activities	-	(84,782,469)
Financing activities	(1,321,444,947)	599,193,050

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

	KSA	SGCPI
Total current assets	820,027,926	558,370,087
Total non-current assets	10,668,871,953	9,076,570,849
Total assets	11,488,899,879	9,634,940,936
Total current liabilities	(616,029,103)	(1,486,150,528)
Total non-current liabilities	(2,744,250,925)	(1,290,233,352)
Total liabilities	(3,360,280,028)	(2,776,383,880)
Net assets	8,128,619,851	6,858,557,056
Non-controlling interest share in net assets	2,435,334,507	2,743,422,822
Revenue	1,435,989,656	1,081,762,155
Cost and expenses	(70,079,425)	(2,189,630,915)
Other expense	(1,081,116)	(204,824,327)
Income (loss) before provision for income tax	1,364,829,115	(1,312,693,087)
Income tax (expense) benefit	(263,035,391)	366,508,509
Net income (loss) for the year	1,101,793,724	(946,184,578)
Other comprehensive loss	(107,625)	(1,967,738)
Total comprehensive income (loss) for the year	1,101,686,099	(948,152,316)
Non-controlling interest share in total comprehensive income (loss) for the year	330,065,155	(379,260,926)
	KSA	SGCPI
Cash flows provided by (used in):		
Operating activities	1,141,854,238	(302,908,282)
Investing activities	(671,663)	(71,452,196)
Financing activities	(828,577,695)	146,159,927

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

	2021	2020
Total current assets	1,808,643	1,712,445
Total non-current assets	1,247,685	1,294,783
Total assets	3,056,328	3,007,228
Total current liabilities	(7,085,115)	(6,938,557)
Total non-current liabilities	-	-
Total liabilities	(7,085,115)	(6,938,557)
Net assets	(4,028,787)	(3,931,329)
Revenue	132,744	16,218
Cost and expenses	(183,104)	(189,715)
Loss before income tax	(50,360)	(173,497)
Income tax benefit	-	14,810
Net loss	(50,360)	(158,687)
Other comprehensive loss	(47,098)	(183,681)
Total comprehensive loss	(97,458)	(342,368)
Cash flows provided by (used in):		
Operating activities	(36,716)	789,076
Investing activities	58,401	73,708

Investment in and advances to a joint venture

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

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

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.

SRPI is engaged in: (i) the business of developing a property into a mixed-use development, and (ii) the marketing and sale of the residential condominium units in the project.

SRPI commenced operations in 2019 and had since then presold 60% of its Aurelia Residences condominium units. As at December 31, 2021, the Aurelia Residences Project is 15.6% complete (2020 - 7%). In 2021, the Company's share in net income of the joint venture amounted to P404,707,422 (2020 - P185,533,552).

In 2019, advances amounting to P1 billion were extended to SRPI by the Company. These advances will mature on April 1, 2023 and bear interest at a rate of 4%. In 2021, an additional P1.59 billion advances was extended to SRPI with the same interest rate. Of this amount, P888 million came from funds previously restricted for this purpose (Note 14). Interest income earned from these advances amounted to P73,918,875 in 2021 (2020 - P64,322,935).

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

	2021	2020
<i>Summarized statements of financial position</i>		
Current assets	12,542,718,617	9,050,807,444
Current liabilities	(4,504,631,214)	(3,850,530,594)
Non-current assets	269,339,168	521,597,386
Non-current liabilities	(4,943,113,600)	(3,167,337,600)
Net assets	3,364,312,971	2,554,536,636
<i>Summarized statements of comprehensive income</i>		
Gross revenue	2,004,051,580	929,357,646
Net income for the year	809,414,844	371,067,103
Other comprehensive income for the year	-	-
Total comprehensive income for the year	809,414,844	371,067,103

Critical accounting judgment - Recoverability of investment and advances

The Company's investments and advances are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable. Management has assessed that all investments and advances are fully recoverable as there are no impairment indicators as of reporting date.

Significant accounting judgment - joint control assessment

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

Note 8 - Investment properties

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

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

	Land	Building	Total
January 1, 2020	13,217,221,203	1,011,661,484	14,228,882,687
Capitalized subsequent expenditure	-	336,798,152	336,798,152
December 31, 2020	13,217,221,203	1,348,459,636	14,565,680,839
Capitalized subsequent expenditure	-	108,227,102	108,227,102
Transfer from PPE	-	12,082,779	12,082,779
Other transfers	-	(734,987,171)	(734,987,171)
December 31, 2021	13,217,221,203	733,782,346	13,951,003,549

The Company's investment properties in 2021 and 2020 consist of parcels of land, carpark building and condominium units. The land and carpark building are being leased out to subsidiaries and third parties.

On September 5, 2019, the Company acquired additional land in Mandaluyong City for a total contract price of P500,500,000, in the same year that the Company started the construction of the land project, which is expected to be completed in 2023. The construction cost of the project incurred as of date was reclassified to Receivables from related parties under Trade and other receivables. Upon completion, the project will be subsequently leased out to third parties and related parties.

As at December 31, 2021 and 2020, the fair values of the properties are based on valuations performed by an independent external appraiser engaged by the management. The valuation models are in accordance with that recommended by the International Valuation Standards Committee.

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

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

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

	2021	2020
Rental revenue	68,587,143	83,136,766
Direct operating expenses	(14,511,255)	(18,191,051)
Profit arising from investment properties carried at fair value	54,075,888	64,945,715

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

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

Critical accounting estimate - Determination of fair values of investment properties

Information on the fair value of investment property as at December 31 as to hierarchy is as follows:

Fair value of hierarchy	2021		
	Land	Buildings	Total
Level 2	7,345,847,303	733,782,346	8,079,629,649
Level 3	5,871,373,900	-	5,871,373,900
Total	13,217,221,203	733,782,346	13,951,003,549

Fair value of hierarchy	2020		
	Land	Buildings	Total
Level 2	7,345,847,303	1,348,459,636	8,694,306,939
Level 3	5,871,373,900	-	5,871,373,900
Total	13,217,221,203	1,348,459,636	14,565,680,839

(a) Fair value of condominium units and other properties (Level 2)

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

These investment properties relate to individually immaterial land and building properties whose fair values have been determined in the prior years and are subject to reassessment in accordance with the Company's accounting policy.

(b) Fair value of retail and office spaces (Level 3)

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

Property	Fair value as at December 31, 2021 and 2020	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Land where the main wing and east wing of Shangri-La Plaza mall is located	P5,871,373,900	Direct income capitalization	Rental value	P1,700 per square meter (2020 - P1,700)	The higher the rental value and occupancy rate, the higher the fair value.
			Occupancy rate	96% (2020 - 96%)	
			Expense-revenue ratio	23% (2020 - 23%)	The higher the expense-revenue ratio and discount rate, the lower the fair value.
			Discount rate	12% (2020 - 12%)	

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

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

The following are the significant unobservable inputs:

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

For sensitivity analysis purposes, any +/- 1% change in market rental value per square meter would increase/decrease total assets and pre-tax income by P59 million (2020 – P59 million).

Critical accounting judgments

(a) Distinction between properties held for sale, investment properties, and property and equipment

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

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

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

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

(b) Classification of leases as operating lease

The Company (as a lessor) has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

The carrying values of investment properties as at December 31, 2021 and 2020 are disclosed in the previous table.

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

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

	2021	2020
Unquoted securities	78,349,278	78,349,278
Quoted securities	7,551,515	7,551,515
Acquisition cost	85,900,793	85,900,793
Cumulative changes in fair value	100,582,849	101,182,849
Fair value	186,483,642	187,083,642

Unquoted equity securities include unlisted shares of stock which are measured at fair value. The fair values of the unquoted equity securities are based on the net asset value of the underlying assets of investee companies which are mainly investment properties consisting of land and buildings measured and carried at fair value of underlying assets. The fair value measurements have been categorized as Level 3.

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 statements of financial position.

The movements in the cumulative changes in fair value recognized as other comprehensive income in the statement of financial position for the years ended December 31 are as follows::

	2021	2020
January 1	88,250,172	93,435,172
Loss on fair value adjustment	(1,921,558)	(6,100,000)
	86,328,614	87,335,172
Deferred income tax effect	288,234	915,000
December 31	86,616,848	88,250,172

Note 10 - Property and equipment, net

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

	Building improvements	Leasehold improvements	Transportation equipment	Furniture, fixtures and other equipment	Total
Cost					
January 1, 2020	42,759,034	67,450,808	42,564,040	40,321,456	193,095,338
Additions	1,299,895	3,540,090	-	6,841,555	11,681,540
December 31, 2020	44,058,929	70,990,898	42,564,040	47,163,011	204,776,878
Additions	78,680	1,545,911	1,897,857	6,659,880	10,182,328
December 31, 2021	44,137,609	72,536,809	44,461,897	53,822,891	214,959,206
Accumulated depreciation					
January 1, 2020	21,328,240	26,763,777	26,820,819	35,480,903	110,393,739
Depreciation	1,310,354	10,856,804	5,426,639	3,603,232	21,197,029
December 31, 2020	22,638,594	37,620,581	32,247,458	39,084,135	131,590,768
Depreciation	1,310,355	11,753,563	4,656,826	4,985,120	22,705,864
December 31, 2021	23,948,949	49,374,144	36,904,284	44,069,255	154,296,632
Net book values at					
December 31, 2020	21,420,335	33,370,317	10,316,582	8,078,876	73,186,110
December 31, 2021	20,188,660	23,162,665	7,557,613	9,753,636	60,662,574

As at December 31, 2021, the Company has fully depreciated property and equipment still in use with acquisition cost of P75,123,561 (2020 - P62,881,957).

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

Critical accounting estimate - Useful lives of property and equipment

The useful life of each item of the Company's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimate is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment would increase the recorded operating expenses and decrease non-current assets. In 2021 and 2020, there were no changes in the estimated useful lives of property and equipment.

As at December 31, 2021, property and equipment have a carrying value of P60,662,574 (2020 - P73,186,110).

Critical accounting judgment - Impairment of non-financial assets

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

Given historical profitable operations and profit projections, the Company has assessed that there are no impairment indicators with respect to the non-financial assets as at December 31, 2021 and 2020.

Note 11 - Other non-current assets

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

	2021	2020
Restricted fund	-	887,888,000
Deposit to contractors	21,478,884	19,212,500
Refundable deposits	847,541	966,424
	22,326,425	908,066,924

Restricted fund

On December 12, 2019, the Company set aside funds amounting to P422,000,000 representing the first installment for a 50% share in an investment. In 2020, the Company set aside additional funds amounting to P465,888,000 for the second installment. In 2021, the Company extended an amount of P1.59 billion as advances to SRPI. Of this amount, P888 million came from the fund previously restricted for this purpose.

Deposit to contractors

Deposit to contractors as at December 31, 2021 pertains to cash paid by the Company for the construction of SPI tower.

Refundable deposits

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

Note 12 - Accounts payable and other current liabilities

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

	Notes	2021	2020
Financial liabilities			
Accounts payable		17,946,665	32,086,730
Accrued expenses		33,751,741	33,204,761
Payable to contractors and suppliers		350,000	44,347,825
Accrued interest	13	10,496,396	11,781,241
Payable to related parties	20	2,221,583,742	2,075,061,652
Others		7,277,266	4,303,536
Non-financial liabilities			
Retention payables to contractors		11,907,929	12,905,708
Payable to regulatory agencies		8,205,738	7,881,171
Unearned rental income		6,600,000	-
Output value added tax (VAT)		2,828,594	2,488,936
		2,320,948,071	2,224,061,560

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

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

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

Accrued expenses consist of accruals for advertising and promotions, insurance, other employee benefit related cost and other general and administrative expenses. Others pertain mainly to taxes, insurance and statutory contributions payable to Social Security System ("SSS"), Home Development Mutual Fund ("HDMF") and Philippine Health Insurance Corporation ("Philhealth").

Note 13 - Bank loans

Bank loans as at December 31 consist of:

	2021	2020
Long term loan facility (all current)	400,000,000	933,333,334
Short term loans	4,990,000,000	3,300,000,000
	5,390,000,000	4,233,333,334

Movements in the bank loans as at December 31 are as follows:

	2021	2020
January 1	4,233,333,334	4,486,666,667
Additions	2,590,000,000	2,100,000,000
Payments	(1,433,333,334)	(2,353,333,333)
December 31	5,390,000,000	4,233,333,334

Long term loan facility

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

Total drawdown from the above facility amounted to P3.70 billion as at December 31, 2021 and 2020. As at December 31, 2021, the outstanding balance of the loan amounted to P400 million (2020 - P933 million). The outstanding balance with a fixed interest rate of 4% per annum as at December 31, 2021 is payable in equal quarterly installments until August 2022.

The loan agreement requires the Parent Company to comply with certain covenants and financial ratios until the loans are fully paid. Failure to comply with the covenants will render the full amount of loans due and demandable. As at December 31, 2021, the Parent Company is fully compliant with the loan covenants.

The loan is secured by a negative pledge on all present and future assets of the Parent Company.

Short term loans

Short term loans are composed of unsecured loans from various banks with interest rates ranging from 2.5% to 4.5% (2020 - 3.5% to 4.5%). These loans have payment terms of 3 to 12 months (2020 - 3 months).

Interest expense charged to profit or loss amounted to P16,250,114 in 2021 (2020 - P46,199,930) as shown in the statements of comprehensive income.

Movements in the accrued interest recorded as accrued interest under accounts payable and other current liabilities account for the years ended December 31 are as follows:

	Note	2021	2020
January 1		11,781,241	17,798,369
Interest expense		16,250,114	46,199,930
Payments		(17,534,959)	(52,217,058)
December 31	12	10,496,396	11,781,241

Note 14 - Equity

(a) Share capital, share premium and treasury shares

Details of share capital and share premium at December 31, 2021 and 2020 are as follows:

	Shares	Amount
Authorized, at P1 par value per share		
Common shares	8,000,000,000	8,000,000,000
Issued and outstanding shares		
Common shares	4,764,058,982	4,764,058,982
Share premium	1,210,073,869	1,210,073,869
	5,974,132,851	5,974,132,851

In 2007, the Parent Company repurchased 2,140,645 common shares at a price of P3.20 per share or a total of P6,850,064 and the amount is presented as treasury shares in the statements of financial position.

(b) Retained earnings

As at December 31, 2021, total unrestricted retained earnings amounted to P19,859,180,162 (2020 - P18,048,427,321). The Company's unrestricted retained earnings exceeded its share capital by P13,885,047,311 (2020 - P12,074,294,470). The excess retained earnings include accumulated fair value gain of P9,868,058,867 (2020 - P9,868,058,867) which are not considered available for dividend declaration. The management of the Company plans to use the excess retained earnings to support the Company's working capital requirements, planned business growth and expansion strategies. Further the Company annually declares dividends in compliance with SEC Memorandum Circular No. 11, Series of 2008.

The Company's Board of Directors approved the declaration of the following cash dividends for the years ended December 31 and until the approval of these financial statements:

Date of declaration	Shareholders of record as at	Payment date	Total	Per share
2022 (subsequent event)				
March 24	April 8	April 20	333,384,284	0.07
2021				
September 7	September 24	September 30	209,524,407	0.044
March 25	April 9	April 16	380,953,467	0.080
2020				
April 1	April 17	May 12	535,715,813	0.113
August 20	September 8	September 24	209,524,305	0.044
			745,240,118	0.157

(c) Earnings per share

Basic and diluted earnings per share, which are the same due to absence of dilutive potential common shares, for the years ended December 31 are as follows:

	2021	2020
Net income for the year	2,401,230,715	1,332,695,646
Weighted average number of shares outstanding	4,761,918,337	4,761,918,337
Earnings per share	0.50	0.28

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating, complies with externally imposed capital requirements, and maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Company's strategies and policies during 2021 and 2020.

The Company monitors capital using a gearing ratio, which is net debt, computed as loans less cash and cash equivalents, divided by capital. Capital pertains to total equity. The gearing ratio as at December 31 is presented below:

	2021	2020
Net debt		
Bank loans	5,390,000,000	4,233,333,334
Less: Cash and cash equivalents	184,664,709	132,031,110
	5,205,335,291	4,101,302,224
Total equity	25,898,295,619	24,072,921,162
Gearing ratio	20.10%	17.04%

The Company was able to meet its capital management objectives.

Loan covenants

Under the terms of the major borrowing facilities, the Company is required to comply with certain financial covenants. Details of the Company's compliance with these covenants are disclosed in Note 13.

Note 15 - Staff costs

The components of staff costs for the years ended December 31 are as follows:

	Note	2021	2020
Salaries and wages		221,009,703	225,651,686
Employee benefits		17,653,530	16,228,801
Retirement benefit expense	18	18,068,605	14,903,238
Others		4,700,237	4,007,344
		261,432,075	260,791,069

Note 16 - Other operating expenses

The components of other general and administrative expenses for the years ended December 31 are as follows:

	Note	2021	2020
Professional fees		36,280,700	60,958,369
Repairs and maintenance		5,109,769	3,931,430
Rent	22	4,726,944	4,714,888
Janitorial, security and other services		4,135,032	4,466,601
Telephone and communication		3,602,877	2,065,062
Utilities		3,300,241	2,799,417
Supplies		1,780,888	2,654,474
Membership fees and dues		1,658,927	1,811,395
Condominium dues		1,261,079	476,332
Insurance		1,102,690	1,307,611
Transportation and travel		969,187	1,316,599
Entertainment, amusement and recreation		730,225	519,371
Reproduction charges		408,216	529,398
Donations		-	419,758
Others		17,791,579	3,141,439
		82,858,354	91,112,144

Taxes and licenses pertaining to payment of business taxes, permits, real property taxes and other taxes incurred by the Company in 2021 amounted to P48,789,385 (2020 - P39,699,950) as shown in the statements of comprehensive income.

Others in 2021 primarily include advertising expenses amounting to P10,022,910.

Note 17 - Miscellaneous

The components of this account for the years ended December 31 are as follows:

	Notes	2021	2020
Management fees	20	96,667,296	42,485,252
Gain on sale of property and equipment		1,000,500	-
Foreign exchange gain (loss), net	2	816,538	(2,186,984)
Income from release of pension liability due to transfers	18	-	1,545,157
Write-off of receivable from retirement fund		-	(4,764,655)
Bank charges		(311,739)	(335,406)
(Loss) gain on fair value adjustments of financial assets at FVTPL	3	(683,271)	1,000,154
Others		(163,358)	1,607
		97,325,966	37,745,125

Note 18 - Retirement benefit liability

The Company has a funded, noncontributory defined benefit plan, providing death, disability and retirement benefits for all of its regular employees. Under the plan, the normal retirement age is 60 years old and completion of at least five years of service. Normal retirement benefit consists of a lump sum benefit equivalent to 100% of the employee's final pay for every year of service.

The funds are administered by a trustee. The trustee bank is responsible for investment of the assets. The Pension Fund Board defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes into account the plans objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (investment policy).

The retirement benefit obligation is determined using the "Projected Unit Credit Cost" (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined as the amount necessary to provide for the portion of the retirement benefit accruing during the year.

The actuarial present value of the retirement benefit obligation under the plan is measured in terms of actuarial assumptions for discount rate, salary increases, retirement rates and mortality using the 2020 Philippine Intercompany Mortality Table. The discount rates used is a single weighted average rate based on rates as published in the Bankers Association of the Philippines Peso Bloomberg Valuation (PHP BVAL) at various tenors as at December 31, 2021. Rate for intermediate durations were interpolated. The rates were then weighted by the expected benefit payments at those durations to arrive at the single weighted average discount rate.

The plan typically exposes the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

a) Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan's investments are in the form of investments in debt instruments and cash deposits to universal and commercial banks. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets is invested in investments in debt instruments and cash deposits to universal and commercial banks.

b) Interest rate risk

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using single weighted average rate based on PHP-BVAL rates. A decrease in rate will increase the defined benefit obligation. Hence, the present value of defined benefit obligation is directly affected by the discount rate to be applied by the Company. However, the Company believes that due to the long-term nature of the pension benefit obligation, the investment holdings of the plan is an appropriate element of the Company's long-term strategy to manage the plan efficiently.

c) Longevity risk

The present value of the defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the retirement benefit obligation.

d) Salary risk

The present value of the defined benefit plan obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the retirement benefit obligation.

Management performs an Asset-Liability Matching Study (ALM) annually. The overall investment policy and strategy of the Company's defined benefit plan is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay retirement benefits as they fall due while also mitigating the various risk of the plan. The Company's current strategic investment strategy consists of 45.76% treasury investments, 14.52% corporate investments, 22.98% equity securities, 16.70% money market deposits and trust funds and 0.04% cash.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Company has changed its fund management in 2019 and has changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

The Company's plan assets consist of investment in debt and equity instruments, money market deposits and trust funds, and cash in banks. The Company believes that equities offer the best returns over the long term with an acceptable level of risk.

The actuarial valuation of the Company's retirement plan was performed by an independent actuary. The latest actuarial valuation report prepared was for the year ended December 31, 2021. The principal assumptions used by the actuary for the years ended December 31 are as follows:

	2021	2020
Discount rate	4.89%	3.31%
Salary increase rate	3.50%	3.00%

The details of the retirement benefit liability and expense as at and for the years ended December 31 are as follows:

	2021	2020
Retirement benefit liability	4,155,550	13,316,584
Retirement benefit expense	18,068,605	14,903,238

The amounts of retirement benefit liability recognized in the statements of financial position are determined as follows:

	2021	2020
Fair value of plan assets	(89,982,678)	(95,300,363)
Present value of defined benefit obligation	94,138,228	108,616,947
Retirement benefit liability	4,155,550	13,316,584

The components of retirement expense for the years ended December 31 recognized in the statements of comprehensive income are as follows:

	Note	2021	2020
Current service cost		17,875,410	15,361,761
Net interest cost		193,195	(458,523)
Retirement benefit expense	15	18,068,605	14,903,238

Changes in the present value of the defined benefit obligation for the years ended December 31 are as follows:

	2021	2020
January 1	108,616,947	102,237,253
Interest expense	3,206,539	3,946,868
Current service cost	17,875,410	15,361,761
Benefits paid by the Company from operating funds	-	(1,015,381)
Benefits paid by the Company from retirement funds	(6,593,451)	(17,642,699)
Remeasurements arising from:		
Experience adjustments	(24,069,886)	6,358,871
Changes in financial assumptions	(5,380,058)	915,431
Net acquired (released) obligation due to employee transfers	482,727	(1,545,157)
December 31	94,138,228	108,616,947

Changes in the fair value of plan assets for the years ended December 31 are as follows:

	2021	2020
January 1	95,300,363	108,364,884
Interest income	3,013,344	4,405,391
Return on plan assets	(1,737,577)	172,787
Benefits paid from plan assets	(6,593,452)	(17,642,699)
December 31	89,982,678	95,300,363

Apart from the benefit payments to certain qualified employees advanced by the Company and the contributions to the plan for the years ended December 31, 2021 and 2020, the Company had no other transactions with the plan.

Details of plan assets as at December 31 are as follows:

	2021	2020
Cash in banks	71,694	29,821
Investments in debt instruments:	89,910,984	56,796,109
Investments in equity instruments	-	26,188,270
Money market deposits and trust funds	-	12,286,163
	89,982,678	95,300,363

At December 31, 2021 and 2020, the Company's plan assets (investment in equity and debt instruments) are determined by reference to published price quotations in an active market (classified as Level 1 in the fair value hierarchy).

There are no plan assets invested in related parties as at and for the years ended December 31, 2021 and 2020.

There are no expected contribution to post-employment benefit plans for the year ending December 31, 2022.

The weighted average duration of the defined benefit obligation is 10.09 years (2020 - 9.32 years).

Expected maturity analysis of undiscounted retirement benefits as at December 31 are as follows:

	2021	2020
Less than a year	29,455,986	23,485,285
Between 1 and 5 years	36,502,728	62,726,422
Between 5 and 10 years	75,875,064	69,090,034
Over 10 years	155,373,220	135,457,778
	297,206,998	290,759,519

Critical accounting estimate - Determining retirement benefit obligation

The Company maintains a qualified defined benefit retirement plan. The calculations of retirement costs of the Company are dependent upon the use of assumptions, including discount rates, expected return on plan assets, interest cost, future salary increases, benefits earned, mortality rates, the number of employee retirements, the number of employees electing to take lump-sum payments and other factors.

Actual results that differ from assumptions are accumulated and amortized over future periods and, therefore, generally affect recognized expense and the recorded obligation in future periods. While the Company believes that the assumptions used are reasonable, differences in actual experience or changes in assumptions may materially affect the Company's retirement obligation and future expense.

In determining the long-term rates of return, the Company considers the nature of the plans' investments, an expectation for the plans' investment strategies, historical rates of return and current economic forecasts. The Company evaluates the expected long-term rate of return annually and adjusts such rate as necessary.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as follows:

	Increase (decrease)	
	2021	2020
Discount rate		
Increase by 1.0%	(89,491,930)	(103,596,478)
Decrease by 1.0%	99,336,829	114,248,181
Salary increase rate		
Increase by 1.0%	99,900,093	114,832,051
Decrease by 1.0%	(88,897,720)	(102,966,713)

The sensitivity is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit asset recognized within the statements of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to prior years.

Note 19 - Income taxes*Corporate Recovery and Tax Incentives for Enterprises Act*

On March 26, 2021, Republic Act (RA) No.11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE), was signed into law. Among the salient provisions of CREATE include a reduction of the Corporate Income Tax (CIT) rate to 25% beginning July 1, 2020 as applicable to the Company. 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 components of income tax (benefit) expense for the years ended December 31 follows:

	2021	2020
Current	1,497,427	2,139,701
Deferred	(558,464,216)	14,832,086
	(556,966,789)	16,971,787

Deferred income tax assets and liabilities that are recognized as at December 31 consist of:

	2021	2020
Deferred income tax assets:		
Minimum corporate income tax (MCIT)	-	7,139,458
Accrued expenses	-	12,686,685
Unamortized past service cost	-	8,621,445
Allowance for impairment of receivables	-	639,613
Retirement benefit liability	-	2,145,693
Net operating loss carry over (NOLCO)	-	76,861,658
	-	108,094,552
Deferred income tax liabilities:		
Unrealized gain on cumulative fair value adjustments of		
Investment properties	3,350,879,319	4,021,055,182
Interest income from advances to related parties	34,174,163	18,833,333
Financial assets at FVOCI	15,087,427	14,054,103
Unrealized foreign exchange gain	34,988	301,294
	3,400,175,897	4,054,243,912
Net deferred income tax liabilities	3,400,175,897	3,946,149,360

Realization of the future tax benefits related to the deferred income tax assets is dependent on many factors, including the Company's ability to generate taxable income in the future. The unrecognized deferred income tax assets as at December 31 consist of:

	2021	2020
MCIT	10,776,586	2,139,701
NOLCO	207,398,359	143,629,496
Unamortized past service cost	7,111,504	-
Accrued expenses	8,063,038	-
Retirement benefit liability	1,038,888	-
Unrecognized deferred tax assets	234,388,375	145,769,197

Movements in net deferred income tax liabilities for the years ended December 31 are as follows:

	2021	2020
January 1	3,946,149,360	3,934,362,728
(Credited) charged to profit or loss	(558,464,216)	14,832,086
Charged (credited) to other comprehensive income	12,490,753	(3,045,454)
December 31	3,400,175,897	3,946,149,360

The Company is entitled to the net operating loss carry-over (NOLCO) benefit which can be applied to its taxable income for five succeeding years from the year the loss was incurred for the 2021 and 2022 NOLCO and three succeeding years from the year the loss was incurred for NOLCO prior to 2021. The details of deferred income tax assets on NOLCO at December 31 are as follows:

Year incurred	Year of expiry	2021	2020
2017	2020	-	146,790,411
2018	2021	157,555,295	157,555,295
2019	2022	256,205,528	256,205,528
2020	2025	321,209,689	321,209,689
2021	2026	252,178,217	-
Expired		987,148,729	881,760,923
Total		(157,555,295)	(146,790,411)
Unrecognized DTA at 25% (2020 - 30%)		829,593,434	734,970,512
		207,398,359	220,491,154

The Company is required to pay the MCIT or the normal income tax, whichever is higher. MCIT is 1% of gross income for the period beginning July 1, 2020 until June 30, 2023 and 2% of gross income prior to July 1, 2020 as defined under the Tax Code. Any excess of MCIT over the normal income tax shall be carried forward annually and applied against the normal income tax for the next succeeding three taxable years applicable.

Year incurred	Year of expiry	2021	2020
2019	2022	7,139,458	7,139,458
2020	2023	2,139,701	2,139,701
2021	2024	1,497,427	-
		10,776,586	9,279,159

A reconciliation of the income tax expense computed at the statutory income tax rate and the effective income tax (benefit) expense recognized in profit or loss for the years ended December 31 is as follows:

	2021	2020
Tax at statutory rate of 25% (2020 - 30%)	461,065,961	404,900,230
Adjustments resulting from:		
Unrecognized deferred tax assets	160,381,791	98,502,608
Other non-deductible expenses	1,591,710	1,909,835
Loss (gain) on fair value adjustment of financial assets at FVTPL	170,818	(300,046)
Derecognition of fair value of equity investments at FVOCI	40,840	1,429,397
Interest income subjected to final tax	(63,203)	(268,016)
Share in net income from joint venture	(101,176,855)	(55,660,066)
Dividend income	(407,594,677)	(433,542,155)
CREATE impact	(671,383,174)	-
Effective income tax (benefit) expense	(556,966,789)	16,971,787

Critical accounting judgment - Income tax

A certain degree of judgment is required in determining the provision for income taxes, as there are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Company recognizes liabilities for tax audit issues when it is probable. The liabilities are based on estimates whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Further, the Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces them to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Note 20 - Related party transactions

In the normal course of business, the Company transacts with related parties. The following are the significant transactions and outstanding balances with related parties as at and for the years ended December 31:

	2021		2020		
	Transactions	Outstanding receivables (payables)	Transactions	Outstanding receivables (payables)	Terms and conditions
Subsidiaries					
Rental income (a)	51,723,813	55,110,100	52,423,793	40,533,905	Balances to be collected in cash and are due generally within 60 days. These are non-interest bearing and are not covered by any security.
Management fees (b)	39,122,484	90,695,373	20,853,358	70,891,347	Balances to be collected in cash and are due generally within 30 days. These are non-interest bearing and are not covered by any security.
Administrative recharges by the Company	1,696,320,714	2,867,411,809	279,153,265	213,018,943	Balances to be collected in cash and are due generally within 30 days. These are non-interest bearing and are not covered by any security.
Dividend income	1,612,443,901	18,200,000	1,433,340,000	68,000,000	
Advances	(100,000,000)	(1,820,000,000)	(150,000,000)	(1,720,000,000)	Balances are to be settled in cash and are generally due within 30 days. These balances are non-interest bearing and not covered by any guarantee.
Administrative recharges to the Company	(76,085,616)	(386,212,689)	51,112,458	(353,332,634)	
Rental expense (d)	(4,726,944)	(5,943,338)	4,714,888	(1,216,394)	
Entities under common control					
Rental income (a)	20,679,163	15,194,664	26,154,458	6,420,242	Balances to be collected in cash and are due generally within 60 days. These are non-interest bearing and are not covered by any security.
Dividend income	17,934,889	16,940,000	11,797,500	16,939,500	Balances to be collected in cash and are due generally within 30 days from date of declaration. These are non-interest bearing and are not covered by any security.
Advances (c)	25,223,963	2,011,487,517	842,076,000	1,986,263,554	Balances are to be collected in cash and are generally due within 30 days. These balances are non-interest bearing and not covered by any guarantee.
Management fees (b)	40,988,419	5,624,291	21,631,894	53,047,161	
Administrative recharges by the Company	794,318,895	959,402,490	257,155,917	132,070,289	Balances are to be settled in cash and are generally due within 30 days. These balances are non-interest bearing and not covered by any guarantee.
Administrative recharges to the Company	8,915,092	(9,427,716)	174,792	(512,624)	
Condominium dues (e)	1,261,079	-	476,332	-	
Retirement fund					
Contributions		-	-	-	Refer to Note 18.
Key management personnel					
Salaries and other short-term employee benefits		78,006,285	69,888,564	-	Salaries and wages are settled in cash at the period incurred. Other short-term benefits are payable within the current year. There were no stock options or other long-term benefits provided in 2021 and 2020 nor amounts due to/from key management personnel as at December 31, 2021 and 2020.
Post-employment benefits		7,094,820	4,677,699	-	Refer to Note 18.

Significant agreements with related parties are as follows:

- a) The Company has the following rental agreements with its subsidiaries and affiliate:
- A portion of the Company's land where the main wing of the mall is located is being leased to SLPC for a period of 25 years from January 6, 1993. On September 19, 2017, the agreement was renewed by both parties to another 5 years until January 6, 2023. Rental income is calculated at 10% of SLPC's annual rental revenue from mall operations plus 50% of the carpark's net income.
 - On January 16, 2002, SPSI entered into an agreement with the Company and SLPC. Under the agreement, SPSI is granted limited usufructuary rights over the parking spaces of the Company and SLPC for a consideration equivalent to 95% of the SPSI's gross revenue less direct and indirect expenses relating to the Company's parking facilities. The agreement is effective until December 31, 2002 and shall be renewed automatically on a yearly basis.
 - A portion of the Company's land is being leased by EDSA Shangri-La Hotel and Resort Inc. (ESHRI), where the EDSA Shangri-La Manila Hotel (the Hotel) is located. The lease is for a period of 25 years commencing on August 28, 1992 and renewable for another 25 years at the option of ESHRI. On August 16, 2017, the agreement was renewed by ESHRI to another 25 years until August 27, 2042. Rental revenue is based on a fixed percentage of the Hotel's room, food and beverage, dry goods and other service revenue.
- b) The Company has management service agreement with its subsidiaries wherein the former shall provide human resource administration services for shared employees and project costs. The subsidiaries shall pay the Company management fees at actual cost-plus taxes (Note 17).
- c) The outstanding balance as at December 31, 2021 and 2020 amounting to P1,144,187,554 represents cash advances made by Classic Elite Holdings Limited from the Company for working capital and project development.
- d) The Company leases its office space from SLPC for a period of three (3) years that ended on May 17, 2019 and was extended for another three (3) years that will end on May 16, 2022. The Company agrees to pay SLPC for a fixed monthly rental amounting to P472.77 per square meter with an annual escalation of 5%.
- e) The Company pays dues to The St. Francis Shangri-La Place Condominium Corporation for real property tax, association dues and condominium dues for condominium units owned by the Company in The St. Francis Shangri-La Place.

There were no write-offs or provisions made in relation to related party transactions and balances as at and for the years ended December 31, 2021 and 2020.

Note 21 - Provisions and contingencies

On July 14, 1993, a complaint was initially filed before the Regional Trial Court (RTC) - Pasig by the principal contractor of the Shangri-La Plaza Mall against the Company and the Board for the recovery of the balance of alleged unpaid construction work, compensatory and moral damages, legal fees and litigation costs totaling about P122,000,000, exclusive of interest.

In 1998, the parties were directed by the RTC to undergo arbitration which resulted in a promulgation in 2007 of the Arbitral Tribunal Decision that awarded to the principal contractor the sum of P38,518,503, net of the award to Company amounting to P8,387,484.

Both parties appealed this decision to the Court of Appeals (CA) in 2008. In a resolution issued in 2009, the CA awarded to the principal contractor P24,497,556, unpaid progress billings based on the original scope of work and denied the Company of its motion for partial reconsideration.

In 2009, both the Company and the Principal Contractor filed separate Petitions for Review in Certiorari to the Supreme Court. The Company prayed for a reversal of the decision of the CA and for payment of liquidated damages by the Principal Contractor. On the other hand, the Principal Contractor filed a motion to modify the decision of the CA and to be awarded the full amount of their claim.

As of September 28, 2021, the parties have mutually agreed to an amicable settlement and executed a Compromise agreement to expedite the peaceful resolution of the dispute.

The Company has other pending legal cases which are being contested by the Company and their legal counsels. Management and the legal counsels believe that the final resolution of these cases will not have a material effect on the Company's financial position and results of operations.

Critical accounting estimate - Provision

As at December 31, 2021 and 2020, the Company recognized provision for a certain legal case. The estimate of the probable costs for the resolution has been developed in consultation with outside legal counsel handling the Company's defense in this matter. Disclosure of additional details beyond the present disclosures may seriously prejudice the Company's position. Thus, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only general disclosures were provided.

Critical accounting judgment - Contingencies

The Company is currently involved in various legal proceedings. The estimates of the probable costs for the resolution of these claims have been developed in consultation with the outside legal counsel handling the defense in these matters and are based upon analyses of potential reports. Based on management's assessment, these proceedings will not have a material effect on the Company's financial position and performance.

Note 22 - Lease commitments

(a) Company as a lessor

The Company entered into operating lease agreements with related parties covering the freehold land, a building and its improvements. The Company also leases certain commercial areas at The St. Francis Shangri-La Place to third parties. The lease agreements, where the Company is the lessor, provide for a fixed monthly rental or a certain percentage of gross revenue.

Rental revenues for the years ended December 31 are as follows:

	Note	2021	2020
Percentage basis	20	63,106,002	78,578,251
Fixed monthly rental		5,481,141	4,558,515
		68,587,143	83,136,766

Total future minimum lease collections under the non-cancellable operating lease with fixed monthly rental as at December 31 are:

	2021	2020
Within one (1) year	3,836,545	5,262,508
One to two (1 to 2) years	5,677,428	9,513,973
	9,513,973	14,776,481

Critical accounting judgment - Operating lease commitments - Company as lessor

The Company owns parcels of land and a carpark building located in Mandaluyong City which are leased out to its subsidiaries, an affiliate, and third parties. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(b) Company as a lessee

The Company leases its office space from SLPC and incurred rent expense amounting to P4,726,944 in 2021 (2020 - P4,714,888) (Note 20).

Total future minimum lease payments for these non-cancellable operating lease as at December 31 are:

	2021	2020
Within one (1) year	5,957,219	5,673,541
One to two (1 to 2) years	6,255,079	2,166,261
Two to three (2 to 3) years	6,567,833	-
Three to four (3 to 4) years	2,507,718	-
	21,287,849	7,839,802

Critical accounting judgment - Low value leases

Payments associated with leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Management considered lease agreements with third parties as low value leases.

Note 23 - Net debt reconciliation

The net debt reconciliation as at December 31 is presented below:

	Notes	2021	2020
Bank loans, January 1	13	4,233,333,334	4,486,666,667
Cash flows		1,156,666,666	(253,333,333)
Bank loans, December 31	13	5,390,000,000	4,233,333,334
Accrued interest	12	10,702,829	11,781,241
Cash and cash equivalents	2	(184,664,709)	(132,031,110)
Net debt		5,216,038,120	4,113,083,465

Movements in financing liabilities comprising the net debt are disclosed in the related notes to the separate financial statements.

Note 24 - Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the Company's management under policies approved by its Board of Directors. These policies cover financing structure, foreign exchange and interest rate risk management, guarantees and credit support, as well as treasury control framework. There are no changes in the Company's risk management plans for the years ended December 31, 2021 and 2020.

24.1.1 Market risk

(a) Foreign exchange risk

The Company's exposure on currency risk is minimal and limited only to foreign currency denominated cash in banks and cash equivalents. Changes in foreign currency exchange rates of these asset is not expected to have a significant impact on the financial position or results of operations of the Company.

The Company's foreign currency denominated cash in banks and cash equivalents as at December 31, 2021 and 2020 and net foreign exchange gains/losses for the years ended December 31, 2021 and 2020 are disclosed in Note 2.

(b) Price risk

The Company's exposure to price risk is minimal and limited only to financial assets at fair value through profit or loss (Note 3) and FVOCI (Note 9) presented in the statement of financial position. Changes in market prices of these financial assets are not expected to have a significant impact on the financial position or results of operations of the Company.

(c) Cash flow and fair value interest risk

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest-bearing financial instruments include long-term loan (Note 13). These financial instruments are not exposed to fair value interest rate risk as these are carried at amortized cost. Likewise, these instruments are not exposed to variability in cash flows as these carry fixed interest rate, to be repriced every 30 to 180 days as agreed by the parties.

The sensitivity analysis has been determined based on the exposure to interest rates for non-derivative financial instruments at the end of each reporting period. The sensitivity rate in the analysis is the same rate used in reporting interest rate risk internally to key management personnel and represents the Company's best estimate the reasonably possible change in interest rates.

At December 31, 2021, if interest rates on bank loans had been 100 basis points lower or higher with all other variables held constant, post-tax profit for the year would have been higher by/lower by P1,625,011 (2020 - higher by/lower by P4,619,993), mainly as a result of higher/lower interest expense on floating-rate bank loans. Management uses 100 basis points as threshold in assessing the potential impact of interest rate in the operations.

24.1.2 Credit risk

Credit risk arises from cash and cash equivalents, trade receivables and other financial assets at amortized cost. The Company manages the credit risk arising from these financial assets as follows:

(a) Cash and cash equivalents (Note 2)

The Company only maintains banking relationships with top and reputable universal and commercial banks in the country. Universal and commercial banks represent the largest single group, resource-wise, of financial institutions in the Philippines.

While cash and cash equivalents are also subject to the impairment requirements of PFRS 9, the impairment loss has been assessed to be immaterial.

(b) Trade and other receivables, net (Note 4)

The Company's rental income is concentrated mainly to its related parties and is subject to normal credit terms. Credit risk is minimized since the related parties are paying on normal credit terms and no history of default. The Company also enter into lease agreements with recognized and creditworthy third parties. It is the policy of the Company that all customers who trade on credit terms are subjected to credit verification procedures and are required to put up security deposits and pay advance rentals, if necessary. The Company does not offer credit terms to third parties without the specific approval of management. In addition, receivable balances are monitored on an on-going basis with the result that the exposure of the Company to bad debts is not significant.

The Company applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

All of the Company's trade receivables had been assessed to be fully performing as of reporting date. Management has determined based on its historical loss experience that the expected credit loss on these fully performing trade receivables is not material for financial reporting purposes.

Allowance for impairment

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables presented above. There were no trade and other receivables pledged as collaterals as at December 31, 2021 and 2020.

(c) Other financial assets at amortized cost

The Company's maximum credit risk exposures arising from other financial assets at amortized costs are shown below:

	Notes	2021	2020
Receivables from related parties	4	8,171,813,082	2,540,230,794
Advances to officers and employees	4	1,165,614	1,380,011
Interest receivable	4	43,083	3,364
Others	4	30,124,737	4,508,258
Refundable deposits	11	847,541	966,424
Total		8,203,994,057	2,547,088,851
Allowance for impairment of other receivables	4	-	(2,132,043)
		8,203,994,057	2,544,956,808

Critical accounting estimate - Impairment of other financial assets at amortized cost

The loss allowance for financial assets are based on assumptions about risk of default and expected loss rates.

Substantially all other financial assets at amortized cost as disclosed above are performing. Performing accounts are those whose credit risk is in line with original expectations of the Company. The 12-month ECL has been used as a basis for provisioning. The management has assessed that the related ECL has been deemed insignificant for financial reporting purposes.

24.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash and cash equivalents in order to fund its operations. The Company monitors its cash flows and carefully matches the cash receipts from its condominium sales and leasing operations against cash requirements for its operations. The Company utilizes its borrowing capacity, if necessary, to further bolster its cash reserves.

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The following table shows the Company's financial instruments as at December 31 based on its contractual maturity profile:

	2021	2020
Financial liabilities maturing within one year		
Accounts payable and other current liabilities	2,291,405,810	2,200,785,745
Bank loans, including future interest	5,459,082,732	4,398,256,469
Dividends payable	61,896,969	52,609,087
	7,812,385,511	6,651,651,301
Financial liabilities maturing beyond one year		
Deposits from tenants	1,269,161	1,269,161
	7,813,654,672	6,652,920,462

Note 25 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

25.1 Basis of preparation

The separate financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippines Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by SEC.

The separate financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVTPL, FVOCI and investment properties.

The preparation of separate financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

- Determination of fair values of investment properties (Note 8)
- Useful lives of property and equipment (Note 10)
- Determining retirement benefit obligation (Note 18)
- Assessing control over subsidiaries (Note 7)
- Recoverability of investment and advances (Note 7)
- Distinction between properties held for sale, investment properties, and property and equipment (Note 8)
- Impairment of non-financial assets (Note 10)
- Provision (Note 21)
- Contingencies (Note 21)
- Operating lease commitments - Company as lessor (Note 22)
- Low value leases (Note 22)
- Income tax (Note 19)

The Company has also prepared consolidated financial statements in accordance with PFRS for the Parent company and its Subsidiaries (the "Group"). In the consolidated financial statements, subsidiary undertakings - which are those companies in which the Group, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations - have been fully consolidated.

Users of these separate financial statements should read them together with the Group's consolidated financial statements as at and for the years ended December 31, 2021 and 2020 in order to obtain full information on the financial position, results of operations and changes in financial position of the Company as a whole. The consolidated financial statements of the Group can be obtained from SEC or from the Parent's website: www.shangproperties.com.

Changes in accounting policies and disclosures

(a) New standards, amendments and interpretations adopted by the Company

The Company has adopted certain amendments for the first-time effective January 1, 2021:

- COVID-19-Related Rent Concessions – amendments to PFRS 16; and
- Interest Rate Benchmark Reform – Phase 2 – amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4, and PFRS 16.

The amendments listed above did not have material impact on the amounts recognized in the current and prior periods and is not expected to significantly impact future periods.

Further, on December 15, 2020, SEC issued Memorandum Circular No. 34, Series of 2020 providing relief to the real estate industry by deferring the application of the provisions of the PIC Q&A 2018-12 with respect to the accounting for significant financing component, the exclusion of land in the calculation of PoC and IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost, for another period of three years or until 2023. The Company did not avail any of the reliefs provided by the memorandum.

(b) New standards, amendments and interpretations not yet adopted

The following amendment to existing standard has been published that are not mandatory for December 31, 2021 reporting periods and have not been early adopted by the Company.

Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies (effective January 1, 2023)

This amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. The amendments further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, PFRS Practice Statement 2 Making Materiality Judgements was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company expects to have reduced disclosures of accounting policies upon the adoption of this amendment.

Certain other new accounting standards and interpretations have been published that are not mandatory for December 31, 2021 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

25.2 Cash and cash equivalents

Cash includes cash on hand and in banks that earns interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and are subject to an insignificant risk of change in value.

25.3 Financial instruments

Financial assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through other comprehensive income ("OCI") or through profit or loss, and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(c) Subsequent measurement

(i) *Debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income (expense) together with foreign exchange gains and losses. Impairment losses are presented in other general and administrative expenses in the separate statement of comprehensive income.

The Company's financial assets at amortized cost consist of cash and cash equivalents (Note 2), trade and other receivables (Note 4) and refundable deposits classified under other non-current assets (Note 11) in the separate statement of financial position.

- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other income (expense). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in miscellaneous under other income (expense), and impairment expenses are presented in operating expenses in the separate statement of comprehensive income.

The Company does not have debt instruments at FVOCI as at December 31, 2021 and 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 (expense), in the period in which it arises.
- The Company does not have debt instruments at FVTPL as at December 31, 2021 and 2020.

(ii) *Equity instruments*

The Company subsequently measures all equity investments at fair value through profit or loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

At December 31, 2021 and 2020, the Company's financial assets measured at FVOCI represent unquoted shares of stock of related parties and quoted investments in various golf club shares and stocks. These are classified in the separate statement of financial position (Note 9).

(d) Impairment

The Company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of counterparties over a period of 36 months before January 1, 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has assessed that the impact of forward-looking information on the loss rates applied is immaterial.

Impairment losses on receivables are presented in other general and administrative expense in the separate statement of comprehensive income. Subsequent recoveries are credited to miscellaneous income.

Financial liabilities

(a) Classification and measurement

Financial liabilities are classified in the following categories: financial liabilities at fair value at FVTPL (including financial liabilities held for trading and those that designated at fair value); and financial liabilities at amortized cost.

Financial liabilities that are not classified at FVTPL fall into this category and are measured at amortized cost.

The Company's bank loans (Note 13) and accounts payable and other current liabilities (excluding payable to government agencies and output value added tax) (Note 12) are classified under financial liabilities at amortized cost.

(b) Initial recognition

Regular purchases and sales of financial assets are recognized on the trade date (the date on which the Company commits to purchase or sell the asset).

Financial assets and liabilities not carried at FVTPL are initially recognized at fair value plus or minus transaction costs. Financial assets and liabilities carried at FVTPL are initially recognized at fair value, and transaction costs are recognized as expense in profit or loss.

The Company recognizes a financial liability in the statement of financial position when the Company becomes a party to the contractual provision of the instrument.

Derecognition of financial instrument

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognized when the obligation is discharged or is cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instrument

Financial assets and liabilities are off-set, and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. There are no offsetting arrangements as at December 31, 2021 and 2020.

25.4 Trade and other receivables

Trade receivables arising from regular sales with credit term of 30 to 60 days and other receivables are recognized initially at fair value and subsequently measured at cost using the effective interest method, less any provision for impairment.

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized within operating expenses in the statement of comprehensive income. When a receivable remains uncollectible after the Company has exerted all legal remedies, it is written-off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written-off are credited against other general and administrative expenses in the statement of comprehensive income.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before January 1, 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Refer to Note 25.3 for other relevant accounting policies on trade and other receivables.

25.5 Properties held for sale

Properties held for sale are properties being constructed or acquired for sale in the ordinary course of business, rather than for rental or capital appreciation, and are carried at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and estimated costs to sell.

Cost of condominium units held for sale represent accumulated costs of the unsold units of the completed projects. Cost includes those directly attributable to the construction of the projects such as cost of land, direct materials, borrowing costs, professional and consultancy fees, and project management costs, which are allocated to the unsold units.

Properties held for sale are derecognized when they are sold or there are no future benefits to the Company. The carrying amount of those properties held for sale is recognized as an expense, reported as cost and expenses in the period in which the related revenue is recognized.

25.6 Prepayments and other assets

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.

Creditable withholding taxes are carried at face amount or at nominal amount. Creditable withholding taxes are included in current assets, except when these are expected to be utilized more than twelve months after the end of the reporting period, in which case these are classified as non-current assets. The Company's creditable withholding taxes are part of the prepaid taxes under prepaid expenses and other current assets in the balance sheet. Creditable withholding taxes are derecognized when utilized or applied against income tax due.

Other current assets include assets that are realized as part of the normal operating cycle and are expected to be realized within twelve months after the reporting period.

Restricted fund represents cash deposit with a third party for a purchase of a property.

Restricted fund is derecognized upon full payment to the third party. The Company then determines whether the property is to be classified as property held for sale, an investment property, or property and equipment depending on the usage of the property.

25.7 Investments and advances

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Investment in a subsidiary in the separate financial statements are accounted for using the cost method in accordance with PAS 27 (Amended), *Separate Financial Statements*. Under this method, income from investment is recognized in profit or loss only to the extent that the investor receives distributions from accumulated profits of the investee arising after the acquisition date. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as reduction of the cost of the investment.

The Company recognizes dividend income from investments in profit or loss when its right to receive dividends has been established.

When the Company ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(b) Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associate is initially recognized at cost. It is subsequently carried in the separate financial statements at cost, less allowance for impairment losses.

Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the statement of financial position.

Under the equity method of accounting, the interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Investment in associates and joint ventures are derecognized upon disposal. Gains and losses on disposals of these investments are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

Impairment of investment is presented in Note 25.10.

(c) Deposits for future share subscriptions

Deposits for future share subscriptions represents amounts received from subsidiaries which will be settled by way of issuance of the Company's own shares at a future date. These are recognized upon receipt of cash and measured at face value or nominal amount.

Deposit for future share subscription is derecognized once share has been issued.

Refer to Note 25.3 for relevant accounting policies on advances to subsidiaries and associate.

25.8 Investment properties

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

The Company's investment properties are held for capital appreciation and is not occupied by the Company. The Company has adopted the fair value model for its investment property (Note 8).

After initial recognition, investment properties are carried at fair value as determined by an independent firm of appraisers. Fair value is based on direct income capitalization approach and market comparison approach, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the independent appraiser. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

Changes in fair values are of recognized in the statement of comprehensive income within gain/loss on fair value adjustment of investment properties.

An investment property is derecognized from the statement of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment (Note 25.9), and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

Property that is being constructed or developed for future use as investment property is classified as investment property.

Impairment of investment properties is presented in Note 25.10.

25.9 Property and equipment

Property and equipment are stated at historical cost less depreciation and amortization, and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income within other general and administrative expenses during the financial period in which they are incurred.

Depreciation and amortization of property and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (in years), as follows:

	25 or lease term, whichever is shorter
Building and leasehold improvements	
Transportation equipment	3 to 5
Furniture, fixtures and other equipment	2 to 5

Major renovations are depreciated over the remaining useful life of the related asset.

The assets' residual values and estimated useful lives are reviewed periodically, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 25.10).

The carrying amount of an item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its disposal at which time the cost and related accumulated depreciation and amortization are removed from the accounts. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized under other income or expense in the statement of comprehensive income.

Depreciation or amortization ceases at the earlier of the date when the asset is classified as either investment property or property held for sale and the date the asset is derecognized.

Fully depreciated and amortized property and equipment are retained in the accounts until they are no longer in use, and no further depreciation and amortization are charged to the statement of comprehensive income.

25.10 Impairment of non-financial assets

Asset that has an indefinite useful life such as investment in a subsidiaries and associates not subject to amortization is evaluated regularly for impairment. Assets that have definite useful lives and are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that are previously impaired are reviewed for possible reversal of the impairment at each reporting date. Subsequent reversals are credited to miscellaneous income in the statement of comprehensive income.

The Company determines at each reporting date whether there is any objective evidence that the investment in subsidiaries and associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiaries and associate and its carrying value and recognizes the amount in profit or loss. An allowance is set-up for any substantial and presumably permanent decline in value of investments.

25.11 Accounts payable and other current liabilities

Accounts payable and other current liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable and other current liabilities are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, these are presented as non-current liabilities.

Accounts payable and other current liabilities are measured at the original invoice amount as the effect of discounting is immaterial.

Relevant accounting policies for classification, recognition, measurement and derecognition of accounts payable and other current liabilities are presented in Note 25.3.

25.12 Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized and charged to profit or loss in the year in which they are incurred.

25.13 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. The financial assets at fair value through profit or loss and listed financial assets at FVOCI financial assets are classified under Level 1 category.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3. The Company's unlisted financial assets at FVOCI financial assets are included in Level 3.

The Company uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The investment properties of the Company are classified under Level 2 and 3 category.

25.14 Current and deferred income tax

The tax expense comprises current and deferred income taxes. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, NOLCO) and unused tax credits (MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Company reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset. Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Company is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Company the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are derecognized when relevant temporary differences have been realized and settled, respectively. The Company reassesses at each reporting the need to recognize previously unrecognized deferred income tax asset.

25.15 Provisions

Provisions are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are derecognized when the obligation is paid, cancelled or has expired.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the reversal is recognized in the statement of comprehensive income within the same line item in which the original provision was charged.

25.16 Equity

(a) Share capital

Share capital consists of common shares, which are stated at par value, that are classified as equity.

Share premium is recognized for the excess proceeds and subscriptions over the par value of the shares issued.

(b) Treasury shares

Where any member of the Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

(c) Retained earnings

Retained earnings includes current and prior years' results of operations, net of transactions with shareholders and dividends declared, if any.

(d) Dividend distribution

Dividend distribution to Company's shareholder is recognized as a liability in its separate financial statements in the period in which the dividends are approved by the Board of Directors.

25.17 Earnings per share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares in issue during the year.

Diluted earnings per share is computed in the same manner as basic earnings per share, however, profit attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

25.18 Employee benefits

(a) Retirement benefits

The Company maintains a defined benefit retirement plan determined by periodic actuarial calculations. This defined benefit retirement plan is funded through payments to a trustee-administered fund and determined by periodic actuarial calculations. A defined benefit plan is a retirement plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit retirement plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. In cases when the amount determined results in a surplus (being an excess of the fair value of the plan assets over the present value of the defined benefit obligation), the Company measures the resulting asset at the lower of: (a) such amount determined; and (b) the present value of any economic benefits available to the Company in the form of refunds or reductions in future contributions to the plan. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest of government bonds converted into zero coupon rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to present value.

(c) Short-term employee benefits

The Company recognizes a liability and an expense for short-term employee benefits which include salaries, paid sick and vacation leaves and bonuses. Bonuses are based on a formula that takes into consideration the resulting qualified profits. The Company recognizes a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

Liabilities for employee benefits are derecognized when the obligation is settled, cancelled or has expired.

25.19 Revenue and expense recognition

The Company assesses whether it is probable that the economic benefits will flow to the Company when the contract price is collectible. Collectability of the contract price is demonstrated by the buyer's commitment to pay, which is supported by the buyer's initial and continuous investments that motivates the buyer to honor its obligation. Collectability is also assessed by considering factors such as collections and credit standing of the buyer.

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Company has concluded that it is acting as principal in its revenue arrangements.

(a) Rental income

Rental income from operating leases (the Company is the lessor) is recognized as income on a straight-line basis over the lease term or based on a certain percentage of gross revenue of the lessees, whichever is applicable. When the Company provides incentives to its lessees, the cost of incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income.

When the revenue recognition criteria are not met, cash received from lessees are recognized as advance rental, until the conditions for recognizing rental income are met.

(b) Sale of condominium units and cost of condominium units sold

Revenue from condominium sales are recognized in full (i.e., point in time) once the Company has assessed that the contract meets all criteria for revenue recognition.

Cost of condominium units sold is recognized simultaneously with revenue. Cost of condominium units sold pertains only to the cost of the property as all other expenses are shouldered by the buyer.

(c) Interest income and expense

Interest income and expense are recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a Company of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the original effective interest rate.

Interest income on bank deposits is recognized when earned, net of final tax.

(d) Dividend income

Dividend income is recognized when the right to receive payment is established.

(e) Miscellaneous income

Miscellaneous income is recognized when earned.

(f) Cost and expenses

Cost and expenses are recognized when these are incurred.

25.20 Leases

(a) Company is the lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease or based on a certain percentage of gross revenue of the lessees, whichever is applicable. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Assets under these arrangements are classified as investment property in the statement of financial position (Note 25.8).

(b) Company is the lessee

Aside from exemptions in the standard for short-term and low-value leases, lease payments are discounted using the interest rate implicit in the lease. Payments for leases of properties and office equipment are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

25.21 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the separate financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The separate financial statements are presented in Philippine Peso, which is the functional and presentation currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the date of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

25.22 Related party relationships and transactions

Related party relationship exists when one party has the ability to control the other party, directly or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholder. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

25.23 Contingencies

Contingent liabilities are not recognized in the separate financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the separate financial statements but disclosed when an inflow of economic benefits is probable.

25.24 Events after the reporting period

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

Note 26 - Supplementary information required by Bureau of Internal Revenue (BIR)

The following information required by Revenue Regulations No. 15-2010 is presented for purposes of filing with the BIR and is not a required part of the basic separate financial statements.

(a) Output value-added tax (VAT)

The Company is a VAT-registered company with VAT output declaration of P22,955,147 for the year based on the Vatable sales amounting to P191,292,883.

The VATable sales shown above is based on gross receipts of the Company following the provisions of Sec. 4.106-3 of RR No. 14-2005 (also known as the Consolidated Value-Added Tax Regulations of 2005), Sale of Real Properties, while the gross revenue in the statement of comprehensive income is measured in accordance with the Company's accounting policy for revenue recognition.

(b) Input VAT

Movements in input VAT for the year ended December 31, 2021 follow:

Beginning balance	26,012,761
Current year's purchases:	
Purchases other than capital goods	18,643,439
Input tax applied against output tax	(24,046,210)
Total input VAT	20,609,990

(c) Documentary stamp tax

Documentary stamp taxes paid for the year ended December 31, 2021 amounted to P32,140,671 which mainly pertain to taxes on dividends and cash advances.

(d) All other local and national taxes

All other local and national taxes accrued and paid for the year ended December 31, 2021 consist of:

Real property tax (included in Costs of sales and services)	11,201,357
Mayor's permit	1,660,210
Community tax	10,500
BIR registration	500
Others	35,916,818
	48,789,385

The local and national taxes, excluding real property tax, are presented as part of taxes and licenses in the statement of comprehensive income.

(e) Withholding taxes

The amount of withholding taxes paid/accrued for the year amounted to:

	Paid	Accrued	Total
Creditable withholding tax	-	-	19,081,056
Withholding tax on compensation	71,990,137	6,015,582	78,005,719
Expanded withholding tax	8,220,496	646,031	8,866,527
Final withholding taxes	37,437,363	-	37,437,363
Fringe benefit tax	1,870,738	1,581,095	3,451,833

(f) Tax assessments and cases

There are no outstanding tax assessments and cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR as at December 31, 2021.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC.
CURRENT ADDRESS: 5TH FLOOR SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 370-2700 FAX NO.: 370-2699
COMPANY TYPE: DEVELOPER PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2021 (in P'000)	2020 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	37,076,741	34,543,660
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	8,757,648	3,021,548
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	184,665	132,031
A.1.1.1 On hand	318	133
A.1.1.2 In domestic banks/entities	184,346	131,898
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	8,275,192	2,591,896
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	8,275,192	2,591,896
A.1.2.1.1 Due from customers (trade)	72,046	47,906
A.1.2.1.2 Due from related parties	8,171,813	2,540,231
A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2)	31,333	5,892
A.1.2.1.3.1 Installment receivable	0	0
A.1.2.1.3.2 Others	31,333	5,892
A.1.2.1.4 Allowance for doubtful accounts (negative entry)	0	(2,132)
A.1.2.2 Due from foreign entities, specify (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3 + A.1.2.2.4)	0	0
A.1.2.2.1		
A.1.2.2.2		
A.1.2.2.3		
A.1.2.2.4 Allowance for doubtful accounts (negative entry)		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	0	0
A.1.3.1 Raw materials and supplies		
A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)		
A.1.3.3 Finished goods		
A.1.3.4 Merchandise/Goods in transit		
A.1.3.5 Unbilled Services (in case of service providers)		
A.1.3.6 Others, specify (A.1.3.6.1 + A.1.3.6.2)	0	0
A.1.3.6.1		
A.1.3.6.2		
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)	2,768	3,451
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities: (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)	2,768	3,451
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions		
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions	2,768	3,451
A.1.4.2 Held to Maturity Investments - issued by domestic entities: (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)	0	0
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC.

CURRENT ADDRESS: 5TH FLOOR SHANGRI-LA PLAZA MALL, MANDALUYONG CITY

TEL. NO.: 370-2700

FAX NO.: 370-2699

COMPANY TYPE: DEVELOPER

PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2021 (in P'000)	2020 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)		
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions		
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)		
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions		
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions		
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1 + A.1.4.5.2 + A.1.4.5.3 + A.1.4.5.4)		
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments		
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)		
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	295,023	294,169
A.1.5.1 Properties held for sale		12,083
A.1.5.2 Prepayment and other current assets	295,023	282,087
A.1.5.3		
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7 + A.2.8)	60,663	73,186
A.2.1 Land		
A.2.2 Building and improvements including leasehold improvement	116,674	115,050
A.2.3 Machinery and equipment (on hand and in transit)		
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment	44,462	42,564
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)	53,823	47,163
A.2.5.1 Property or equipment used for education purposes		
A.2.5.2 Construction in progress		
A.2.5.3 Furnitures, fixtures and other equipment	53,823	47,163
A.2.5.4		
A.2.5.5		
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4 + A.2.6.5)	0	0
A.2.6.1		
A.2.6.2		
A.2.6.3		
A.2.6.4		
A.2.6.5		
A.2.7 Accumulated Depreciation (negative entry)	(154,297)	(131,591)
A.2.8 Impairment Loss or Reversal (if loss, negative entry)		
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3 + A.3.4)	14,098,617	15,788,095
A.3.1 Equity in domestic subsidiaries/affiliates	14,098,617	15,788,095
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3 + A.3.3.4 + A.3.3.5)	0	0
A.3.3.1		
A.3.3.2		
A.3.3.3		
A.3.3.4		
A.3.3.5		
A.4 Investment Property	13,951,004	14,565,681
A.5 Biological Assets		
A.6 Intangible Assets	0	0
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)	0	0
A.6.1.1		
A.6.1.2		
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)	0	0
A.6.2.1		
A.6.2.2		
A.7 Assets Classified as Held for Sale		
A.8 Assets included in Disposal Groups Classified as Held for Sale		

SPECIAL FORM FOR CONSOLIDATED FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC.

CURRENT ADDRESS: 5TH FLOOR SHANGRI-LA PLAZA MALL, MANDALUYONG CITY

TEL. NO.: 370-2700

FAX NO.: 370-2699

COMPANY TYPE: DEVELOPER

PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2021 (in P'000)	2020 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)	0	0
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3)	0	0
A.9.1.1		
A.9.1.2		
A.9.1.3		
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3)	0	0
A.9.2.1		
A.9.2.2		
A.9.2.3		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)	208,810	1,095,151
A.10.1 Deferred charges - net of amortization		
A.10.2 Advance/Miscellaneous deposits	0	0
A.10.3		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4 + A.10.4.5)	208,810	1,095,151
A.10.4.1 Available-for-sale financial assets	186,484	187,084
A.10.4.2 Financial assets at fair value through other comprehensive income	0	0
A.10.4.3 Retirement benefit asset	0	0
A.10.4.4 Refundable deposit	848	966
A.10.4.5 Deposit for a future project/Down payment to property developer	21,479	307,101
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)		
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	11,178,446	10,470,739
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	7,772,845	6,510,004
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)	7,710,948	6,457,395
B.1.1.1 Loans/Notes Payables	5,390,000	4,233,333
B.1.1.2 Trade Payables	18,297	76,435
B.1.1.3 Payables to Related Parties	2,221,584	2,075,062
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders		
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2 + B.1.1.5.3)	44,248	44,986
B.1.1.5.1 Accrued expenses	44,248	44,986
B.1.1.5.2		
B.1.1.5.3		
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3)	36,820	27,579
B.1.1.6.1 Withholding and other taxes payable	8,206	7,881
B.1.1.6.2 Output tax payable	2,829	2,489
B.1.1.6.3 Others	25,785	17,209
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)	0	0
B.1.2.1		
B.1.2.2		
B.1.2.3		
B.1.3 Provisions		
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3 + B.1.4.4 + B.1.4.5)	0	0
B.1.4.1		
B.1.4.2		
B.1.4.3		
B.1.4.4		
B.1.4.5		
B.1.5 Liabilities for Current Tax	0	0
B.1.6 Deferred Tax Liabilities		
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.7.1 + B.1.7.2 + B.1.7.3 + B.1.7.4 + B.1.7.5 + B.1.7.6)	61,897	52,609
B.1.7.1 Dividends declared and not paid at balance sheet date	61,897	52,609
B.1.7.2 Acceptances Payable		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Portion of Long-term Debt Due within one year		
B.1.7.5 Deferred Income		
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify:	0	0
B.1.7.6.1		
B.1.7.6.2		
B.1.7.6.3		

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC.

CURRENT ADDRESS: 5TH FLOOR SHANGRI-LA PLAZA MALL, MANDALUYONG CITY

TEL. NO.: 370-2700

FAX NO.: 370-2699

COMPANY TYPE: DEVELOPER

PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA		2021 (In P'000)	2020 (In P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)		0	0
B.2.1 Domestic Public Financial Institutions			
B.2.2 Domestic Public Non-Financial Institutions			
B.2.3 Domestic Private Financial Institutions		0	0
B.2.4 Domestic Private Non-Financial Institutions			
B.2.5 Foreign Financial Institutions			
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)			
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale			
B.5 Other Liabilities (B.5.1 + B.5.2)		3,405,601	3,960,735
B.5.1 Deferred income tax liabilities - net		3,400,176	3,946,149
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4 + B.5.2.5)		5,425	14,586
B.5.2.1 Deposits from tenants		1,269	1,269
B.5.2.2 Retirement benefit liability		4,156	13,317
B.5.2.3			
B.5.2.4			
B.5.2.5			
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9 + C.10)		25,898,296	24,072,921
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1 + C.1.2 + C.1.3)		8,000,000	8,000,000
C.1.1 Common shares 8,000,000,000 shares at P1 par value per share in 2018 and 2017		8,000,000	8,000,000
C.1.2 Preferred Shares			
C.1.3 Others			
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)		4,764,059	4,764,059
C.2.1 Common shares 4,764,058,982 shares at P1 par value per share in 2018 and 2017		4,764,059	4,764,059
C.2.2 Preferred Shares			
C.2.3 Others			
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)		4,764,059	4,764,059
C.3.1 Common shares		4,764,059	4,764,059
C.3.2 Preferred Shares			
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus		1,210,074	1,210,074
C.5 Minority Interest			
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3)		64,983	50,361
C.6.1 Treasury shares		(6,850)	(6,850)
C.6.2 Other Comprehensive Income (Loss)		71,833	57,211
C.6.3			
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus			
C.8 Retained Earnings (C.8.1 + C.8.2)		19,859,180	18,048,427
C.8.1 Appropriated			
C.8.2 Unappropriated		19,859,180	18,048,427
C.9 Head / Home Office Account (for Foreign Branches only)			
C.10 Cost of Stocks Held in Treasury (negative entry)			
TOTAL LIABILITIES AND EQUITY (B + C)		37,076,741	34,543,660

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC.

CURRENT ADDRESS: LEVEL 5 SHANGRI-LA PLAZA MALL, MANDALUYONG CITY

TEL. NO.: 370-2700

FAX NO.: 370-2699

COMPANY TYPE: DEVELOPER

PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2021 (in P'000)	2020 (in P'000)	2019 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	2,279,921	1,816,427	3,706,410
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity)			
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for			
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)	68,587	84,002	251,591
A.3.1 Rental Income from Land and Buildings	68,587	83,137	249,930
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)			
A.3.3 Sale of Real Estate or other Property and Equipment	0	865	1,661
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)			
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7 + A.3.5.8)	0	0	0
A.3.5.1			
A.3.5.2			
A.3.5.3			
A.3.5.4			
A.3.5.5			
A.3.5.6			
A.3.5.7			
A.3.5.8			
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	2,211,334	1,732,426	3,454,820
A.4.1 Interest Income	78,610	63,671	3,923
A.4.2 Dividend Income	1,630,379	1,445,141	1,781,554
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4)	0	0	0
A.4.3.1			
A.4.3.2			
A.4.3.3			
A.4.3.4			
A.4.4 Others, specify (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)	502,345	223,614	1,669,343
A.4.4.1 Increase in fair value of investment property	0	0	1,445,899
A.4.4.2 Share in net income from a joint venture	404,707	185,534	101,237
A.4.4.3 Others	97,638	38,081	122,207
A.4.4.4			
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)	0	0	0
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)			
B.1.1 Direct Material Used			
B.1.2 Direct Labor			
B.1.3 Other Manufacturing Cost / Overhead			
B.1.4 Goods in Process, Beginning			
B.1.5 Goods in Process, End (negative entry)			
B.2 Finished Goods, Beginning			
B.3 Finished Goods, End (negative entry)			
C. COST OF SALES (C.1 + C.2 + C.3)	0	1,313	2,468
C.1 Purchases	0	1,313	2,468
C.2 Merchandise Inventory, Beginning			
C.3 Merchandise Inventory, End (negative entry)			
D. GROSS PROFIT (A - B - C)	2,279,921	1,815,115	3,703,943

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

Control No.: _____
Form Type: PHFS1

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC.
CURRENT ADDRESS: LEVEL 5 SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 370-2700 FAX NO.: 370-2699
COMPANY TYPE : DEVELOPER PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2021 (in P'000)	2020 (in P'000)	2019 (in P'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	419,096	418,912	514,105
E.1 Selling or Marketing Expenses			
E.2 Administrative Expenses	347,600	358,015	445,938
E.3 General Expenses	71,495	60,897	68,167
E.4 Other Expenses, specify (E.4.1 + E.4.2 + E.4.3 + E.4.4 + E.4.5 + E.4.6 + E.4.7 + E.4.8 + E.4.9 + E.4.10)	0	0	0
E.4.1			
E.4.2			
E.4.3			
E.4.4			
E.4.5			
E.4.6			
E.4.7			
E.4.8			
E.4.9			
E.4.10			
F. FINANCE COSTS (F.1 + F.2 + F.3 + F.4 + F.5)	16,562	46,535	105,514
F.1 Interest on Short-Term Promissory Notes			
F.2 Interest on Long-Term Promissory Notes	16,250	46,200	104,994
F.3 Interest on bonds, mortgages and other long-term loans			
F.4 Amortization			
F.5 Other interests, specify (F.5.1 + F.5.2 + F.5.3 + F.5.4 + F.5.5)	312	335	520
F.5.1 Bank charges	312	335	520
F.5.2			
F.5.3			
F.5.4			
F.5.5			
G. NET INCOME (LOSS) BEFORE TAX (D - E - F)	1,844,264	1,349,667	3,084,324
H. INCOME TAX EXPENSE (negative entry)	556,967	(16,972)	(364,920)
I. INCOME(LOSS) AFTER TAX	2,401,231	1,332,696	2,719,404
J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on the Measurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (If any)			
J.1			
J.2			
K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST			
L. PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	2,401,231	1,332,696	2,719,404
M. EARNINGS (LOSS) PER SHARE			
M.1 Basic	0.504	0.280	0.571
M.2 Diluted			

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC.

CURRENT ADDRESS: LEVEL 5 SHANGRI-LA PLAZA MALL, MANDALUYONG CITY

TEL. NO.: 370-2700

FAX NO.: 370-2699

COMPANY TYPE : DEVELOPER

PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Cash Flow Statements

FINANCIAL DATA	2021 (in P'000)	2020 (in P'000)	2019 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss) Before Tax and Extraordinary Items	1,844,264	1,349,667	3,084,324
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation	22,706	21,197	20,063
Amortization, specify:			
Others, specify:			
Interest expenses	16,250	46,200	104,994
Retirement Benefit Expense	18,069	14,903	9,794
Gain on fair value of investment properties	0	0	(1,445,899)
Dividend Income	(1,630,379)	(1,445,141)	(1,781,554)
Gain on sale of property and equipment	0	0	(1,051)
Interest Income	(45,730)	(63,671)	(3,923)
Share in Net Income from a Joint Venture	(404,707)	(185,534)	(101,237)
Others	(133)	4	3,182
Write-down of Property, Plant, and Equipment			
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Receivables	(5,683,296)	(1,092,594)	9,793
Properties held for sale	12,083	1,313	252,763
Prepayments and Other Current Assets	1,895	(21,200)	119,461
Others, specify: Other Non-current Asset	885,740	28,788	(47,981)
Increase (Decrease) in:			
Accounts Payable and Other Current Liabilities	98,171	171,557	172,225
Income and Other Taxes Payable	-	-	-
Others, specify:			
Contribution to Retirement Plan	0	0	(12,873)
Interest Received	113,307	63,879	3,762
Deposits from tenants	0	0	0
Retirement Benefits paid directly by the Company	0	(1,015)	
Retirement Benefit liabilities released due to transfers	483	(1,545)	
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	(4,751,277)	(1,113,191)	385,844
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in Long-Term Receivables			
(Increase) Decrease in Investment	2,094,185	1,422,000	137,944
Reductions/(Additions) to Property, Plant, and Equipment	(10,182)	(11,682)	(19,191)
Others, specify Dividends Received	1,546,472	1,414,344	1,764,454
Investment in and advances to a joint venture	0	(10,762)	(1,021,075)
Deposit for future project	0	(465,888)	(422,000)
Others	614,677	(336,798)	(970,177)
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	4,245,152	2,011,214	(530,045)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loans	2,590,000	2,100,000	3,145,000
Long-term Debt			
Issuance of Securities			
Others, specify: Interest paid	(17,535)	(52,217)	(105,933)
Payments of:			
(Loans)	(1,433,333)	(2,353,333)	(1,958,333)
(Long-term Debt)			
(Stock Subscriptions)			
Others, specify (negative entry):			
Cash dividends paid to shareholders	(581,190)	(740,176)	(830,856)
Effect of exchange rate changes	817	(1,004)	(1,809)
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	558,758	(1,046,730)	248,069
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	52,634	(148,708)	103,868
Cash and Cash Equivalents			
Beginning of year	132,031	280,739	176,871
End of year	184,665	132,031	280,739

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC.
CURRENT ADDRESS: 5TH LEVEL SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 370-2700 FAX NO.: 370-2699 PSIC: 7012
COMPANY TYPE: DEVELOPER

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

FINANCIAL DATA	(Amount in P'000)					
	Capital Stock	Additional Paid-in Capital	Treasury Shares	Cummulative Changes in Fair Value	Retained Earnings	TOTAL
A. Balance, 2019	4,764,059	1,210,074	(6,850)	67,367	17,460,972	23,495,622
A.1 Correction of Error(s)						0
A.2 Changes in Accounting Policy						0
B. Restated Balance	4,764,059	1,210,074	(6,850)	67,367	17,460,972	23,495,622
C. Surplus						0
C.1 Surplus (Deficit) on Revaluation of Properties						0
C.2 Surplus (Deficit) on Revaluation of Investments				(5,185)		(5,185)
C.3 Currency Translation Differences						0
C.4 Other Surplus (specify)						0
C.4.1 Remeasurement gain on retirement obligation				(4,971)		(4,971)
C.4.2						0
C.4.3						0
C.4.4						0
C.4.5						0
D. Net Income (Loss) for the Period					1,332,696	1,332,696
E. Dividends (negative entry)					(745,240)	(745,240)
F. Appropriation for (specify)						0
F.1						0
F.2						0
F.3						0
F.4						0
F.5						0
G. Issuance of Capital Stock						0
G.1 Common Stock						0
G.2 Preferred Stock						0
G.3 Others						0
H. Balance, 2020	4,764,059	1,210,074	(6,850)	57,211	18,048,427	24,072,921
H.1 Correction of Error(s)						0
H.2 Changes in Accounting Policy						0
I. Restated Balance						0
J. Surplus						0
J.1 Surplus (Deficit) on Revaluation of Properties						0
J.2 Surplus (Deficit) on Revaluation of Investments				(1,633)		(1,633)
J.3 Currency Translation Differences						0
J.4 Other Surplus (specify)						0
J.4.1 Remeasurement gain on retirement obligation				16,255		16,255
J.4.2						0
J.4.3						0
J.4.4						0
J.4.5						0
K. Net Income (Loss) for the Period					2,401,231	2,401,231
L. Dividends (negative entry)					(590,478)	(590,478)
M. Appropriation for (specify)						0
M.1						0
M.2						0
M.3						0
M.4						0
M.5						0
N. Issuance of Capital Stock						0
N.1 Common Stock						0
N.2 Preferred Stock						0
N.3 Others						0
O. Balance, 2021	4,764,059	1,210,074	(6,850)	71,833	19,859,180	25,898,296