COVER SHEET

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SEC Registration Number

SHANG PROPERTIES, INC.

(Company's Full Name)

ADMINISTRATION OFFICE SHANGRI-LA PLAZA MALL, EDSA COR. SHAW BLVD. MANDALUYONG CITY

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

ATTY. FEDERICO G. NOEL, JR.

(Contract Person)

370-2700

(Company Telephone Number)

1 2	3 1
Month	*Day*

(Fiscal Year)

D E F 2 0 - I S

(Form Type)

Month *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

7

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

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

To be held on 22 June 2022 at 10:00 A.M.

To All Stockholders:

Please be advised that the Annual Meeting of the Stockholders of **SHANG PROPERTIES, INC.** (the **"Corporation"**) will be held on 22 June 2022 at 10:00 A.M. *via* video conference.

Join Zoom Meeting
https://us02web.zoom.us/j/83592508326?pwd=NmRPYmtxQmI2eDhjY044bEdLbUl2QT09

Meeting ID: 835 9250 8326
Passcode: 153445

The Agenda of the meeting is set forth below:

1) Call to Order
2) Certification of Notice and Quorum
3) Approval of the Minutes of the Annual Meeting of the Stockholders held on 7 September 2021
4) Report of Management
5) Ratification of Acts of Management and the Board of Directors
6) Election of the Board of Directors for the year 2022-2023
7) Election of External Auditors
8) Other Matters
9) Adjournment

The Board of Directors has fixed the close of business hours on **23 May 2022** as the record date for the determination of the stockholders in good standing entitled to notice of and to vote at such meeting.

Minutes of the Stockholders' Meetings and SEC Form 17-A (Annual Report) for the year ended 31 December 2021 as well as the resolutions of the Board of Directors, will be available for examination during office hours at the office of the Corporate Secretary and at the Corporation's website at http://www.shangproperties.com and at the PSE Edge.

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

Mandaluyong City, Metro Manila, 4th day of May 2022.

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

FEDERICO G. NOEL, JR.
Corporate Secretary

AGENDA ITEMS

1) Call to Order

2) Certification of Notice and Quorum

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

3) Approval of the Minutes of the Annual Meeting held on 7 September 2021.

The Stockholders will be asked to approve the Minutes of the Annual Meeting of Stockholders held on 7 September 2021.

4) Report of Management

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

5) Ratification of Acts of Management and the Board of Directors for the year 2022-2023

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

6) Election of the Board of Directors for the year 2022-2023.

Pursuant to the Amended By-Laws of the Corporation, the stockholders present representing at least a majority of the outstanding capital stock of the Corporation entitled to vote, shall elect the Independent Directors and Regular Directors of the Corporation's Board of Directors to serve for the fiscal year 2022-2023 and until their successors are qualified and elected.

The following are the qualified nominees to the Board of Directors for the year 2022-2023:

Edward Kuok Khoon Loong
Alfredo C. Ramos
Benjamin I. Ramos
Antonio O. Cojuangco
Cynthia R. Del Castillo
Maximo G. Licauco III
Wolfgang Krueger
Jose Juan Z. Jugo
Wilfred Shan Chen Woo
Karlo Marco P. Estavillo

7) Election of External Auditors

The Stockholders shall vote upon the appointment of the Company's External Auditors for the fiscal year 2022-2023.

8) Other Matters

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

9) Adjournment

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [✓] Definitive Information Statement

   [ ] Preliminary Information Statement

2. Name of Registrant as specified in its charter **SHANG PROPERTIES, INC.**

3. Philippines
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: 145490

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

6. Level 5, Administration Offices, Shangri-La Plaza Mall
   EDSA cor. Shaw Boulevard, Mandaluyong City — 1550
   Address of principal office — Postal Code

7. Registrant's telephone number, including area code (632) 8370-2700

8. The annual meeting of Registrant's stockholders will be held on **22 JUNE 2022 at 10:00 A.M. via video conference.**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **31 MAY 2022**, which is fifteen (15) business days prior to the date of the Annual Stockholders' Meeting on **22 JUNE 2022**.

10. No proxy solicitations will be made by Registrant.

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

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

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

    Yes ✓ No ____

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

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

[1] As of 24 May 2022 - Source: pse.com.ph/company-information-SHNG/

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

The annual meeting of Registrant's stockholders will be held on **22 JUNE 2022 at 10:00 A.M. via video conference.**

The approximate date on which the Information Statement is first to be sent and will be accessible at the Issuer's website at www.shangproperties.com, or be given to security holders, starting on **31 MAY 2022, which is fifteen (15) business days prior to the date of the Annual Stockholders' Meeting on 22 JUNE 2022.**

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

Item 2. Dissenters' Right of Appraisal

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

The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand addressed to the Registrant for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken: Provided, That the failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the Registrant shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If, within sixty (60) days from the approval of the Registrant's action by the stockholders, the withdrawing stockholder and the Registrant cannot agree on the far value of the shares, it shall be determined and appraised and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Registrant, and the third by the two (2) thus chosen. The findings of the majority appraisers shall be final, and their award shall be paid by the Registrant within (30) days after such award is made: Provided, That no payment shall be made to any dissenting stockholder unless the Registrant has unrestricted retained earnings in its books to cover such payment: Provided, further, That upon payment by the Registrant of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the Registrant. [2]

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

[2] Sec. 81 of the Revised Corporation Code

(a) **Number of Shares Outstanding as of 30 April 2022.**

The Top 20 stockholders of the Issuer as of 30 APRIL 2022 [3]are:

Name of Stockholders	Number of Shares Held	Percent to Total Outstanding
1. Travel Aim Investment B.V	1,648,869,372	34.61%
2. Ideal Sites and Properties, Inc.	1,465,144,626	30.75%
3. PCD Nominee Corporation (PH)	1,009,548,448	21.19%
4. SM Development Corporation	189,550,548	3.98%
5. PCD Nominee Corporation (OA)	64,574,594	1.40%
6. KGMPP Holdings, Incorporated	52,925,445	1.11%
7. CCS Holdings, Incorporated	47,633,492	1.00%
8. Pecanola Company Limited	43,175,495	0.91%
9. Kuok Brothers SND. BHD.	37,023,839	0.78%
10. Kuok Foundation Overseas Limited	37,023,839	0.78%
11. GGC Holdings, Incorporated	26,224,322	0.55%
12. Kerry Holdings Limited	26,090,624	0.55%
13. Kuok (Singapore) Limited	24,848,214	0.52%
14. Kerry (1989) LTD.	12,424,107	0.26%
15. Kuok Traders (Hong Kong) LTD.	11,407,363	0.24%
16. Federal Homes, Inc.	4,808,478	0.10%
17. Luxhart Assets Limited	3,975,714	0.08%
18. Yan, Lucio W. Yan &/or Clara	3,142,857	0.07%
19. Antonio O. Cojuangco	3,026,964	0.06%
20. Exchange Equity Corporation	1,570,000	0.03%

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

(b) The record date for the Registrant's Annual Stockholders' Meeting is 23 MAY 2022.

(c) Manner of Voting

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

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

As of **30 APRIL 2022**, the total number of shareholders of Issuer's common shares is **5,153**[4].

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[3] RCBC Top 20 Report as of 30 April 2022

[4] RCBC Board Lot Report as of 30 April 2022

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

Following are the stockholders who are known to the Issuer to be directly or indirectly the record and/or beneficial owner of more than 5% of any class of the Issuer's voting shares as of **30 APRIL 2022**[5].

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Travel Aim Investment B.V. 25/F Kerry Centre 683 King's Road Quarry Bay, HK	R	Foreign	1,648,869,372	34.61%
Common	Ideal Sites & Properties, Inc.	R	Filipino	1,465,144,627	30.75%
Common	PCD Nominee Corporation	R	Filipino	1,012,913,413	21.26%

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

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

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

Security Ownership of Management (as of 30 APRIL 2022)[6]

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Edward Kuok Khoon Loong	808,008(D)	Malaysian	0.00%
Common	Alfredo C. Ramos	213,734(D)	Filipino	0.00%
Common	Antonio O. Cojuangco	3,026,964(D)	Filpino	0.00%
Common	Maximo G. Licauco III	1(D)	Filipino	0.00%
Common	Benjamin Ivan S. Ramos	2(D)	Filipino	0.00%
Common	Cynthia R. Del Castillo	1(D)	Filipino	0.06%
Common	Karlo Marco P. Estavillo	5000(D)	Filipino	0.00%
Common	Wilfred Shan Chen Woo	1,000D)	Canadian	0.00%

[5] RCBC Public Ownership as of 30 April 2022
[6] RCBC Public Ownership as of 30 April 2022

Common	Wolfgang Krueger	10,000(D)	Deutsch	0.00%
Common	Jose Juan Z. Jugo	1,000(D)	Filipino	0.00%
Common	Federico G. Noel	1 (D)	Filipino	0.00%

As of the reporting of **SEC Form 20-IS for 2022**, the aggregate ownership of all directors and officers as a group unnamed is **4,065,710** shares or **0.06%** of the outstanding shares of Issuer.

VOTING TRUST / HOLDERS OF 5% OR MORE

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

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

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

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

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

On 27 June 2011, Issuer purchased Hervey Asia Corporation 50 million common shares and 270 million preferred shares in Shangri-La Plaza Corporation ("SLPC") (representing 21.28% equity in SLPC), for a total consideration of P450,000,000.00. Said sale increased Issuer's equity in SLPC from 78.72% previously to 100%, making SLPC a wholly-owned subsidiary of Issuer. SLPC owns and operates the mall establishment known as the Shangri-La Plaza which is located in Mandaluyong City.

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

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

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

The Issuer leased a portion of its land to an affiliate, Edsa Shangri-La Hotel & Resort, Inc., where the latter's Edsa Shangri-La Hotel is located. The lease is for a period of twenty five (25) years commencing on 28 August 1992, renewable for another twenty five years at the option of the lessee. Rental income is computed on a fixed percentage of the Hotel's room, food and beverage, dry goods and other service payments. In an agreement dated 26 August 2007, the lease was renewed for another 25 years commencing on 28 August 2017 until 27 August 2042.

The Issuer, in an agreement dated 22 March 2018, entered into a Joint Venture Agreement with Robinsons Land Corporation (RLC) whereupon a new joint venture entity will be incorporated (JVC). Issuer and RLC shall own said JVC on a 50%-50% basis. The JVC shall build and develop a property situated at McKinley Parkway cor. 5th Avenue and 21st Drive at Bonifacio Global City, Taguig, Metro Manila. The proposed project is intended to be a mixed-use development to include residential condominium units and commercial retail outlets. The joint venture agreement between Issuer and RLC has been duly approved by the Philippine Competition Commission. The Parties project an investment of P10Billion for the project.

Business of Issuer

(A) Description of Issuer

(i) The Issuer is a property development, real estate management and investment holding company. It is publicly subscribed and was listed in the Philippine Stock Exchange in June 13, 1991. Its significant and active subsidiaries are as follows:

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

Shangri-La Plaza Corporation was incorporated on 06 January 1993 to invest in, purchase, own, hold, lease and operate the Shangri-La Plaza Shopping Complex located at Mandaluyong City, Philippines. Its primary business is leasing. The Shangri-La Plaza Shopping

Complex houses Rustan's department store, theater, cinema, restaurants, fast-food outlets, boutiques and specialty stores. Its tenants are leading international and local retailers such as Marks & Spencer, Escada, Hugo Boss, Rustan's, Zara, Debenham's, Armani, etc., which caters to the upscale market.

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

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

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

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

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

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

KSA Realty Corporation was incorporated on 03 August 1990 as a realty development company. It owns The Enterprise Center, one of the most modern and luxurious office buildings in the country which is located at the heart of the Makati Central Business District. On 15 June 2016, the Issuer purchased from Ocmador Philippines. B.V., the latter's 241,580 common shares of stock of KSA Realty Corporation, bringing Issuer's stock ownership to 70.04%.

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

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

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

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

Classic Elite Holdings, Ltd., a British Virgin Islands Company, and recently incorporated, is a holding company. It is a wholly owned non-resident foreign corporation through which

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

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

SPI Property Holdings, Inc. was incorporated on 09 December 2019 as a holding company and a realty development company. It is currently developing a residential condominium project on its newly acquired property located along Canley Road, Pasig City.

SPI Property Developers, Inc. was incorporated on 09 December 2019 as a realty development company. It is developing a proposed office and service apartment project known as "Shang One Horizon" located at Shaw Boulevard, Mandaluyong City

SPI Land Development Inc. was incorporated on 09 December 2019 as a realty development company. It is currently undertaking the construction of a residential condominium development project located along Sgt. Esguerra Avenue corners Scout Bayoran Street and Scout Borromeo Street, within Barangay South Triangle, Diliman, Quezon City.

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

(iii) This is not applicable to the Issuer. It is primarily a holding company and therefore has no direct distribution methods of products and services.

(iv) Neither the Issuer nor its subsidiaries have new products or services which may be described as requested in this particular section.

(v) Insofar as the Issuer's competitors are concerned, the Issuer's competitors are upper middle to high end real estate companies who are involved in property development such as Ayala Land and Megaworld. Issuer can and will be able to compete in the property development industry because of its strong financial position, international expertise and strong brand position. For the Shangri-La Plaza Corporation, its competitors are entities operating similar upscale malls such as Rockwell, Podium, and Greenbelt 3. The Shangri-La Plaza Corporation is not threatened by competition where it is the only truly upscale commercial complex in its geographic location, and where it is continuously upgrading its facilities in order to cater to its upscale market. SPSI's competitors are those entities who are into carpark management and operation. SPSI is in a healthy financial position and has the expertise to efficiently and viably operate its carpark facilities.

(vi) This section on raw materials and suppliers is not applicable to the Issuer nor to its subsidiaries by reason of the nature of their businesses as herein described.

(vii) Neither the Issuer nor its subsidiaries operations and businesses are dependent on a single customer, the loss of which would have a material adverse effect on the Issuer and its subsidiaries taken as a whole, by reason of the nature of their businesses as described herein.

(viii) On transactions with and/or dependence on related parties:

With Issuer's subsidiaries:

a. With Shangri-La Plaza Corporation (SLPC)

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

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

b. With SPI Parking Services, Inc. (SPSI)

On 16 January 2002, the Issuer entered into an agreement with SLPC and SPSI. Under the terms and conditions of the agreement, SPSI will be granted limited usufructuary rights over the Issuer's parking spaces for a consideration equivalent to a certain percentage of SPSI's gross income less direct and indirect expenses. The agreement has been renewed annually and subsists to date.

c. With Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation)

On May 8, 2005, the Issuer entered into a Memorandum of Agreement ("MOA") with Shang Properties Realty Corporation ("SPRC") whereby Issuer, as registered owner of a parcel of land located along St. Francis Road cor. Internal Road, Shangri-La Complex, Mandaluyong City ("Property"), agreed with SPRC for the latter to develop the Property into a two-tower high rise residential condominium to be known as The St. Francis Shangri-La Place ("Project"). SPRC shall provide the funding for the Project which was completed in 2009.

The MOA, among others, provides that Issuer, as the owner of the Property, commits to transfer the same, free from all liens and encumbrances, in favor of the Condominium Corporation that will be incorporated upon the completion of the Project. Pending the transfer of the Property to the Condominium Corporation, Issuer shall allow the use of the Property for the construction of the Project, subject to the terms and conditions hereinafter stipulated. SPRC shall provide funding for the construction of the Project. It is the intention of the Parties to allocate the resulting units in the Project between them, with each party taking ownership and possession of its respective allocated units ("Allocated Units"), with full power and discretion on the disposition of the same, subject only the pertinent conditions hereunder contained. The allocation between the Parties of the Net Saleable Area shall be at the ratio of twenty percent (20%) to Issuer and eighty percent (80%) to SPRC subject to adjustment based on mutual agreement of the Parties. The actual designation of the Parties' respective Allocated Units shall be determined upon completion of the final plans and shall be incorporated in a supplemental agreement to be executed by the Parties. The Parties also agreed that Seventy Five (75) contiguous parking slots shall be allocated to the Issuer. The allocation of the remaining parking slots net of the 75 slots allocated to Issuer shall be eighty percent (80%) to SPRC and twenty percent (20%) to Issuer subject to adjustment based on mutual agreement of the Parties. The actual designation of the parking slots shall be determined upon completion of the final plans and shall be incorporated in a supplemental agreement to be executed by the Parties.

On 09 November 2009, the Issuer entered into a Memorandum of Agreement with its subsidiary Shang Properties Realty Corporation ("SPRC") (formerly, The Shang Grand Tower Corporation), wherein Issuer agreed with SPRC to develop a portion of Issuer's Property located at Edsa cor. Shaw Blvd., Mandaluyong City, into another commercial / retail building ("Project") comprised of a shopping mall, parking facilities, and high-rise residential condominium building to be known as "One Shangri-La Place". This MOA was rescinded by the Parties on 20 September 2013, wherein SPRC purchased the land from Issuer to become both the landowner and developer of the Project.

With Issuer's affiliates:

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

   The Issuer leased a portion of its land to an affiliate, Edsa Shangri-La Hotel & Resort, Inc., where the latter's Edsa Shangri-La Hotel is located. The lease is for a period of twenty five (25) years commencing on 28 August 1992, renewable for another twenty five years at the option of the lessee. Rental income is computed on a fixed percentage of the Hotel's room, food and beverage, dry goods and other service payments. In an agreement dated 26 August 2007, the lease was renewed for another 25 years commencing on 28 August 2017 until 27 August 2042.

b. With other affiliates:

   On 1 January 2001, the Issuer entered into a cost sharing agreement with SLPC and other related companies for the services rendered by the officers of the Company to its related companies. Other transactions with related companies substantially consist of reimbursement of expenses paid for by the Issuer in behalf of its affiliates and vice-versa.

Between Issuer's Affiliates:

a. Shang Property Management Services Corporation entered into a Memorandum of Agreement with KSA Realty Corporation, pursuant to which the former shall assist the latter in managing and administering the leasing operations of The Enterprise Center.

b. Shang Property Management Services Corporation entered into a Memorandum of Agreement with The Enterprise Center Condominium Corporation pursuant to which the former shall assist the latter in managing and administering the condominium development known as The Enterprise Center, specifically with respect to the common areas thereof.

c. Shang Property Management Services Corporation entered into a Memorandum of Agreement with The St. Francis Shangri-La Place Condominium Corporation pursuant to which the former shall assist the latter in managing and administering the condominium development known as The Enterprise Center, specifically with respect to the common areas thereof.

d. SPI Parking Services, Inc. entered into a Memorandum of Agreement with KSA Realty Corporation, with conformity of The Enterprise Center Condominium Corporation, to administer, manage and operate the TEC Parking Slots as a pay parking facility under a mutually agreeable remuneration scheme.

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

FOREIGN OWNERSHIP LEVEL AS OF 30 APRIL 2022[7]:

Security	Total Outstanding Shares	Shares Owned By Foreigners	Percent of Ownership
Common Shares	4,764,056,287	1,873,855,173	39.33%

Item 5. Directors and Executive Officers

CHANGES IN CONTROL

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

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

Name	Citizenship	Director/ No. of Years	Age	Office Held	Directorship in other reporting (Listed) Companies
Edward Kuok Khoon Loong	Malaysian	Yes /30 yrs. & 3 mos.	69	Chairman	None
Alfredo C. Ramos	Filipino	Yes /33 yrs. & 10 mos.	78	Vice Chairman	Anglo Philippine Holdings Corp., The Philodrill Corp., Vulcan and Industrial Mining and Development Corp., Penta Capital Holdings Corp., Philippine Seven Corp.
Cynthia R. Del Castillo	Filipino	Yes /20yrs.	69		Sanitary Wares & Mfg. Corp.
Benjamin Ivan S. Ramos	Filipino	Yes /12 yrs.	54		None
Wilfred Shan Chen Woo	Canadian	Yes/ 10 yrs.	64		None
Antonio O. Cojuangco***	Filipino	Yes /14 yrs.	70		None
Jose Juan Z. Jugo	Filipino	Yes/6 mos.	50	Executive Vice President	None

[7] RCBC's Report on Foreign Ownership as of 30 April 2022

Karlo Marco P. Estavillo	Filipino	Yes/4 yrs.	50	Treasurer/ CFO/COO	None
Wolfgang Krueger	Deutsch	Yes/6 mos.	56	Executive Vice President	None
Maximo G. Licauco III	Filipino	Yes/7 yrs & 7 mos.	70		None
Rajeev Garg	Indian	(No)	47	VP/Group Financial Controller	None
Federico G. Noel, Jr.	Filipino	(No)	60	Corporate Secretary	None

age as of 30 April 2022

Edward Kuok Khoon Loong is the Chairman of the Company and also Vice Chairman of Kerry Holdings Limited. He has been with the Kuok Group since 1978. He has a Master's degree in Economics from the University of Wales in the United Kingdom.

Alfredo C. Ramos is the Vice Chairman of the Company. He is the Chairman of the Board of Anglo Philippine Holdings, Inc., Anvil Publishing, Inc., Carmen Copper Corporation, NBS Express, Inc. and Atlas Consolidated Mining & Development Corporation and Aquatlas, Inc. He is the Chairman and President of Alakor Corporation, National Book Store, Inc., The Philodrill Corporation, Vulcan Industrial & Mining Corporation, United Paragon Mining Corporation and NBS Subic, Inc. He is also the President of Abacus Book & Card Corporation, MRT Holdings Corporation, Power Books, Inc., TMM Management, Inc. and Zenith Holdings Corporation. He is Vice Chairman of MRT Development Corporation and Shangri-La Plaza Corporation. He is also the Governor of National Book Development Board.

Antonio O. Cojuangco is the Chairman of Ballet Philippines, CAP Life Insurance Corporation, Cinemalaya Foundation, Mantrade Development Corporation, Nabasan Subic Development Corporation, Radio Veritas, Tanghalang Pilipino and Directories Philippines Corporation. He is the President of Calatagan Bay Realty, Chairman and President of Calatagan Golf Club, Inc. and Canlubang Golf and Country Club.

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

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

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

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

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

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

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

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

He holds a Bachelor's Degree in Accounting and Accounting Certificate from the Institute of Chartered Accountants of India and PG Diploma in Management.

Federico G. Noel, Jr. is the General Counsel and the Corporate Secretary of the Company. He is also the Corporate Secretary, General Counsel and a member of the Board of Directors of the other Kuok Group companies in the Philippines including the Shangri-La Plaza Corporation and the Shangri-La Hotels. He graduated from the Ateneo Law School in 1991 with a Juris Doctor degree.

**** Messrs. Maximo G. Licauco, Antonio O. Cojuangco, and Benjamin I. Ramos were elected independent directors. All of the foregoing independent directors have no relationship with Ideal Sites and Properties, Inc., either as directors or officers.*

The Directors of the Company are elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

(2) Significant Employees

Issuer does not have an employee who is not an executive officer who is expected to make a significant contribution to the business of Issuer. There are also no key personnel on whom the business of the Issuer is highly dependent such as to merit any special arrangement.

(3) Family Relationships

Mr. Benjamin Ramos is the nephew of Mr. Alfredo Ramos. Mr. Maximo G. Licauco III is the brother-in-law of Mr. Alfredo Ramos.

(4) Involvement in Certain Legal Proceedings

(A) None of the directors or executive officers of the Issuer has had any bankruptcy petition filed by or against any business of which such director or executive officer was a general partner or executive officer either at the time of bankruptcy or within two years to that time;

(B) None of the directors or executive officers of the Issuer has had any conviction by final judgment in a criminal proceedings, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

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

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

(E) None of the directors has resigned or declined to stand for re-election since the date of the last annual meeting of security holders because of disagreement with the registrant on any matter relating to the Registrant's operations, policies, or practices.

Nomination of Regular (Non-independent) and Independent Directors

Pursuant to the SEC approved Amended by-Laws of the Registrant wherein new provisions on the nomination and election of the regular and independent members of the Board of Directors were added in compliance with the SRC and SEC Rules and Regulations, the Registrant duly published in a newspaper of general circulation the Notice to Stockholders calling for nominations for regular and independent members of the Registrant's Board of Directors who shall be elected during the Annual Stockholders Meeting on *22 June 2022 (published on 22 April 2022 in The Manila Times). Pursuant to the nominations received by the Corporate Secretary of Registrant the following names have been forwarded to the Corporate Governance Committee / Nomination Committee for nomination to the Board of Directors during the Annual Stockholders Meeting:*

Edward Kuok Khoon Loong
Alfredo C. Ramos
Cynthia R. Del Castillo
Karlo Marco P. Estavillo
Antonio O. Cojuangco
Maximo G. Licauco III
Wilfred Shan Chen Woo
Wolfgang Krueger
Benjamin C. Ramos
Jose Juan Z. Jugo

Messrs. Maximo G. Licauco III, Benjamin C. Ramos, and Antonio O. Cojuangco nominated themselves to be voted upon as independent members of the Board during the Annual Stockholders' Meeting on **22 June 2022.**

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

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

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

(i) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of any corporation (other than one in which the corporation owns at least 40% of the capital stock) engaged in the business which the Board of Directors, by at least three-fourths vote, determines to be competitive or antagonistic to that of the Corporation; or

(ii) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business of the Corporation, when in the judgment of the Board of Directors, by at least two-thirds (2/3) vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or

(iii) If the Board of Directors, in the exercise of its judgment in good faith, determine by at least two-thirds (2/3) vote that he is the nominee of any person set forth in (i) or (ii) above.

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

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

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

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

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

(iii) After the nomination, the Nomination Committee shall prepare a Final List of Candidates for regular and independent directors which shall contain all the following information about all the nominees:

- Names, ages, and citizenship of all nominees;
- Positions and offices that each nominee has held, or will hold if known;
- Term of office and the period during which the nominee has served as director;
- Business experience during the past five (5) years;
- Other directorships held in SEC reporting companies, naming each company;
- Family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, or persons chosen by the company to become directors or executive officers;

- Involvement in legal proceedings, i.e., a description of any of the following events that occurred during the past five (5) years up to the latest date that are material to an evaluation of the ability of integrity of any director, any nominee for election as director, executive officer, underwriter or control person of the company:
- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- Any conviction by final judgment, including the nature of the offense, in a criminal proceedings, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- Being subject to any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- Being found by a domestic or foreign of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.
- Disclosure if owning directly or indirectly as record and/or beneficial owner of any class of the company's voting securities;
- Disclosure of owning voting trust of more than 5% of the company's securities; and
- Any such other information as may be required to be disclosed by the Securities and Exchange Commission although not expressly provided for above.

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

Involvement in Certain Legal Proceedings

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

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

None of the directors or executive officers of the Registrant has had any bankruptcy petition filed by or against any business of which such director or executive officer was a general partner or executive officer either at the time of bankruptcy or within five (5) years up to the latest date; None of the directors or executive officers of the Registrant has had any conviction by final judgment in a criminal proceedings, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; None of the directors or executive officers of the Registrant has been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and None of the directors or executive officers of the Registrant has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

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

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

Parents of Registrant

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

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

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

Resignation of Director Since the Last Annual Shareholders' Meeting

No one from the members of the Board resigned since the last annual stockholders' meeting.

Proxy Solicitations

No proxy solicitations will be made by the Registrant.

Item 6. Compensation of Directors and Executive Officers

The following is a summary of the aggregate compensation paid or accrued during the last two (2) fiscal years, i.e. **2020 and 2021 and to be paid in the ensuing fiscal year 2022** to the Company's Chief Executive Officer and four (4) other most highly compensated executive officers who are individually named, and to all other officers and directors of the Company as a group:

OFFICERS/DIRECTOR	FISCAL YEAR	AGGREGATE COMPENSATION (in ₱)		
		Basic	Bonus	Total
	2022	65,400,783.50	11,336,978.13	76,737,761.63
Wolfgang Krueger				
Jose Juan Z. Jugo				
Rajeev Garg				
Federico G. Noel Jr.				
Karlo Marco P. Estavillo				
	2021	62,928,573.50	9,584,814.18	72,513,387.68
Wolfgang Krueger				
Jose Juan Z. Jugo				
Rajeev Garg				
Federico G. Noel, Jr.				
Karlo Marco P. Estavillo				
	2020	78,026,520.00	21,844,891.95	99,871,411.95
Wolfgang Krueger				
Karlo Marco P. Estavillo				
Rajeev Garg				
Federico G. Noel Jr.				
Koay Kean Choon				
Jose Juan Z. Jugo				

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

Item 7. Independent Public Accountants

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

The Registrant is compliant with the SRC rule 68, as amended, par 3(b)(iv), and has observed the rotation of signing partners for its Independent Public Accountants, Isla Lipana & Co. (Price WaterHouse Coopers Philippines).With respect to Isla Lipana & Co, the signing partner starting FY 2018 is Imelda Ronnie de Guzman - Castro. Isla Lipana & Co is a SEC-accredited external auditing firm, effective until 20 June 2021 and will be recommended for re-appointment as External Auditor for the year 2021-2022 during the Annual Stockholders' Meeting on 22 June 2022.

AUDIT COMMITTEE

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

(B) Information of Independent Accountant and other related matters

a. External Audit Fees and Services

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

	2021	2020
Audit Fees	4,510,250	4,393,050
Tax Consultancy Fees	-	-
	4,510,250	**4,393,050**

No other service was provided by external auditors to the Company for the fiscal years 2021 and 2020.

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

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

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

Not Applicable.

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

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

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

Not Applicable

Item 8. Compensation Plans

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

The merger of Registrant and Kuok Philippine Properties, Inc. ("KPPI"), with the Registrant as the surviving entity, and KPPI as the absorbed entity, was duly approved by the SEC on 25 July 2007. Pursuant to the Plan of Merger of Registrant and KPPI, as approved by the Board of Directors of Registrant, all KPPI shareholders as of the date of approval by the Securities and Exchange Commission of the Merger ("Record Date"), were entitled to exchange every seven (7) of their KPPI shares with one (1) share of the Registrant. Fractional shares (shares less than 7) held by the qualified KPPI shareholders were paid by the Registrant in cash. The shares of the Registrant which was issued to the KPPI shareholders was taken from out of an increase in the Authorized Capital Stock of the Registrant from ₱6,000,000,000.00 (representing 6,000,000,000 common shares at ₱1.00 par value per share) to ₱8,000,000,000.00 (representing 8,000,000,000 common shares at ₱1.00 par value per share), which increase in the Authorized Capital Stock has been duly approved by the SEC. All shares issued to KPPI shareholders have been duly listed with the Philippine Stock Exchange.

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

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

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

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

No dividends in arrears or defaults in principal interest

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

<u>Cash Dividends Declared By The Issuer During The Two Most Recent Years</u>

<u>Cash Dividends</u>

<u>2022</u>

- During the regular meeting of the Issuer's Board held on 24 March 2022, the Board approved the declaration of P0.07 per share cash dividend to all shareholders of record as of 08 April 20201 to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2021 to be paid on or before 20 April 2022.

<u>2021</u>

- During the regular meeting of the Issuer's Board held on 25 March 2021, the Board approved the declaration of P0.08 per share cash dividend to all shareholders of record as of 09 April 20201 to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2020 to be paid on or before 16 April 2021.

- During the regular meeting of the Issuer's Board held on 10 September 2021, the Board approved the declaration of P0.04400 per share cash dividend to all shareholders of record as of 24 September 2021 to be taken from the unrestricted retained earnings as reflected in the unaudited financial statements of the Issuer as of 30 June 2021 to be paid on or before 30 September 2021.

<u>2020</u>

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

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

Item 15. Action with respect to Reports

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

(i) approve the minutes of the Annual Stockholders' Meeting held on ***<u>07 SEPTEMBER 2021</u>*** which minutes reflect the following: call to order, proof of notice of meeting, certification of quorum, approval of minutes of the previous annual stockholders' meeting, approval of the Management's report of operations for ***<u>2021</u>***, ratification of the acts of the Board of Directors, election of directors, appointment of the firm of Isla Lipana & Co. (Price WaterHouse Coopers Philippines) as the Registrant's External Auditors, and adjournment.

(ii) ratify the acts of Management and the Board of Directors since the Annual Stockholders' Meeting held ***<u>07 SEPTEMBER 2021</u>*** up to the date of this year's Annual Stockholders' Meeting. The items covered with respect to this general ratification are the acts of Board of Directors in the ordinary course of business, with those acts of significance having been subject of prior disclosures to the SEC.

(iii) approve and ratify amendment of the Registrant's Articles II and III of its Amended By-Laws.

(iv) approve and ratify the Registrant's Audited Financial Statements as of ***31 December 2021***, elect the Board of Directors for the year ***2022-2023***, elect the Registrant's external auditors.

(v) approve the appointment of the Issuer's External Auditors Isla Lipana & Co. (Price WaterHouse Coopers Philippines) for the fiscal year **2022-2023.**

The Minutes of the 2021 Stockholders' Meeting is uploaded on the Registrant's website five (5) days from the date of the Meeting and may be viewed at www.shangproperties.com.

The Minutes contain the following information:

(1) A description of the voting and vote tabulation procedures used in the previous meeting
(2) A description of the opportunity given to the stockholders to ask questions and a record of the questions asked and answers given;
(3) The matters discussed and resolutions reached;
(4) A record of the voting results for each agenda item; and
(5) A list of the directors, officers and stockholders who attended the meeting.

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

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

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

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

Item 16. Matters Not Required to be Submitted

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

Item 17. Amendment of Charter, Bylaws or Other Documents

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

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

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

Item 18. Other Proposed Action

None

Item 19. Voting Procedures

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

Item 20. Participation of Shareholders by Remote Communication

The stockholders may participate in stockholders' meetings either (a) in person, (b) by proxy, or (c) by remote communication (e.g., by teleconference, by videoconference, by computer conferencing, by audio conferencing) or by other alternative modes of communication.

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

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

Stockholders may email questions or comments prior to or during the meeting at spi.asm@shangproperties.com.

Item 21. Acceptance of Stockholder Proposals on Agenda Item

Stockholders of record as of 23 May 2022 owning at least 5% of the total outstanding capital stock of the Corporation may submit proposals on items for inclusion in the Agenda on or before 15 May 2022.

CORPORATE GOVERNANCE MANUAL

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

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

On 03 August 2005, the Board of Directors of Issuer approved the amendment of Issuer's Manual of Corporate Governance such as to add thereto provisions for the creation of a nomination committee for both regular and independent directors of Issuer, in compliance with the relevant provision of the Securities and Regulation Code.

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

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

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

Internal Control

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

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

Audit Committee

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

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

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

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

Nomination of Independent Director/s

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

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

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

In compliance with PSE Memorandum No. 2010-0505 which requires the disclosure of the level of public ownership of the Issuer, as of 31 MARCH 2022, is 34.55%[8] of the Issuer's total issued and outstanding shares is publicly owned in accordance with the PSE's guidelines for the computation of public ownership.

MARKET INFORMATION

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

Year	High	Low
2021		
First Quarter	**₱2.87**	**₱2.50**
Second Quarter	**₱2.78**	**₱2.53**
Third Quarter	**₱2.71**	**₱2.55**
Fourth Quarter	**₱2.71**	**₱2.54**
2020		
First Quarter	**₱3.31**	**₱2.45**
Second Quarter	**₱2.99**	**₱2.55**
Third Quarter	**₱2.74**	**₱2.65**
Fourth Quarter	**₱2.69**	**₱2.65**

The high and low of Issuer's shares for the period **01 January 2022 to 31 March 2022** are as follows:

High: **₱2.62**
Low: **₱2.50**

The closing price for the Issuer's shares on 26 May 2022 is ₱2.58

The high and low of Issuer's shares for 26 May 2022 are as follows:

High: **₱2.58**
Low: **₱2.50**

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

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

STOCK DIVIDENDS

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

[8] RCBC Report as of 31 March 2022

RECENT SALE OF SECURITIES

No recent sales from the time of the last annual stockholders meeting of any unregistered or exempt securities of the Registrants as well as no recent issuance of securities constituting an exempt transaction

CORPORATE GOVERNANCE

(a) The Board establishes an effective performance management framework through annual performance evaluation of the Registrant using set standards for evaluation.
(b) Aside from other policies of the Registrant, the Registrant's Manual on Corporate Governance also provides measures to fully comply with the adopted leading practices on good governance.
(c) There were no deviations by the Registrant from its Manual on Corporate Governance and full compliance therewith has been made since the adoption of the Manual.
(d) The Registrant's internal control system is reviewed on an annual basis based on the Company's annual audit plan to enhance and ensure that principles and practices are in accordance with the Manual on Corporate Governance.

PART II.

INFORMATION REQUIRED IN A PROXY FORM

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

UNDERTAKING

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

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Mandaluyong this **27th day of MAY 2022.**

SHANG PROPERTIES, INC.

By:

FEDERICO G. NOEL, JR.
Corporate Secretary

ADDENDUM TO THE ANNUAL REPORT

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

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

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

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

(2) Management's Discussion and Analysis

(a) Full Fiscal Years

Key Performance Indicators

		31-Dec		% Change
		2021	2020	
Turnover	(Php M)	4,574	6,220	-26.46%
Profit Attributable to shareholders	(Php M)	2,124	1,470	44.49%
Earnings per share	(Php Ctv)	0.446	0.309	44.49%
Net Asset Value per share	(Php)	7.834	7.502	4.43%
Price Earnings Ratio	(Times)	5.851	8.779	-33.35%

		31-Dec		% Change
		2018	2017	
Turnover	(Php M)	12,650	14,848	14.8%
Profit Attributable to shareholders	(Php M)	3,012	3,346	10.0%
Earnings per share	(Php Ctv)	0.633	0.703	10.0%
Net Asset Value per share	(Php)	6.864	6.397	6.8%
Price Earnings Ratio	(Times)	4.932	4.454	10.73%

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

- Turnover consists of revenue from condominium sales, rental and cinema, and hotel operations. Shang Properties' gross revenue decreased by ₱1.646B to ₱4.574B in 2021 from ₱6.220B in 2020. Sales of residential condominium units of ₱1.951B accounted for 43% of the Group's turnover in 2021. Revenue from rental and cinema operations amounted to ₱1.82B or

40% of turnover in 2021, lower by ₱309M from last year's ₱2.129B. Hotel operations of Shangri-La at the Fort contributed revenue amounting to ₱802M or 17% of turnover in 2021, lower by ₱279M from last year's ₱1.082B.

- Profit attributable to shareholders pertains to net income from operations of the Group, net of minority shareholders' share. It increased by ₱654M or 44.50% compared with last year.

- Earnings per share of ₱0.446 were higher by 44.49% from last year's ₱0.309.

- Net Asset value per share is calculated by dividing the total net asset of the company (Total asset – Total liabilities) by the number of shares outstanding.

- Net asset value per share increased by 4.43% mainly due to additional Investment in and Advances to a Joint Venture this year.

- Price Earnings ratio is a valuation of the company's current share price compared to earnings per share and calculated by dividing the market value per share by the earnings per share. Price earnings ratio is lower by 33.35% at 5.851 times this year from 8.779 times last year. The Group' year-end share price in 2021 is ₱ 2.61 from ₱ 2.71 in 2020.

Results of Operations

Calendar Year 2021 Compared to Calendar Year 2020

Shang Properties' consolidated net income attributable to shareholders for the year ended December 31, 2021 amounted to ₱2.124B, ₱654M higher than the ₱1.470B posted in the same period last year.

Decrease in Turnover by ₱1.646B or 26.47% to ₱4.574B in 2021 from ₱6.220B in 2020, mainly due to lower revenue from condominium sales, rental and cinema and hotel operations of Shangri-La at the Fort.

2. Decrease in condominium sales by ₱1.059B is mainly due to decrease in the number of units sold across all projects of the Group as well as slowdown in construction which lead to low percentage of completion used to recognize revenue for the year, mainly due to the COVID 19 pandemic.

3. Decrease in revenue from rental and cinema by ₱309M mainly due to lower occupancy rate of both office leasing at The Enterprise Center and mall operations of Shangri-La Plaza. The government-imposed lockdowns in 2021 restricted operations of certain tenants which eventually lead to business closures and lease cancellations.

4. Decrease in revenue from hotel operations by ₱279M is mainly due to lower occupancy of the Shangri-La at the Fort Hotel caused by the ongoing travel bans and government-imposed community quarantines. Hotel bookings in 2021 were mainly quarantine-related stays which yielded lower average daily rates.

Cost of sales and services of the Group amounted to ₱2.565B, lower by ₱1.072B compared with last year's ₱3.637B due to the following:

1. Decrease in cost of condominium sales by ₱727M mainly due to lower sales across all projects.

2. Decrease in cost of rental and cinema by ₱19M mainly due to lower common area expenses brought about by reduced operations of the Mall as a result of government-imposed restrictions in the operations of certain commercial establishments.

3. Decrease in cost of hotel services by ₱326M due to lower occupancy compared to same period last year.

Operating expenses of the Group amounted to ₱1.351B lower by ₱148M or 9.87% from last year's ₱1.499 mainly due to the net effect of the following:

1. Higher staff cost by ₱51M due to annual salary adjustments and additional manpower hired during the year.

2. Decrease in taxes and licenses by ₱179K mainly due to lower annual business permits paid by the Group because of lower revenue.

3. Increase in depreciation and amortization by ₱697K due to additional office improvements made and other equipment purchased by the Group in 2021 and started depreciating within the year.

4. Increase in insurance expense by ₱1.3M mainly due to Terrorism and Sabotage insurance acquired by TRDCI for Assembly Ground.

5. Decrease in other general and administrative expenses by ₱149M is mainly due to the provision recognized in 2020 for restructuring and contingencies of Shangri-La at the Fort. The same expense was not incurred in 2021.

Other income decreased by ₱314M mainly due to lower interest income on discounting of installment contracts receivable as well as lower miscellaneous income.

Decrease in interest expense and bank charges by ₱20M mainly due to lower interest rate on bank loans of Shang Properties Inc.

Provision for income tax is lower by ₱1.272B mainly due to reduction of income tax rate upon the effectivity of CREATE Law.

Calendar Year 2020 Compared to Calendar Year 2019

Shang Properties' consolidated net income attributable to shareholders for the year ended December 31, 2020 amounted to ₱1.470B, P1.586B lower than the ₱3.056B posted in the same period last year.

Decrease in Turnover by ₱5.141B or 45.26% to ₱6.221B in 2020 from ₱11.362B in 2019, mainly due to lower revenue from condominium sales, rental and cinema and hotel operations of Shangri-La at the Fort.

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

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

3. Decrease in revenue from hotel operations by P2.498B is mainly due to lower occupancy of the Shangri-La at the Fort Hotel caused by the ongoing travel bans and government-imposed community quarantines.

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

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

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

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

Operating expenses of the Group amounted to P1.499B higher by ₱247M or 19.72% from last year's ₱1.252B mainly due to the net effect of the following:

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

2. Decrease in taxes and licenses by ₱27M mainly due to lower real property tax paid by the Group, brought about by the ongoing turnover of units at The Rise project.

3. Increase in depreciation and amortization by ₱5M due to additional office improvements made and other equipment for the year.

4. Decrease in insurance expense by ₱11M is mainly due to lower property insurance as a result of the Group's bidding and negotiation process.

5. Increase in other general and administrative expenses by ₱226M mainly due to donations made by the Group to various Covid 19 and typhoon relief operations and provision for restructuring and contingencies of Shangri-La at the Fort.

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

Decrease in interest expense and bank charges by ₱133M mainly due to lower interest rate on bank loans of Shangri-La at the Fort and Shang Properties Inc. and also lower loan balance due to principal payments during the year.

Provision for income tax is lower by ₱651M mainly due to lower taxable income generated during the year.

Calendar Year 2019 Compared to Calendar Year 2018

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

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

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

2. Increase in revenue from hotel operations by P409M is mainly due to higher occupancy of the Shangri-La at the Fort Hotel and also higher average daily rate this year compared to last year.

3. Decrease in condominium sales by ₱563M is mainly due to fewer available units for sale as the Group's Shang Salcedo Place project became fully sold out during the year and The Rise Makati project already at handover stage.

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

1. Decrease in cost of rental and cinema by ₱77M mainly due to higher recovery of common area expenses of Group's Mall operations. Reimbursements from tenants increased during the year due to increase in CUSA rates charged by the Mall and also due to lower electricity rates.

2. Increase in cost of hotel services by ₱189M due to higher occupancy compared to same period last year.

3. Decrease in cost of condominium sales by ₱304M mainly due to lower sales across all projects.

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

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

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

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

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

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

Other income decreased by ₱853M mainly due to lower gain on fair value adjustment of investment properties as a significant adjustment was made in the previous year, as appraised by an independent appraiser.

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

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

Financial Condition

Calendar Year 2021 Compared to Calendar Year 2020

Total assets of the Group amounted to ₱63.776B, increased by ₱606M from the total assets of ₱63.170B on December 31, 2020. The following are the significant movements in the assets:

- Decrease in cash and cash equivalents by ₱173M mainly due to usage in operations and additions to investment properties and capital expenditures.

- Decrease in financial assets at fair value through profit or loss by ₱3M due to loss on fair value adjustment recognized during the year.

- Decrease in trade and other receivables by ₱616M mainly due to lower Installment Contracts Receivable from Condominium sales because of collection of outstanding balances of units that were turned over during the year.

- Increase in properties held for sale by ₱252M mainly due to acquisition cost of land which will be used for project development.

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

- Increase in investment properties by ₱471M is mainly due to the development cost of a commercial project.

- The decrease in the Financial Assets at Fair Value through other comprehensive income by ₱600K is mainly due to the fair valuation of unlisted shares of stock being held by the Group as investment.

- Decrease in property, plant and equipment by ₱871M is mainly due to periodic depreciation.

- Increase in deferred income tax assets by ₱151M is mainly due to income recognition of SGCPI's NOLCO for the period.

- Decrease in other noncurrent assets by ₱888M is mainly due to reclassification of previously recorded deposits made by SPI for future project developments to investment in and advances to an associate and a joint venture.

The net decrease in total liabilities by ₱ 658M from ₱21.496B in 2020 to ₱20.838B in 2021 mainly due to the following:

- The Net Decrease in Accounts Payable by ₱910M is mainly due to lower trade and retention payables, accrued expenses and advances from condominium unit buyers.

- Net decrease in installment payable by ₱95M is mainly due to quarterly payments during the year.

- Increase in bank loans mainly due to new availments of short-term loans during the year amounting to ₱1.826B.

- Decrease in deferred lease income by ₱41M and Deposit from Tenants by ₱116M is mainly due to lower deposits from The Enterprise Center (TEC) and Shangri-La Plaza.

- Decrease in income tax payable by ₱70M mainly due to decrease in taxable income for the year and lower tax rate.

- Decrease in dividends payable by ₱12M due lower unclaimed dividend checks paid to shareholders during the year.

- Decrease in deferred income tax liabilities by ₱1.139B is mainly due to adjustments to lower tax rate due to CREATE Law.

Calendar Year 2020 Compared to Calendar Year 2019

Total assets of the Group amounted to P63.170B, decreased by ₱184M from the total assets of ₱63.354B in December 31, 2019. The following are the significant movements in the assets:

- Decrease in cash and cash equivalents by ₱1.090B mainly due to payment of bank loans and cash dividends.
- Decrease in financial assets at fair value through profit or loss by ₱3M due to loss on fair value adjustment recognized during the year.
- Increase in trade and other receivables by ₱777M mainly due to reclassification of receivables from related parties from Advances to a Joint Venture.
- Increase in properties held for sale by ₱537M mainly due to acquisition cost of land which will be used for project development.
- Net increase in investment in and advances to an associate and a joint venture is mainly due to additional advances during the year and the Group's 50% share in net income of Shang Robinsons Properties, Inc. which is a joint venture with Robinson's Land Corporation (RLC).
- Increase in investment properties by ₱2.010B is mainly due to the reclassification to investment property of cost of completed retail portion of The Rise and development cost of a commercial project previously part of Real Estate Development Projects. Increase is also due to cost of Aurelia units purchased by the Group and additional improvements of SLPC Building.
- The decrease in the Financial Assets at Fair Value through other comprehensive income by ₱6M is mainly due to the fair valuation of unlisted shares of stock being held by the Group as investment.
- Decrease in property, plant and equipment by ₱1.127B is mainly due to periodic depreciation.
- Increase in deferred income tax assets by ₱238M is mainly due to income recognition of SGCPI's NOLCO for the period.
- Increase in other noncurrent assets by ₱422M is mainly due to deposits made by SPI for future project developments.

The net decrease in total liabilities by ₱588M from ₱22.083B in 2019 to ₱21.496B in 2020 mainly due to the following:

- The Net Decrease in Accounts Payable by ₱485M is mainly due to lower reservation and retention payables.
- Net decrease in installment payable by ₱301M is mainly due to quarterly payments during the year.
- Decrease in bank loans mainly due to net repayments amounting to ₱49M.
- Increase in deferred lease income by ₱3M is mainly due to higher deposits from The Enterprise Center (TEC) and Shangri-La Plaza.
- Decrease in income tax payable by ₱126M mainly due to decrease in taxable income for the year.
- Increase in dividends payable by ₱27M due unclaimed dividend checks paid to shareholders during the year.

- Increase in deferred income tax liabilities by ₱153M is mainly due to the recognition of higher percentage of completion of The Rise condominium project.

Calendar Year 2019 Compared to Calendar Year 2018

Total assets of the Group amounted to ₱63.354B, increased by P3.098B from the total assets of ₱60.256B in December 31, 2018. The following are the significant movements in the assets:

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

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

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

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

- Increase in investment in and advances to an associate and a joint venture by ₱1.121B due to advances to the joint venture with Robinson's Land Corporation (RLC) and the P101M share in Net Income of said joint venture taken up during the year. Both RLC and SPI owns 50% of the outstanding shares in the joint venture under the name of Shang Robinsons Properties Inc.

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

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

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

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

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

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

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

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

- Net decrease in installment payable by ₱97M is mainly due to quarterly payments during the year.
- Decrease in bank loans mainly due to net repayments amounting to ₱55M.

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

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

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

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

Statement of Cash Flows

Net cash provided by operating activities in 2021 amounted to ₱354M. The cash inflows in 2021, 2020 and 2019 includes collection of revenue from various condominium projects, rental revenue from mall operation of the Shangri-La Plaza and leasing operations of TEC, and hotel operations of Shangri-La at the Fort. Net cash provided by operating activities in 2020 and 2019 amounted to ₱1.028B and ₱4.118B, respectively.

Net cash used in investing activities in 2021 amounted to ₱568.4M mainly used in advances to the joint venture with Robinsons Land Corp, acquisition of investment properties and property, plant and equipment amounting to ₱5.4M, ₱457.7M and ₱126.7M respectively. Net cash used in investing activities in 2020 amounted to ₱1.398B was mainly used in deposit for future project amounting to ₱465.9M. Net cash used in investing activities in 2019 amounted to ₱2.366B mainly used in the joint venture with Robinsons Land Corp, acquisition of investment properties and deposit for future project amounting to ₱1.020B, ₱1.109B and ₱172M respectively.

Net cash inflow in financing activities in 2021 amounted to ₱742.2M mainly from new short-term loan proceeds for the year. In 2020 and 2019, net cash used in financing activities amounted to ₱1.133B and ₱1.539B respectively, mainly used in payments of bank loans, interest and cash dividends.

(b) Interim Periods

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

(i) There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

(ii) There are no known events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of obligation.

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

(iv) There are no material commitments for capital expenditures.

(v) There are no known trends, events or uncertainties that have had or that are reasonably expected to have material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

(vi) There are no significant elements of income or loss that did not arise from the Registrant's continuing operations.

(vii) Causes of material changes from period to period of FS including vertical and horizontal analysis of material item. Please see discussion under financial condition.

(viii)There are no seasonal aspects that had a material effect on the financial statements.

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

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

Not Applicable

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

The Group's external auditor for the last 2 years is Isla Lipana & Co. There was no disagreement/s with Isla Lipana & Co. on any accounting and financial disclosure matters.

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

Not Applicable

Information of Independent Accountant and other related matters

a. External Audit Fees and Services

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

	2021	**2020**
Audit Fees	4,510,250	4,458,250
Tax Consultancy Fees	-	-
	4,510,250	**4,458,250**

No other service was provided by external auditors to the Company for the fiscal years 2021 and 2020.

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

None

<u>Consolidated Audited Financial Statements</u>

The Consolidated Audited Financial Statements of the Group for 2021 are incorporated in the accompanying Exhibits and Schedules.

<u>Statements Required by Rule 68 Securities Regulation Code (SRC)</u>

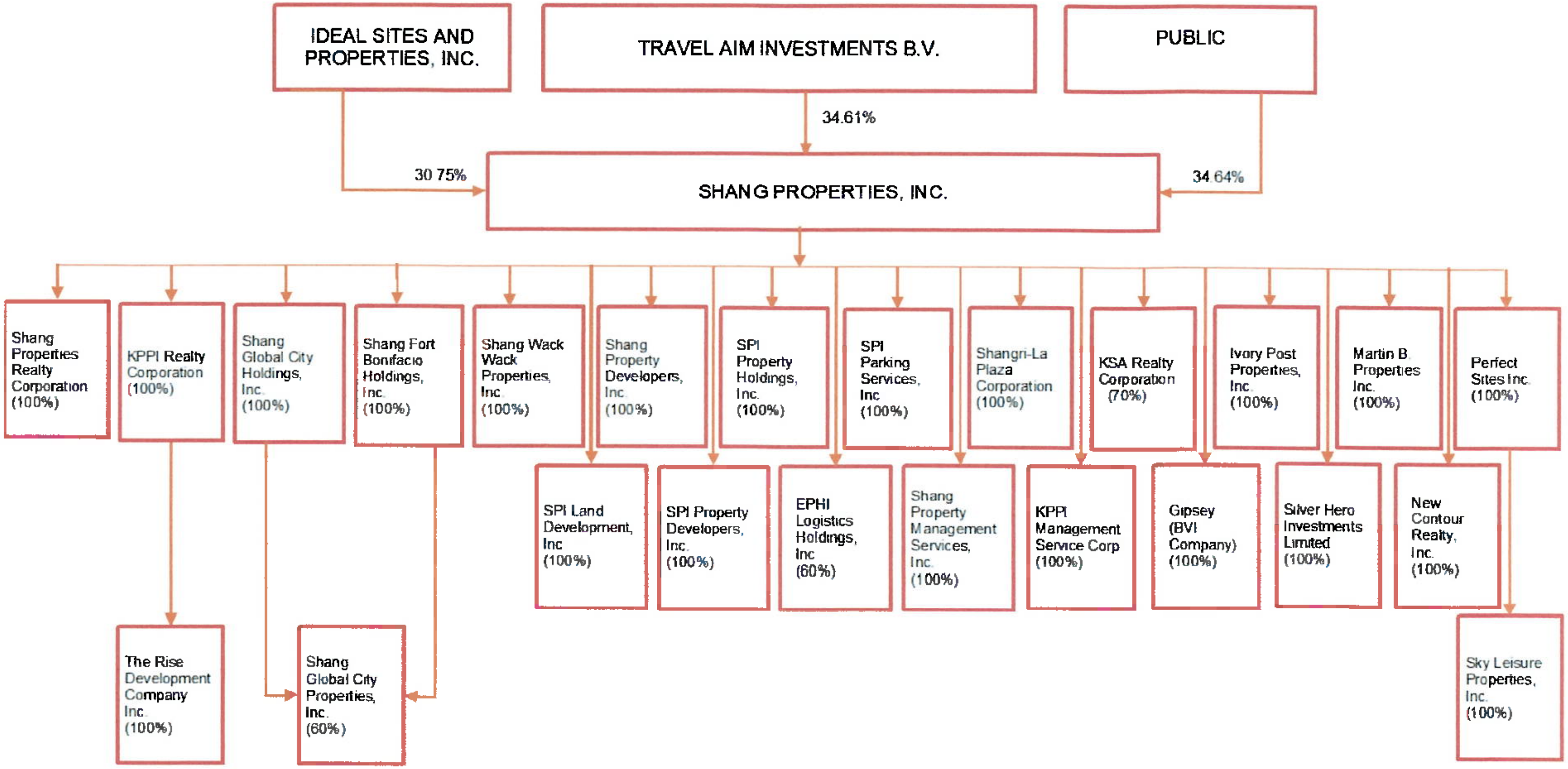
<u>Other Required Disclosures</u>

A.) The attached interim financial reports were prepared in accordance with Philippine Financial Reporting Standard. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2021.

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

Shang Properties, Inc. and Subsidiaries

Map of the Group of Companies within which the Reporting Entity Belongs
as of December 31, 2021



Shang Properties, Inc. and Subsidiaries

Financial Soundness Indicators
As at December 31, 2021, 2020 and 2019

Ratio	Formula		2021	2020	2019
A. Current and Liquidity Ratios					
1. Current ratio	Total current assets	11,400,455,364	0.92	1.06	1.11
	Divided by: Total current liabilities	12,412,905,457			
	Current ratio	0.92			
2. Acid test ratio	Total current assets	11,400,455,364	0.76	0.91	0.99
	Less: Prepaid taxes and other current assets	1,947,431,627			
	Quick assets	9,453,023,737			
	Divided by: Total current liabilities	12,412,905,457			
	Acid test ratio	0.76			
B. Solvency ratio	Net income	2,190,276,144	0.15	0.12	0.21
	Add: Depreciation*	995,276,557			
	Net income before depreciation	3,185,552,701			
	Divided by: Total liabilities	20,837,748,694			
	Solvency ratio	0.15			
C. Debt to equity ratio	Total liabilities	20,837,748,694	0.49	0.52	0.54
	Divided by: Total equity	42,939,023,294			
	Debt to equity ratio	0.49			
D. Asset to equity ratio	Total assets	63,776,771,988	1.49	1.52	1.54
	Divided by: Total equity	42,939,023,294			
	Asset to equity ratio	1.49			
E. Debt ratio	Total liabilities	20,837,748,694	0.33	0.34	0.35
	Divided by: Total assets	63,776,771,988			
	Debt ratio	0.33			

Ratio	Formula		2021	2020	2019
F. Profitability ratios					
1. Return on assets (%)	Net income	2,190,276,144	3.43%	2.25	5.40
	Divided by: Total assets	63,776,771,988			
	Return on assets (%)	3.43%			
2. Return on equity (%)	Net income	2,190,276,144	5.10	3.41	8.29
	Divided by: Total equity	42,939,023,294			
	Return on equity (%)	5.10%			
3. Net profit margin	Net income	2,190,276,144	47.89	22.85	30.12
	Divided by: Total revenues	4,573,925,274			
	Net profit margin (%)	47.89%			
G. Earnings per share (EPS) attributable to equity holders of Parent	Net income after minority interest	2,124,062,600	0.45	0.31	0.64
	Divided by: Total shares outstanding	4,761,918,337			
	EPS attributable to equity holders of Parent	0.45			
H. Book value per share (BPS) attributable to equity holders of Parent	Total equity after minority interest	37,306,866,381	7.83	7.50	7.35
	Divided by: Total shares outstanding	4,761,918,337			
	BPS attributable to equity holders of Parent	7.83			

Shang Properties, Inc. and Subsidiaries

Schedule A - Financial Assets
As at December 31, 2021
(All amounts in Philippine Peso)

Description of each issue	Number of shares	Amount shown in the Consolidated Statement of Financial Position	Value based on market quotations at statement date	Income (loss) received and accrued
Cash and cash equivalents*		1,376,480,154	1,376,480,154	2,986,117
Trade and other receivables**		4,380,741,449	4,380,741,449	111,642,591
Financial assets at fair value through profit or loss***		30,815,974	30,815,974	(2,810,236)
Refundable deposits****		160,652,296	160,652,296	-
Financial assets at fair value through other comprehensive income*****				
Quoted shares	8	27,350,015	27,350,015	-
Unquoted shares	298,516	769,618,480	769,618,480	(600,000)
		796,968,495	796,968,495	(600,000)
		6,745,658,368	6,745,658,368	111,218,472

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

Shang Properties, Inc. and Subsidiaries

Schedule B - Amounts Receivable from Directors, Officers,
Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As at December 31, 2021
(All amounts in Philippine Peso)

			Deduction				
Name and designation of debtor	Balance at beginning of period	Additions	Amount collected	Amount written-off	Current	Non-current	Balance at end of period
Classic Elite Holdings Inc.	1,144,187,554	-	-	-	-	1,144,187,554	1,144,187,554
One Shangri-la Place Condominium Corp.	54,347,150	13,327,689	(14,229,330)		8,545,237	44,900,272	53,445,509
Shang Salcedo Place Condominium Corp.	57,050,054	10,843,077	(1,235,069)	-	50,374,939	16,283,123	66,658,062
EDSA Shangri-la Hotel & Resorts, Inc.	8,992,491	16,461,917	(7,003,949)	-	5,873,602	12,576,778	18,450,380
Makati Shangri-la Hotel	8,605,055	10,465,607	(6,776,611)		4,066,471	8,227,580	12,294,051
The St. Francis Shangri-la Place Condominium Corp.	33,007,237	15,646,411	(9,966,193)	-	11,370,887	27,316,568	38,687,455
The Shang Grand Tower Condominium Corp.	22,922,530	7,999,761	(9,594,139)		3,986,347	17,341,805	21,328,152
Ideal Sites Property, Inc.	5,706,273	1,307,075	-	-	1,307,075	5,706,273	7,013,348
Mactan Shangri-la Hotel	377,138	27,328,350	(41,447)	-	27,286,902	377,139	27,664,041
The Enterprise Centre Condominium Corp.	9,069,086	34,603,591	(28,109,892)	-	11,765,717	797,068	15,562,785
Shang Robinsons Properties, Inc.	187,016,372	108,584,047	(97,583,140)		110,518,056	87,499,224	198,017,280
Others	72,958,112	122,589,975	(48,695,523)	-	88,964,996	57,887,168	146,852,164
	1,604,238,974	369,157,100	(223,235,293)	-	327,060,229	1,423,100,552	1,750,160,781

See Notes 5 and 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule C - Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements
As at December 31, 2021
(All amounts in Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Shangri-la Plaza Corp.	28,404,087	15,399,150	(3,463,012)	-	1,593,332	38,746,893	40,340,225
Shang Property Management Services, Inc.	26,382,122	44,102,208	(27,597,125)	-	32,749,969	10,137,236	42,887,205
Shang Properties Realty Corporation	215,505,872	128,081,752	(164,414,658)	-	102,194,991	76,977,975	179,172,966
SPI Parking Services, Inc.	75,543	(4,400)	-	-	-	71,143	71,143
KPPI Management Services Corporation	-	-	-	-	-	-	-
Shang Global City Holdings, Inc.	-	-	-	-	-	-	-
Shang Fort Bonifacio Holdings, Inc.	-	-	-	-	-	-	-
KSA Realty Corporation	2,244,532	16,952,352	(18,170,186)	-	917,198	109,500	1,026,698
Shang Property Developers, Inc.	2,395,439,727	1,519,193	(28,926,016)	-	2,368,032,904	-	2,368,032,904
Silver Hero from SPDI	2,317,500,000	-	-	-	-	2,317,500,000	2,317,500,000
The Rise Development Company, Inc.	76,872,250	181,428,211	(34,048,510)	226,740	181,127,027	43,351,664	224,478,691
New Contour Realty Inc.	4,020,759	2,603	-	-	2,604	4,020,758	4,023,362
Shang Global City Properties, Inc.	783,230	1,652,534	(1,506,161)	-	929,603	-	929,603
Shang Wack Wack Properties, Inc.	2,992,050	51,704,387	-	-	51,704,450	2,991,987	54,696,437
Perfect Sites Inc.	105,008,696	11,100,000	-	-	11,100,000	105,008,696	116,108,696
KPPI Realty Corporation	50,003,612	-	(50,000,000)	-	-	3,612	3,612
Others	7,996,200,987	2,211,324,689	(333,925,909)	-	1,977,030,612	7,896,569,15!	9,873,599,767
Total	13,221,433,467	2,663,262,679	(662,051,577)	226,740	4,727,382,690	10,495,488,619	15,222,871,309

See Note 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule D - Long-Term Debt
As at December 31, 2021
(All amounts in Philippine Peso)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related Statement of Financial Position	Amount shown under caption "Long-term debt" in related Statement of Financial Position
10-year loan with fixed interest rate of 4.00% per annum	400,000,000	400,000,000	-
10-year loan with interest based on the higher between the PHP BVAL rate plus spread of 0.75% per annum and the Bangko Sentral ng Pilipinas (BSP) overnight borrowing rate minus spread of 0.95% per annum	1,190,897,677	95,111,377	1,095,786,300
12-month loan with fixed interest rate of 3.00% per annum	1,100,000,000	1,100,000,000	-
9-month loan with fixed interest rate of 4.25% per annum	480,000,000	480,000,000	-
6-month loan with fixed interest rate of 6.00% per annum	1,100,000,000	1,100,000,000	-
6-month loan with fixed interest rate of 4.25% per annum	645,000,000	645,000,000	-
6-month loan with fixed interest rate of 3.00% per annum	580,000,000	580,000,000	-
6-month loan with fixed interest rate of 2.50% per annum	210,000,000	210,000,000	-
3-month loan with fixed interest rate of 4.50% per annum	200,000,000	200,000,000	-
3-month loan with fixed interest rate of 4.15% per annum	500,000,000	500,000,000	-
3-month loan with fixed interest rate of 3.75% per annum	200,000,000	200,000,000	-
3-month loan with fixed interest rate of 3.70% per annum	400,000,000	400,000,000	-
3-month loan with fixed interest rate of 2.50% per annum	700,000,000	700,000,000	-
	7,705,897,677	6,610,111,377	1,095,786,300

Shang Properties, Inc. and Subsidiaries

Schedule E - Indebtedness to Related Parties
As at December 31, 2021
(All amounts in Philippine Peso)

Name of related party	Balance at beginning of period	Balance at end of period
Shangri-La International Hotel Management Limited	80,774,467	34,820,808
St. Francis Shangri-La Place Condominium Corporation	316,967	316,967
The Enterprise Center Condominium Corporation	8,659,116	12,807,215
Others	82,806,117	77,693,756
	172,556,667	125,638,746

See Notes 15 and 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule F - Guarantees of Securities of Other Issuers
As at December 31, 2021
(All amounts in Philippine Peso)

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

Shang Properties, Inc. and Subsidiaries

Schedule G - Share Capital
As at December 31, 2021
(All amounts in Philippine Peso)

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

See Note 18 to the Consolidated Financial Statements.

Shang Properties, Inc.

Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2021
(All amounts in Philippine Peso)

Unappropriated Retained Earnings beginning		18,048,427,320
Fair value adjustment of investment properties in prior years, net of tax		(8,855,929,698)
Unappropriated Retained Earnings, as adjusted, beginning		9,192,497,622
Net income based on the face of audited financial statements	2,401,230,635	
Less: Non-actual/unrealized income net of tax	-	
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustment	(512,453)	
Fair value adjustment of investment property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP – gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted under the PFRS	-	
Add: Non-actual losses	-	
Depreciation on revaluation increment (after tax)	-	
Fair value adjustment	-	
Adjustment due to deviation from PFRS/GAAP – loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net income actually earned during the period	2,400,718,182	2,400,718,182
Add (Less):		
Realized remeasurement loss during the year		-
Dividends declarations during the year		(590,477,874)
Appropriations of retained earnings		-
Reversal of appropriateness		-
Other reserves from restatement due to PAS19 Revised		-
Treasury shares		(6,850,064)
TOTAL RETAINED EARNINGS ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY, END AVAILABLE FOR DIVIDEND		10,995,897,946

Shang Properties, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income
For each of the three years in the period ended December 31, 2021
(All amounts in Philippine Peso)

	Notes	2021	2020	2019
Revenues				
Condominium sales		1,951,230,634	3,009,946,505	4,428,339,649
Rental and cinema	10	1,820,269,869	2,128,780,051	3,353,266,040
Hotel operation		802,424,771	1,081,762,155	3,580,220,504
		4,573,925,274	6,220,488,711	11,361,826,193
Cost of sales and services				
Condominium sales		957,901,740	1,685,000,495	2,696,938,381
Rental and cinema		81,441,312	100,248,382	169,393,067
Hotel operation		1,525,725,890	1,851,378,118	3,212,676,342
	20	2,565,068,942	3,636,626,995	6,079,007,790
Gross profit		2,008,856,332	2,583,861,716	5,282,818,403
Operating expenses				
Staff costs	21	581,064,680	530,048,537	476,405,566
Taxes and licenses		182,533,606	182,712,177	209,219,439
Depreciation and amortization	12	39,113,187	38,416,213	33,625,702
Insurance		8,489,829	7,145,262	17,695,659
Other operating expenses	22	540,145,085	740,367,083	514,856,663
		1,351,346,387	1,498,689,272	1,251,803,029
Other income (charges)				
Foreign exchange gains (losses), net	3	4,524,986	(3,729,088)	(7,757,080)
Gain on fair value adjustment of investment properties, net	10	-	-	276,697,387
Other income, net	23	181,346,176	315,522,194	130,139,136
		185,871,162	311,793,106	399,079,443
Income from operations		843,381,107	1,396,965,550	4,430,094,817
Finance income, net				
Finance income	23	194,639,616	382,943,112	217,586,055
Finance costs	23	(120,052,078)	(139,646,572)	(272,338,911)
		74,587,538	243,296,540	(54,752,856)
Share in net income of associates and a joint venture	8	404,707,422	185,533,552	101,237,114
Income before income tax		1,322,676,067	1,825,795,642	4,476,579,075
Income tax benefit (expense)	25	867,600,077	(404,215,860)	(1,054,810,382)
Net income for the year		2,190,276,144	1,421,579,782	3,421,768,693
Other comprehensive income				
Items that will be subsequently reclassified to profit or loss				
Translation adjustments		208,393	(291,113)	(932,813)
Items that will not be subsequently reclassified to profit or loss				
(Decrease) increase in fair value of equity investments at fair value through other comprehensive income, net of tax	11	(1,425,004)	(4,460,505)	19,943,650
Remeasurement gain (loss) on retirement benefit obligation, net of tax		55,554,468	(12,699,757)	(2,815,335)
		54,337,857	(17,451,375)	16,195,502
Total comprehensive income for the year		2,244,614,001	1,404,128,407	3,437,964,195
Net income attributable to:				
Shareholders of the Parent Company		2,124,062,600	1,469,965,012	3,056,001,858
Non-controlling interests	9	66,213,544	(48,385,230)	365,766,835
		2,190,276,144	1,421,579,782	3,421,768,693
Total comprehensive income attributable to:				
Shareholders of the Parent Company		2,173,318,534	1,453,332,976	3,072,213,653
Non-controlling interests	9	71,295,467	(49,204,569)	365,750,542
		2,244,614,001	1,404,128,407	3,437,964,195
Basic and diluted earnings per share attributable to shareholders of the Parent Company	26	0.446	0.309	0.642

The notes on pages 49 to 121 are integral part of these consolidated financial statements.

Shang Properties, Inc. and Subsidiaries

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

	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	3	1,376,480,154	1,549,970,914
Financial assets at fair value through profit or loss	4	30,815,974	33,626,210
Trade and other receivables, net	5	4,380,741,449	4,996,338,314
Properties held for sale	6	3,664,986,160	3,413,065,216
Prepaid taxes and other current assets	7	1,947,431,627	1,663,214,222
Total current assets		11,400,455,364	11,656,214,876
Non-current assets			
Investments in and advances to associates and a joint venture	8	4,318,123,784	2,317,911,271
Investment properties	10	35,384,993,640	34,913,873,065
Financial assets at fair value through other comprehensive income, net	11	796,968,495	797,568,496
Property and equipment, net	12	10,813,860,164	11,684,592,560
Goodwill	13	269,870,864	269,870,864
Deferred income tax assets, net	25	615,730,128	465,150,772
Other non-current assets	14	176,769,549	1,064,775,797
Total non-current assets		52,376,316,624	51,513,742,825
Total assets		63,776,771,988	63,169,957,701
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and other current liabilities	15	4,774,073,850	5,683,994,606
Current portion of:			
Installment payable	16	47,883,236	142,751,080
Bank loans	16	6,610,111,377	4,283,333,333
Deposits from tenants	17	845,472,994	614,727,181
Deferred lease income	17	18,829,063	41,298,111
Income tax payable	25	54,637,882	124,336,401
Dividends payable		61,897,055	74,031,392
Total current liabilities		12,412,905,457	10,964,472,104
Non-current liabilities			
Accrued employee benefits	24	64,676,831	89,798,059
Bank loans, net of current portion	16	1,095,786,300	1,596,172,131
Deferred income tax liabilities, net	25	6,878,525,105	8,018,041,563
Advance rentals, net of current portion	29	156,688,857	232,961,590
Deposits from tenants, net of current portion	17	193,502,993	540,045,750
Deferred lease income, net of current portion	17	35,663,151	54,099,337
Total non-current liabilities		8,424,843,237	10,531,118,430
Total liabilities		20,837,748,694	21,495,590,534
Equity			
Share capital	18	4,764,058,982	4,764,058,982
Share premium	18	834,439,607	834,439,607
Treasury shares	18	(6,850,064)	(6,850,064)
Equity reserves		(141,132,606)	(141,132,606)
Other comprehensive income	11,24	268,806,682	219,550,748
Retained earnings	18	31,587,543,780	30,053,959,054
Total equity attributable to shareholders of the Parent Company		37,306,866,381	35,724,025,721
Non-controlling interests	9	5,632,156,913	5,950,341,446
Total equity		42,939,023,294	41,674,367,167
Total liabilities and equity		63,776,771,988	63,169,957,701

The notes on pages 49 to 121 are integral part of these consolidated financial statements.

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

SHANG PROPERTIES, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	Unaudited March 31, 2022	Audited December 31, 2021
ASSETS			
Current Assets			
Cash and cash equivalents	3	1,415,804,639	1,376,480,154
Financial assets at fair value through profit or loss	4	31,676,639	30,815,974
Trade and other receivables, net	5	4,782,933,377	4,380,741,449
Properties held for sale	6	3,555,638,922	3,664,986,160
Prepaid taxes and other current assets	7	2,371,829,272	1,947,431,627
Total Current Assets		12,157,882,849	11,400,455,364
Non-Current Assets			
Investment in and advances to associates and a joint venture	8	4,427,004,934	4,318,123,784
Investment properties	10	35,426,874,411	35,384,993,640
Financial assets at fair value through other comprehensive income	11	796,968,495	796,968,495
Property and equipment, net	12	10,735,034,951	10,813,860,164
Goodwill		269,870,864	269,870,864
Deferred income tax assets		615,076,473	615,730,128
Other non-current assets	13	172,638,300	176,769,549
Total Non-Current Assets		52,443,468,428	52,376,316,624
Total Assets		**64,601,351,277**	**63,776,771,988**
LIABILITIES & STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	14	4,672,396,522	4,774,073,850
Current portion of:			
Installment payable		-	47,883,236
Bank loans	15	7,046,778,044	6,610,111,377
Deposits from tenants	16	794,870,003	845,472,994
Deferred lease income		22,256,686	18,829,063
Income tax payable		116,448,903	54,637,882
Dividends payable		71,962,226	61,897,055
Total Current Liabilities		12,724,712,384	12,412,905,457
Non-Current Liabilities			
Accrued employee benefits		66,727,523	64,676,831
Bank loans, net of current portion	15	1,097,109,389	1,095,786,300
Deferred income tax liabilities, net		6,885,353,768	6,878,525,105
Advance rental, net of current portion		156,688,857	156,688,857
Deposit from tenants, net of current portion	16	225,630,549	193,502,993
Deferred lease income, net of current portion		26,067,501	35,663,151
Total Non-Current Liabilities		8,457,577,587	8,424,843,237
TOTAL LIABILITIES		21,182,289,971	20,837,748,694
Stockholders' Equity			
Share capital	17	4,764,058,982	4,764,058,982
Share premium	17	834,439,607	834,439,607
Treasury shares		(6,850,064)	(6,850,064)
Equity reserves		(141,132,606)	(141,132,606)
Other comprehensive income		254,802,375	268,806,682
Retained earnings		32,063,859,391	31,587,543,780
Total equity attributable to shareholders of the Parent Company		37,769,177,685	37,306,866,381
Non-controlling interest		5,649,883,621	5,632,156,913
Total equity		43,419,061,306	42,939,023,294
Total Liabilities and Equity		**64,601,351,277**	**63,776,771,988**

(See accompanying notes to unaudited consolidated financial statements)

SHANG PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME

	UNAUDITED FOR THE QUARTER ENDED	
	31-March-22	31-March-21
REVENUES		
Condominium sales	658,408,896	502,963,458
Rental and cinema	466,743,338	488,863,927
Hotel operations	322,316,506	185,302,688
	1,447,468,740	1,177,130,073
COST OF SALES AND SERVICES		
Cost of condominium sales	283,472,406	256,934,240
Cost of rental and cinema	18,925,070	(2,079,849)
Cost of hotel operations	253,641,689	397,547,365
	556,039,165	652,401,756
GROSS PROFIT	**891,429,575**	**524,728,317**
OPERATING EXPENSES		
Staff Costs	118,961,989	207,160,127
Taxes, licenses and fees	73,455,008	72,407,620
Depreciation	7,303,700	7,715,209
Insurance	4,249,129	4,339,571
Other operating expenses	224,040,382	126,509,746
	428,010,208	418,132,273
OTHER INCOME		
Foreign exchange gains-net	2,994,039	1,406,093
Other income - net	31,394,503	131,896,026
	34,388,542	133,302,119
Income from operations	497,807,909	239,898,163
Finance income, net		
Finance Income	31,849,451	32,653,678
Finance Costs	(29,866,745)	(26,245,081)
	1,982,706	6,408,597
SHARE IN PROFIT OF ASSOCIATES AND A JOINT VENTURE	107,101,875	175,681,499
INCOME BEFORE INCOME TAX	**606,892,490**	**421,988,259**
Income tax expense	(82,890,171)	(43,594,714)
NET INCOME FOR THE YEAR	**524,002,319**	**378,393,545**
NET INCOME ATTRIBUTABLE TO:		
Shareholders of the Parent company	**476,315,611**	**386,097,218**
Non-controlling Interest	47,686,708	(7,703,673)
	524,002,319	378,393,545
OTHER COMPREHENSIVE INCOME		
Translation adjustments	-	(37,732,858)
Remeasurement gain (loss) on retirement benefit obligation, net of tax	(14,004,307)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	509,998,012	340,660,687
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Shareholders of the Parent company	**462,311,304**	**348,364,360**
Non-controlling Interest	47,686,708	(7,703,673)
	509,998,012	**340,660,687**
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	**0.100**	**0.081**

(See accompanying notes to unaudited consolidated financial statements)

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

	Shareholders of the Parent Company							
	Capital stock	Additional Paid-in Capital	Treasury Stock	Equity Reserves	Other Comprehensive Income	Retained Earnings	Non-controlling Interest	Total
Balances as of January 1, 2021	4,764,058,982	834,439,607	(6,850,064)	(141,132,606)	219,550,748	30,053,959,054	5,950,341,446	41,674,367,167
Translation adjustments	-	-	-	-	(37,732,849)	(10)	32,253	(37,700,606)
Cash dividends	-	-	-	-	-	-	(89,880,000)	(89,880,000)
Net income for the period	-	-	-	-	-	386,097,218	(7,703,673)	378,393,545
Balances as of March 31, 2021	4,764,058,982	834,439,607	(6,850,064)	(141,132,606)	181,817,899	30,440,056,262	5,852,790,026	41,925,180,106
Balances as of January 1, 2022	4,764,058,982	834,439,607	(6,850,064)	(141,132,606)	268,806,682	31,587,543,780	5,632,156,913	42,939,023,294
Translation adjustments	-	-	-	-	(14,004,307)	-	-	(14,004,307)
Cash dividends	-	-	-	-	-	-	(29,960,000)	(29,960,000)
Net income for the period	-	-	-	-	-	476,315,611	47,686,708	524,002,319
Balances as of March 31, 2022	4,764,058,982	834,439,607	(6,850,064)	(141,132,606)	254,802,375	32,063,859,391	5,649,883,621	43,419,061,306

(See accompanying notes to unaudited consolidated financial statements)

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

	March 31, 2022	March 31, 2021
Cash flows from operating activities		
Income before provision for income tax	606,892,490	421,988,259
Adjustments for:		
Depreciation and amortization	93,942,121	7,715,209
Interest expense	29,665,100	19,434,602
Retirement benefit expense	1,283,843	(7,587,786)
Loss on fair value adjustment of financial assets at fair value through profit or loss	(860,665)	946,732
Cumulative translation adjustment	(14,004,307)	37,732,859
Share in net profits of associates and a joint venture	(107,101,875)	(175,681,499)
Unrealized foreign exchange gain	2,994,039	1,406,093
Dividend income	-	(1,528)
Interest income	(31,849,451)	(32,653,678)
Operating income before working capital changes	580,961,295	273,299,263
Changes in working capital:		
Trade and other receivables	(403,237,645)	(595,979,376)
Properties held for sale	109,347,238	37,654,013
Prepaid taxes and other current assets	(437,988,798)	(132,023,312)
Real estate development projects	-	-
Other non-current assets	4,131,249	299,791,700
Accounts payable and other current liabilities	(100,207,318)	15,743,409
Installment payable	(47,883,236)	-
Deposits from tenants	(28,506,750)	55,599,687
Net cash generated from operations	(323,383,965)	(45,914,616)
Income tax paid	-	-
Interest received	32,895,168	35,764,243
Net cash provided by operating activities	(290,488,797)	(10,150,373)
Cash flows from investing activities		
Additions to:		
Investments in and advances to associates and a joint venture	(1,779,275)	(1,852,166)
Investment properties	(41,880,771)	(53,857,738)
Property and equipment	(15,122,587)	(2,381,465)
Deposit for a future project	-	-
Dividends received	-	1,528
Net cash used in investing activities	(58,782,633)	(58,089,841)
Cash flows from financing activities		
Payments of:		
Loan principal	(433,333,333)	-
Interest	(25,181,884)	(19,329,781)
Cash dividends payable (paid) to:		
Shareholders	(5,614,829)	-
Non-controlling shareholders of subsidiaries	(14,280,000)	(89,880,000)
Proceeds from loan availment, net of debt issue costs	870,000,000	266,666,667
Net cash used in financing activities	391,589,954	157,456,886
Net increase (decrease) in cash and cash equivalents for the period	42,318,524	89,216,672
Cash and cash equivalents at beginning of the period	1,376,480,154	1,549,970,914
Effects of exchange rate changes on cash and cash equivalents	(2,994,039)	(1,406,093)
Cash and cash equivalents at end of the period	1,415,804,639	1,637,781,493

(See accompanying notes to unaudited consolidated financial statements)

Shang Properties, Inc. and Subsidiaries

Notes to the Unaudited Consolidated Financial Statements
(All amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

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

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

The Parent Company and its subsidiaries' (together, the "Group") businesses include property investment and development, hotel operation, real estate management, leasing, mall and carpark operations, and other supplementary businesses.

COVID-19 Pandemic

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 Group however remains confident on its ability to absorb some conceivable financial shocks that may arise due to volatile economic conditions.

Note 2 - Segment information

The Group's operating businesses are organized and managed according to the nature of the products and services marketed. Each segment represents a strategic business unit that offers different products and serves different markets. The Group has operations only in the Philippines. The Group derives revenues from three (3) main segments as follows:

(a) Property development

This business segment pertains to the development and sale of condominium units. The subsidiaries operating in this segment are as follows:

- Shang Properties Realty Corporation ("SPRC") is the developer of The Shang Grand Tower Project (TSGT), located in Makati City, The St. Francis Shangri-La Place Project (TSFSP) and the One Shangri-La Place Project (OSP), both located in Mandaluyong City.

- Shang Property Developers, Inc. ("SPDI") is the developer of Shang Salcedo Place Project (SSP), located in Makati City.

- The Rise Development Company Inc. ("TRDCI") is the developer of The Rise Makati Project, located in Makati City.

- Shang Wack Wack Properties, Inc. ("SWWPI") is the developer of Shang Residences at Wack Wack Project, located in Mandaluyong City.

- SPI Property Holdings, Inc. ("SPI-PHI"), and SPI Land Development, Inc. ("SPI-LDI") are new subsidiaries in which the Group will develop its upcoming projects.

(b) Hotel operation

This business segment pertains to the operations of Shangri-La at the Fort's hotel and residences. Shang Global City Properties, Inc. ("SGCPI") is the developer of Shangri-La at the Fort Project, located in Taguig City. SGCPI's hotel and restaurant operations started commercial operations on March 1, 2016.

(c) Leasing

This business segment pertains to the rental operations of the Shangri-La Plaza Mall, The Enterprise Center ("TEC") and their related carpark operations as operated by Shangri-La Plaza Corporation ("SLPC"), KSA Realty Corporation ("KSA") and SPI Parking Services, Inc. ("SPSI"), respectively. It also includes rental of a portion of the Parent Company's land to EDSA Shangri-La Hotel and Resort, Inc. ("ESHRI") and cinema operations of Shangri-La Plaza Mall.

In 2019, the Parent Company started construction of a project located in the City of Mandaluyong. The project is being constructed on a parcel of land registered in the Parent Company's name. The construction of the project is ongoing and is expected to be completed in 2024. Upon completion, the project will be subsequently leased out to third parties and related parties. In 2021, the Parent Company has transferred the construction-in-progress to SPI Property Developers, Inc. ("SPI-PDI"). The Parent Company intends to transfer the land where the project is being constructed to SPI-PDI in 2022.

(d) Other Business Segments

Other business segments pertain to property management services and operations of real estate entities and other subsidiaries.

Except for the rental revenue from ESHRI, all revenues come from transactions with third parties. There are no revenues derived from a single external customer above 10% of total revenue in 2021 and 2020. There is no need to present reconciliation since measure of segment assets, liabilities and results of operations are consistent with those of the consolidated financial statements.

All revenues are from domestic entities incorporated in the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

There are no changes in the Group's reportable segments and related strategies and policies in 2022 and 2021.

The segment assets, liabilities and results of operations of the reportable segments of the Group as of and for the year ended March 31, 2022 are as follows:

	Property development	Hotel operation	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues:							
Condominium sales	658,408,896	-	-	-	658,408,896	-	658,408,896
Rental and cinema	9,203,902	-	482,889,694	-	492,093,596	(25,350,258)	466,743,338
Hotel operations	-	322,316,506	-	-	322,316,506	-	322,316,506
Cost of sales and services:							
Condominium sales	(283,472,406)	-	-	-	(283,472,406)		(283,472,406)
Rental and cinema	(5,879,541)	-	(11,321,072)	(550,132)	(17,750,745)	(1,174,325)	(18,925,070)
Hotel operations	-	(253,641,689)	-	-	(253,641,689)	-	(253,641,689)
Gross profit or revenues	378,260,851	68,674,817	471,568,622	(550 132)	917,954,158	(26,524,583)	891,429,575
Operating Expenses:							
Staff costs	(17,613,154)	-	(99,649,072)	(8,353,094)	(125,615,320)	6,653,331	(118,961,989)
Taxes and licenses	(37,732,880)	(11,113,233)	(23,101,769)	(1,507,126)	(73,455,008)	-	(73,455,008)
Depreciation and amortization	(623,405)	-	(60,437,907)	(46,905)	(61,108,217)	53,804,517	(7,303,700)
Insurance	(239,946)	(3,788,636)	(204,098)	(16,449)	(4,249,129)	-	(4,249,129)
General and administrative expenses	(107,735,642)	(75,047,647)	(66,529,752)	(1,241,071)	(250,554,112)	26,513,730	(224,040,382)
Other income (expense)							
Interest income	28,875,195	11,884	2,949,193	13,179	31,849,451	-	31,849,451
Foreign exchange gains – net	4,465,408	(1,748,706)	267,831	9,506	2,994,039	-	2,994,039
Share in net income of an associate	-	-	107,101,875	-	107,101,875	-	107,101,875
Other income, net	7,733,230	4,293,142	321,038,620	135,022,825	468,087,817	(436,693,314)	31,394,503
Interest expense and bank charges	(93,776)	(23,944,434)	(5,827,485)	(1,050)	(29,866,745)	-	(29,866,745)
Income before income tax	255,295,881	(42,662,813)	647,176,058	123,329,683	983,138,809	(376,246,319)	606,892,490
Provision for income tax	(50,992,885)	10,482,409	(60,028,947)	(1,477,139)	(102,016,562)	19,126,391	(82,890,171)
Net income for the year	204,302,996	(32,180,404)	587,147,111	121,852,544	881,122,247	(357,119,928)	524,002,319
Segment assets	13,759,199,245	9,168,431,235	52,024,700,170	5,724,198,933	80,676,529,583	(20,502,183,240)	60,174,346,343
Associate companies	-	-	-	4,427,004,934	4,427,004,934	-	4,427,004,934
Total assets	13,759,199,245	9,168,431,235	52,024,700,170	10,151,203,867	85,103,534,517	(20,502,183,240)	64,601,351,277
Segment liabilities	8,103,301,213	3,168,556,112	17,202,624,079	7,439,672,405	35,914,153,809	(14,731,863,838)	21,182,289,971
Capital expenditures for the year	168,080	12,189,510	44,798,218	-	57,155,808	-	57,155,808

The segment assets, liabilities and results of operations of the reportable segments of the Group as of and for the year ended December 31, 2021 are as follows:

	Property development	Hotel operation	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues							
Condominium sales	1,951,230,634	-	-	-	1,951,230,634	-	1,951,230,634
Rental and cinema	29,414,034	-	1,870,556,047	-	1,899,970,081	(79,700,212)	1,820,269,869
Hotel operation	-	802,424,771	-	-	802,424,771	-	802,424,771
Cost of sales and services							
Condominium sales	(957,901,740)	-	-	-	(957,901,740)	-	(957,901,740)
Rental and cinema	(23,882,524)	-	(52,849,225)	-	(76,731,749)	(4,709,563)	(81,441,312)
Hotel operation	-	(1,525,725,890)	-	-	(1,525,725,890)	-	(1,525,725,890)
Gross income	998,860,404	(723,301,119)	1,817,706,822	-	2,093,266,107	(84,409,775)	2,008,856,332
Operating expenses	(445,205,066)	(240,529,462)	(949,935,242)	(69,174,744)	(1,704,844,514)	353,498,127	(1,351,346,387)
Other Income	146,573,347	5,179,028	1,836,217,534	533,710,293	2,521,680,202	(2,141,169,424)	380,510,778
Share in net gains of associates and a joint venture	-	-	404,707,422	-	404,707,422	-	404,707,422
Interest expense and bank charges	(239,355)	(68,814,748)	(50,991,945)	(6,030)	(120,052,078)	-	(120,052,078)
Income before income tax	699,989,330	(1,027,466,301)	3,057,704,591	464,529,519	3,194,757,139	(1,872,081,072)	1,322,676,067
Provision for income tax	(75,835,979)	188,273,811	716,873,969	34,228,507	863,540,308	4,059,768	867,600,0776
Net income for the year	624,153,351	(839,192,490)	3,774,578,560	498,758,026	4,058,297,447	(1,868,021,304)	2,190,276,143
Segment assets	13,790,274,492	9,013,578,399	50,775,921,997	5,813,004,665	79,392,779,553	(19,934,131,349)	59,458,648,204
Associate companies	-	-	-	4,318,123,784	4,318,123,784	-	4,318,123,784
Total assets	13,790,274,492	9,013,578,399	50,775,921,997	10,131,128,449	83,710,903,337	(19,934,131,349)	63,776,771,988
Segment liabilities	8,219,642,381	2,981,522,863	16,324,221,031	7,422,369,764	34,947,756,039	(14,110,007,432)	20,837,748,607
Capital expenditures for the year	360,702	116,036,030	468,006,247	63,008	584,465,987	-	584,465,987

Note 3 - Cash and cash equivalents

Cash and cash equivalents consist of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash on hand	19,560,226	15,431,046
Cash in banks	853,000,978	817,622,712
Cash equivalents	543,243,435	543,426,396
	1,415,804,639	1,376,480,154

Cash in banks earned interest at prevailing bank deposit rates.

Cash equivalents are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term deposit rates.

Interest income earned amounted to P390,362 and P2,334,180 for the quarter ended March 31, 2022 and the year ended December 31, 2021, respectively.

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

This account represents equities that are listed in the Philippine Stock Exchange (PSE). The fair values have been derived based on current bid prices in the PSE (Level 1 valuation). Movements in the account for the quarter ended March 31, 2022 and the year ended December 31, 2021 respectively are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
At beginning of period	30,815,974	33,626,210
Gain (Loss) on fair value adjustment	860,665	(2,810,236)
At end of period	31,676,639	30,815,974

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

Note 5 – Trade and Other Receivables, net

Trade and other receivables, net, as at March 31, 2022 and December 31, 2021 consist of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade		
Installment contracts receivable	2,385,268,852	2,193,098,452
Rent	208,096,740	214,920,610
Receivables from guests and concessionaires	326,704,668	158,365,411
Non-trade		
Related parties	1,782,578,485	1,750,160,781
Advances to officers and employees	4,275,690	6,027,757
Interest	1,085,655	2,131,372
Others	95,963,567	77,077,346
	4,803,973,657	4,401,781,729
Allowance for impairment of receivables	(21,040,280)	(21,040,280)
	4,782,933,377	4,380,741,449

Installment contracts receivable arises from sale of condominium units with average term ranging from one to five years. This arises when the revenue recognized to date under the percentage-of-completion method exceeds the total collections from the buyer. Interest income earned from installment contracts receivable for the period ended March 31, 2022 amounted to P28,465,814 (2021 – P111,642,591).

Rent receivables are non-interest bearing and pertain to rental fees charged to tenants and to the Group's affiliates for the office, commercial and carpark spaces. The normal credit terms range from 30 to 60 days.

Receivables from guests and concessionaires pertain to receivables arising from hotel, restaurant and rental services. These are usually due within 30 days and do not bear any interest.

Advances to officers and employees are normally settled within the next financial year.

Other receivables are non-interest bearing and consist of income from banner and non-tenant related receivables.

Note 6 - Properties held for sale

Properties held for sale consist of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Condominium units held for sale	421,222,943	422,129,541
Construction in-progress	3,134,415,979	3,242,856,619
	3,555,638,922	3,664,986,160

Critical accounting judgment - Estimation of net realizable value of properties held for sale

Properties held for sale are carried at the lower of cost and net realizable value. The net realizable value of completed condominium units is the estimated selling price of a condominium unit less estimated costs necessary to make the sale. While the net realizable value of condominium units under construction is the estimated selling price of a condominium unit less estimated costs to complete the construction, estimated time value of money to the date of completion and estimated costs necessary to make the sale.

NRV has been assessed to be higher than cost based on circumstances or conditions as at December 31, 2021 and 2020. Accordingly, no write-down is deemed necessary.

Critical accounting estimates - Estimation of percentage-of-completion of the Group's projects

Revenue from condominium sales is recognized over time using the output method in accordance with the guidance set in PFRS 15, *Revenue from contracts with customers*, and Philippine Interpretations Committee Questions and Answers (PIC Q&A) 2016-04. Under the output method, revenue is calculated with reference to the PoC of the project. PoC is determined based on the actual physical completion of the project. Management believes that revenue from condominium sales reported in the statement of total comprehensive income best reflects the PoC of the projects as at reporting date.

The Group's on-going projects and their PoC as at the following dates are as follows:

Projects	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
The Rise Makati	100%	99%
Shang Residences at Wack Wack	40%	33%

Critical accounting judgment - Collectability of the transaction price

Identification of a "contract" for particular real estate sale transaction in the context of PFRS 15 requires certain judgments based on the collectability of the transaction price. Collectability of the transaction price is demonstrated by the buyer's commitment to pay which, in turn, is supported by substantial initial and continuing investments that gives the buyer a sufficient stake in the property that risk of loss through default motivates the buyer to honor his obligation. Collectability is also assessed by considering factors such as the credit standing of the buyer, age, and location of the property. For condominium sales, in determining whether the contract prices are collectible, the Company considers that initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay, based on historical data.

Note 7 - Prepaid taxes and other current assets

Prepaid taxes and other current assets consist of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Advances to contractors and suppliers	1,421,120,916	1,102,047,298
Creditable withholding tax (CWT)	501,765,996	473,399,458
Prepaid commission	102,382,602	112,295,828
Input value added tax (VAT)	104,473,339	89,830,102
Prepaid property tax	90,806,222	46,254,700
Inventories	21,549,459	12,049,934
Deferred input VAT	20,693,810	6,644,408
Refundable deposits	1,927,822	2,187,822
Prepaid insurance	11,775,959	9,763,998
Other prepaid expenses	95,333,147	92,958,079
	2,371,829,272	1,947,431,627

Advances to contractors and suppliers pertain to down payment made by the Group for the construction and development of its condominium properties. These are not collectible but recouped upon every progress billing by the contractors and suppliers based on milestones or percentage of accomplishment or delivery as stipulated in the contracts.

CWT is the tax withheld by the withholding agents from payments to the Group which can be applied against the income tax payable.
Prepaid commission pertains to the excess of the commission paid to property consultants and brokers over the commission expense recognized for the year based on the percentage of completion.

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

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

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

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

Investment in an associate and a joint venture consist of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Investment in a joint venture		
At January 1	1,727,894,911	1,317,778,398
Additions to investment	1,779,275	5,409,091
Share in net income	107,101,875	404,707,422
At December 31	1,836,776,061	1,727,894,911
Advances to a joint venture	2,590,096,000	2,590,096,000
Investments in various associates		
Acquisition costs	132,873	132,873
	4,427,004,934	4,318,123,784

(a) Investment in and advances to a joint venture

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

The 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 commons shares at P1 per share.

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

SRPI commenced operations in 2019 and had presold 60% of its Aurelia Residences condominium units. As at December 31, 2021, the Aurelia Residences Project is 15% complete (2020 - 7%). In 2021, the Group'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. These advances 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 the funds previously restricted for this purpose. Interest income earned from these advances amounted to P73,918,875 in 2021.

(b) Investments in various associates

The Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

Note 9 - Non-controlling interests

The proportion of equity interest held by the non-controlling interest (NCI) of KSA and SGCPI, the Group's subsidiaries with NCI that are deemed material, are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
KSA	29.96%	29.96%
SGCPI	40.00%	40.00%

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

Note 10 - Investment properties

Details of investment properties as at January 1, 2021 and their movements during 2022 and 2021 are as follows:

	Land	Building	Total
At January 1, 2021	15,905,946,923	19,007,926,142	34,913,873,065
Transfers due to change in use			
From Properties held for sale	-	-	-
From Real estate development project	-	13,377,018	13,377,018
Capitalized subsequent expenditures	-	457,743,557	457,743,557
At December 31, 2021	15,905,946,923	19,479,046,717	35,384,993,640
Properties held for sale	-	-	-
Capitalized subsequent expenditures	-	41,880,771	41,880,771
At March 31, 2022	15,905,946,923	19,520,927,488	35,426,874,411

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

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

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

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

Financial assets at fair value through other comprehensive income (FVOCI), net as at March 31, 2022 and December 31, 2021 are presented below.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Unquoted	488,429,727	488,429,727
Quoted	9,101,515	9,101,515
	497,531,242	497,531,242
Cumulative changes in fair value	299,437,253	299,437,253
	796,968,495	796,968,495

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 which are measured and carried at fair value of underlying assets. The fair value measurements have been categorized as Level 3. Estimated fair value of assets classified as Level 3 are considered immaterial relative to the overall size of the Group's total assets.

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

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

Note 12 - Property and equipment, net

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

	Building and building improvements	Transportation equipment	Furniture, fixtures and other equipment	Total
Cost				
At January 1, 2022	9,532,396,423	50,591,069	7,008,111,173	16,591,098,665
Additions	-	2,300,893	12,974,144	15,275,037
Disposals	-	-	(262,061)	(262,061)
Reclassification	-	-	(5,679)	(5,679)
At March 31, 2022	9,532,396,423	52,891,962	7,020,817,577	16,606,105,962
Accumulated depreciation and amortization				
At January 1, 2022	1,466,041,010	39,510,836	4,271,686,655	5,777,238,501
Depreciation and amortization	32,230,151	469,592	61,242,378	93,942,121
Disposals			(109,611)	(109,611)
Reclassification	-	-	-	-
At March 31, 2022	1,498,271,161	39,980,428	4,332,819,422	5,871,071,011
Cost				
At January 1, 2021	9,434,803,085	48,693,212	6,982,848,189	16,466,344,486
Additions	99,483,338	1,897,857	25,341,235	126,722,430
Adjustments	-	-	(78,251)	(78,251)
Disposals	(1,890,000)	-	-	(1,890,000)
At December 31, 2021	9,532,396,423	50,591,069	7,008,111,173	16,591,098,665
Accumulated depreciation and amortization				
At January 1, 2021	1,336,454,869	34,335,012	3,410,962,045	4,781,751,926
Depreciation and amortization	129,586,141	5,175,824	860,724,610	995,486,575
Disposals	-	-	-	-
At December 31, 2021	1,466,041,010	39,510,836	4,271,686,655	5,777,238,501
Net book values at				
At March 31, 2022	8,034,125,262	12,911,534	2,687,998,155	10,735,034,951
At December 31, 2021	8,066,355,413	11,080,233	2,736,424,518	10,813,860,164

Building and building improvements include land rights which pertain to the share of SGCPI in the land where the construction project was constructed after deducting the rights allocated to condominium unit owners.

Note 13 - Other non-current assets

Other non-current assets as at March 31, 2022 and December 31, 2021 consist of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Refundable deposits	133,406,863	158,464,474
Retirement benefit asset	17,350,712	17,350,712
Deferred input VAT	4,295,498	954,363
Others	17,585,227	-
	172,638,300	176,769,549

Refundable deposits

Refundable deposits include cash required from the Group for the on-going construction and utilities maintenance. This is refundable at the end of the lease term. Refundable deposits are reflected at their carrying amounts which are assumed to approximate their fair values.

Deferred Input VAT

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

Note 14 - Accounts payable and other current liabilities

Accounts payable and other current liabilities consist of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade:		
Accounts payable	329,378,771	338,967,230
Advance rentals	72,738,533	90,958,156
Accrued expenses	1,682,927,113	1,756,456,103
Customers' deposits from:		
Condominium sales	377,073,947	443,028,805
Hotel guests	326,414,171	129,095,127
Retention payables	523,627,389	527,518,845
Reservation payables	14,415,707	23,101,979
Advances from condominium unit buyers	197,703,573	246,628,625
Contract liabilities	88,884,482	86,799,375
Payable to contractors and suppliers	14,030,792	13,430,725
Construction bonds	60,806,558	60,161,848
Non-trade:		
Payable to related parties	18,185,657	125,638,746
Deferred output VAT	735,755,638	749,896,596
Payable to government agencies	27,122,850	24,682,604
Output VAT	89,678,739	60,829,668
Others	113,652,602	96,879,418
	4,672,396,522	4,774,073,850

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

Advance rentals pertain to the three-month rent collected from tenants to be applied to the last three (3) months of the lease term.

In December 2020, SGCPI started to implement a restructuring program and a provision for restructuring amounting to P33.99 million was recognized for the termination benefits of redundated employees. The related provision was recognized under operating expenses in the statements of total comprehensive income (Note 22). In 2021, SGCPI reversed the excess provision for restructuring amounting to P6.4 million.

Customers' deposits from condominium buyers represent initial collections (e.g. down payments) received from the buyers which shall be applied as payment of the transaction price when the sales contract meets the requirements of PFRS 15 for revenue recognition purposes while deposits from hotel guests are advances made by guests in relation to their stay in the hotel and will be applied against the guests' hotel charges upon their check-out.

Retention payables represent the portion of contractor billings which will be paid upon satisfaction by the contractors of the conditions specified in the contracts or until the defects have been corrected.

Reservation payables pertain to cash paid by the buyers of condominium units for the reservation of the units purchased. These shall be considered as part of the down payment on the units purchased upon execution of the contracts or income if the reservation is forfeited when the buyer did not push through with the purchase.

Advances from condominium unit buyers pertain to the amounts received in advance from the condominium unit buyers of TSFSP, OSP, SSP and The Rise Makati for utilities, maintenance, and repairs of common areas. These will be paid to the condominium corporation of the respective projects when demanded.

Contract liabilities represent any excess collections received from buyers over the revenue recognized based on the percentage of completion method. The amount is expected to be applied against revenue in the following year.

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

Construction bonds pertain to cash deposits posted by tenants as security for any expenses or damages that may be incurred by SLPC to the leased premises or common areas that may be sustained in relation to construction activities conducted by the tenants during fit-out, as well as during renovation period of the lease. It is normally returned to the tenants within six months after completion of their construction activities.

Deferred output VAT is the result of the difference in the application of installment method between the accounting policy of the Group and the tax regulations. It will be reclassified to output VAT payable when the collections from condominium unit buyers warrant recognition of revenue.

Payable to government agencies are expected to be settled within the next financial year.

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

Other accrued expenses consist of accruals for advertising and promotions, insurance, other employee related costs and other general and administrative expenses. Other current liabilities pertain mainly to taxes and insurance.

Note 15 - Bank loans

Bank loans as consist of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current portion		
Parent Company	5,826,666,667	5,390,000,000
SGCPI	1,220,111,377	1,220,111,377
	7,046,778,044	6,610,111,377
Non-current portion		
SGCPI	1,097,109,389	1,095,786,300
Parent Company	-	-
	1,097,109,389	1,095,786,300
	8,143,887,433	7,705,897,677

Movements in the bank loans are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
At beginning of period	7,705,897,677	5,879,505,464
Amortized debt issue cost	1,323,089	3,725,559
Proceeds from loan availment, net of unamortized debt issue costs	870,000,000	3,255,999,987
Payments	(433,333,333)	(1,433,333,333)
At end of period	8,143,887,433	7,705,897,677

(a) Parent Company

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 March 31, 2022 and December 31, 2021. As at March 31, 2022, the outstanding balance of the loan amounted to P267 million (December 31, 2021 – P400 million).The outstanding balance as at March 31, 2022 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 March 31, 2022 and 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 2.4% to 4.5% (2021 – 2.5% to 4.5%). These loans have payment terms of 3 to 12 months.

(b) SGCPI

Long term loan facility

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

On July 28, 2021, SGCPI and the bank executed a loan restructuring agreement paving the way for the following changes in the loan's salient terms and conditions as follows:

Terms	From	To
Repayment date	Quarterly from 20th quarter to the 40th quarter after the date of the initial borrowing	Quarterly from the 20th quarter to the 37th quarter and then from 42nd quarter to the 47th quarter after the date of initial borrowing
Maturity date	June 2022	March 2024
Spread	Floating rate – the higher of (a) 3-month Bloomberg Valuation (BVAL) plus spread of 0.80% or (b) the Bangko Sentral ng Pilipinsas (BSP) overnight borrowing rate minus spread of 0.95% per annum	Floating rate – the higher of (a) 3-month BVAL plus spread of 1.60% or (b) BSP Overnight Reverse Repurchase Rate Fixed rate – the interpolated BVAL plus spread of 0.75%
Collateral	Unconditional continuing suretyship of the sureties (Shangri-La Asia Limited and the Parent Company)	Unconditional continuing suretyship of the sureties (Shangri-La Asia Limited and the Parent Company) and an unregistered real estate mortgage over SGCPI's residential condominium unit

SGCPI is required to comply with certain covenants and maintain certain financial ratios until the loan is fully paid. As at March 31, 2022 and December 31, 2021, SGCPI has not complied with the debt-service coverage ratio requirement specified in the loan agreement. The bank, through a letter of advice, has provisionally allowed SGCPI's non-compliance with the debt-service coverage ratio (DSCR) for the years 2020 and 2021 provided that the loan remains current and that all other terms and conditions of the amended covenant are complied with.

The loan is secured by an absolute and unconditional continuing suretyship of the sureties namely, Shangri-La Asia Limited and the Parent Company and an unregistered real estate mortgage over SGCPI's residential condominium unit.

Short term loans

Short term loans are composed of unsecured loans from various banks with an average interest rate of 4.25% in 2022 and 2021. These loans have payment terms of 5 to 9 months.

Note 16 - Deposits from tenants

This account represents non-interest bearing rental deposits from tenants equivalent to three to six months' rent which have been discounted using applicable market rates and are carried at amortized cost. The difference between the discounted and face value of the deposits is recognized as deferred lease income. Deferred lease income is amortized on a straight-line basis over the lease term and is recognized in profit or loss as additional rent income. Interest is accreted on the deposits from tenants using the effective interest rate method and is recognized as additional interest expense in profit or loss.

Note 17 - Equity

Details of share capital and share premium are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Authorized, at P1 par value per share		
Common shares	8,000,000,000	8,000,000,000
Issued and outstanding shares		
Common shares	4,764,058,982	4,764,058,982
Share premium	834,439,607	834,439,607
	5,598,498,589	5,598,498,589

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

The Parent Company is listed in the Philippine Stock Exchange. It was registered on June 13, 1991 with total listed shares of 4,764,058,982 which was initially issued at P1.18 per share.

Note 18 - Financial risk and capital management

18.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the Group's management under policies approved by its Board of Directors. These policies cover financing structure, foreign exchange and interest rate risk management, guarantees and credit support, as well as treasury control framework. There are no changes in the Group's risk management plans for the years ended March 31, 2022 and December 31, 2021.

18.1.1 Market risk

(a) Foreign exchange risk

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

The Group's foreign currency denominated cash in banks and cash equivalents as at and net foreign exchange gains for the years ended March 31, 2022 and December 31, 2021 are disclosed in Note 3.

(b) Price risk

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

(c) Cash flow and fair value interest rate risk

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing financial instruments include bank loans (Note 15). Interest rates on bank loans amounting to P1,192,220,766 as at March 31, 2022 (2021 – P1,190,897,677) are based on the higher between the PHP BVAL rate plus 0.75% per annum and the BSP overnight borrowing rate. A loan amounting to P6,951,666,667 as at March 31, 2022 (2021 – P6,515,000,000) has an interest rate subject to repricing every 30 to 180 days as agreed by the parties.

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

Interest on financial instruments with floating rates is repriced at intervals of less than one year. The other financial instruments of the Group are not subject to interest rate risk. The Group invests excess funds in short-term placements in order to mitigate any increase in interest rate on borrowings.

18.1.2 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit risk arises from cash deposits with banks, as well as credit exposure to customers and suppliers.

Exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. The Group has no significant concentration on credit risk.
The Group's financial assets are categorized based on the Group's collection experience with the counterparties as follows:

a. Performing - settlements are obtained from counterparty following the terms of the contracts without history of default.
b. Underperforming - some reminder follow-ups are performed to collect accounts from counterparty.
c. Credit impaired - evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the counterparty, a breach of contract such as a default or being more than 120 days past due; or it is probable that the borrower will enter bankruptcy or other financial reorganization.

The following tables summarize the credit quality of the Group's financial assets per category and aging analysis of financial assets as at March 31, 2022 and December 31, 2021:

	Performing	Under performing	Non-Performing	Total
2022				
Current assets				
Cash and cash equivalents	1,415,804,639	-	-	1,415,804,639
Trade and other receivables	4,782,933,377	-	21,040,280	4,803,973,657
Financial assets at fair value through profit or loss	31,676,639	-	-	31,676,639
Refundable deposits	1,927,822	-	-	1,927,822
Non-current assets				
Advances to a joint venture	2,590,096,000	-	-	2,590,096,000
Refundable deposits	133,406,863	-	-	133,406,863
Financial assets at FVOCI	796,968,495	-	-	796,968,495
	9,752,813,835	-	21,040,280	9,773,854,115
2021				
Current assets				
Cash and cash equivalents	1,361,049,108	-	-	1,361,049,108
Trade and other receivables	4,359,701,169	-	21,040,280	4,380,741,449
Financial assets at fair value through profit or loss	30,815,974	-	-	30,815,974
Refundable deposits	2,187,822	-	-	2,187,822
Non-current assets				
Advances to a joint venture	2,590,096,000	-	-	2,590,096,000
Refundable deposits	158,464,474	-	-	158,464,474
Financial assets at FVOCI	796,968,495	-	-	796,968,495
	9,299,283,042	-	21,040,280	9,320,323,322

There are no collaterals held as security or other credit enhancements attached to the Group's financial assets.

Allowance for impairment of receivables as at March 31, 2022 amounted to P21,040,280 (2021 - P21,040,280). Apart from the financial assets covered by allowance, the remaining financial assets are classified as high performing.

The credit quality of the Group's financial assets is discussed below.

(a) Cash and cash equivalents

Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties to mitigate financial loss through counterparty's potential failure to make payments.

(b) Receivables

There is no concentration of credit risk with respect to receivables since the Group has a large number of counterparties involved.

Trade receivables

Sales of residential condominium units that are on installment basis are supported by post-dated checks from the buyers. Titles to properties sold are not released unless full payment is received. In case of leasing operation, tenants are subjected to credit evaluation and are required to put up security deposits and pay advance rentals, if necessary. For the hotel operation, hotel guests who wish to avail of a credit line are subjected to the normal credit investigation and checking. References are required including review of the customer's financial position and earnings. Approval of a credit line is performed by the Financial Controller and the General Manager. A guest may not be given a line, but special ad hoc arrangements are allowed. It usually requires deposits, prepayments or credit card guarantees as collaterals. Existing credit lines are reviewed annually. The balances due from customers are considered as high grade financial assets.

Non-trade receivables

The credit exposure on nontrade receivables is considered to be minimal as there is no history of defaults and collections are expected to be made within 30 to 60 days. In respect of balances due from related parties, management considered the credit quality of these receivables to be good based on financial condition of the related parties.

(c) Refundable deposits

Refundable deposits includes cash required from the Group for the on-going construction and utilities maintenance. This is refundable at the end of the lease term. Refundable deposits are reflected at their carrying amounts which are assumed to approximate their fair values. Considering the balance and average term of outstanding lease arrangements, management believes that the impact of discounting is not significant. Refundable deposits are considered as high performing financial assets.

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

The Group adheres to fixed limits and guidelines in its dealings with counterparties of its investments in financial assets at fair value through profit or loss and financial assets at FVOCI. The Group's maximum exposure to credit risk as at March 31, 2022 and December 31, 2021 is equal to the carrying values of its financial assets. Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

18.1.3 Liquidity risk

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

18.2 Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's strategies and policies during 2022 and 2021.

The Group monitors capital using a gearing ratio, which is net debt, including long-term loan less cash and cash equivalents, divided by capital. Capital pertains to total equity less non-controlling interest. The gearing ratio is presented below:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Net debt		
Long-term loan	8,143,887,433	7,705,897,677
Less: cash and cash equivalents	1,415,804,639	1,376,480,154
	6,728,082,794	6,329,417,523
Capital		
Total equity	43,419,061,306	42,939,023,381
Less: Non-controlling interest	5,649,883,621	5,632,156,914
	37,769,177,685	37,306,866,467
Gearing ratio	17.81%	16.97%

The Group was able to meet its capital management objectives.

18.3 Fair value measurement

The Group follows the fair value measurement hierarchy to disclose the fair value measurements of its financial instruments. The table below summarizes the fair value measurement hierarchy of the Group's assets and liabilities at March 31, 2022 and December 31, 2021:

	Fair value measurement using			
	Quoted prices in active markets (Level I)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
2022				
Assets measured at fair value				
Financial assets at fair value through profit or loss	31,676,639	-	-	31,676,639
Investment properties:				
Land	-	5,871,373,900	10,034,573,023	15,905,946,923
Buildings	-	6,360,655,100	13,160,272,388	19,520,927,488
Financial assets at FVOCI:				
Quoted	27,350,015	-	-	27,350,015
Unquoted	-	-	769,618,481	769,618,481
Assets for which fair values are disclosed				
Financial asset at amortized cost				
Refundable deposits	-	135,334,685	-	135,334,685
Liabilities for which fair values are disclosed				
Installment payable	-	-	-	-
Deposits from tenants	-	1,020,500,552	-	1,020,500,552

	Fair value measurement using			
	Quoted prices in active markets (Level I)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
2021				
Assets measured at fair value				
Financial assets at fair value through profit or loss	30,815,974	-	-	30,815,974
Investment properties:				
Land	-	10,034,573,023	5,871,373,900	15,905,946,923
Buildings	-	2,455,826,617	17,023,220,100	19,479,046,717
Financial assets at FVOCI:				
Quoted	27,350,015	-	-	27,350,015
Unquoted	-	-	769,618,480	769,618,480
Assets for which fair values are disclosed				
Financial asset at amortized cost				
Refundable deposits	-	158,464,474	-	158,464,474
Liabilities for which fair values are disclosed				
Installment payable	-	47,883,236	-	47,883,236
Deposits from tenants	-	1,038,975,987	-	1,038,975,987

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

There have been no assets and liabilities transferred among Level 1, Level 2 and Level 3 during 2022 and 2021.

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

(a) Financial assets at fair value through profit or loss

The fair value of financial assets at fair value through profit or loss is based on quoted market prices at the reporting date.

(b) Cash and cash equivalents, trade and other receivables, accounts payable and other current liabilities, accrued employee benefits and dividends payable

Due to the short-term nature of cash and cash equivalents, trade and other receivables, accounts payable and other current liabilities, dividends payable and accrued employee benefits, their carrying values were assessed to approximate their fair values.

(c) Installment contracts receivable

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

(d) Refundable deposits and deposits from tenants

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

(e) Bank loans

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

Note 19 - Summary of significant accounting and financial reporting policies

19.1 Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards, as modified by the application of the following financial reporting reliefs for real estate companies issued by the Securities and Exchange Commission in response to the COVID19 pandemic:

- Assessing whether the transaction price includes significant financing component (SFC);
- Impact of implementing IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost.

The reliefs cover only current-year transactions and events and do not impact the comparative periods. The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by SEC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, investment properties and financial assets at FVOCI.

The preparation of consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

19.2 Changes in accounting policy and disclosures

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

The Group 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.

(b) Deferral of implementation of amendment to existing standard and interpretations

Deferral of the following provisions of PIC Q&A 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Good (PAS 23, Borrowing Costs) until December 31, 2023

On December 15, 2020, the SEC issued SEC Memorandum Circular No. 34 Series of 2020 to further extend the deferral provided under SEC under Memorandum Circular Nos. 14-2018, 3-2019 and 4-2020 for another period of three (3) years or until December 31, 2023, to afford the industry reasonable time to evaluate the impact thereto or as the SEC will later prescribe. This decision is pursuant to RA 11494, Bayanihan to Recover as One Act which allows the SEC to adopt measures to enable companies to cope with the impact of the Covid-19 pandemic. The Group availed the following reliefs:

i. Assessing whether the transaction price includes SFC

There is SFC in the contracts to sell when there is a mismatch between the POC of real estate projects and schedule of payments. PIC, in its response to the industry dated November 11, 2020, allows the Real Estate Industry to provide support to their specific payments schemes that there is no SFC, if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance.

In the event of the existence of SFC, interest income would be recognized when the POC is ahead of the customer payments and interest expense would be recognized when the customer payments are ahead of the POC. The Group has initially assessed, however, that the timing difference arising from existing sales contracts does not necessarily result in a significant financing component.

ii. Impact of implementing IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue will be recognized over time under par. 35(c) of PFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized as part of properties held for sale related to projects with pre-selling activities should have been expensed out in the period incurred. A restatement would have impact on interest expense and bank charges, cost of sales and services, income tax expense, properties held for sale, deferred income tax liabilities, net and opening balance of retained earnings.

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

A number of new standards, amendments to standards and interpretations to existing standards are effective for annual periods after January 1, 2021 and have not been early adopted nor applied by the Group in preparing these financial statements. None of these standards are expected to have significant effect on the consolidated financial statements of the Group. Those which may be relevant to the Group are set out below:

- Amendments to PAS 1, *Presentation of Financial Statements* and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments to PAS 1 and PFRS Practice Statement 2, effective January 1, 2023, require 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. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

19.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at March 31, 2022 and December 31, 2021. The subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies, any difference between subsidiaries and the Parent Company are adjusted properly.

The Group is composed of the subsidiaries listed below:

	Ownership %		
Nature and name of entity	2022	2021	2020
Property development:			
Shang Properties Realty Corporation (SPRC)	100	100	100
Shang Property Developers, Inc. (SPDI)	100	100	100
The Rise Development Corporation, Inc. (TRDCI)	100	100	100
Shang Wack Wack Properties, Inc. (SWWPI)	100	100	100
SPI Property Holdings, Inc. (SPI-PHI)	100	100	100
SPI Land Development, Inc. (SPI-LDI)	100	100	100
Hotel operation:			
Shang Global City Properties, Inc. (SGCPI)	60	60	60
Leasing:			
SPI Parking Services, Inc. (SPSI)	100	100	100
Shangri-la Plaza Corporation (SLPC)	100	100	100
KSA Realty Corporation (KSA)	70.04	70.04	70.04
SPI Property Developers, Inc. (SPI-PDI)	100	100	100
Real estate:			
Ivory Post Properties, Inc. (IPPI)	100	100	100
KPPI Realty Corporation (KRC)	100	100	100
Martin B Properties, Inc. (MBPI)	100	100	100
New Contour Realty, Inc. (NCRI)	100	100	100
Perfect Sites, Inc. (PSI)	100	100	100
Shang Fort Bonifacio Holdings, Inc. (SFBHI)	100	100	100
Shang Global City Holdings, Inc. (SGCHI)	100	100	100
Sky Leisure Properties, Inc. (SLPI)	100	100	100
Property management:			
KPPI Management Services Corporation (KMSC)	100	100	100
Shang Property Management Services, Inc. (SPMSI)	100	100	100
Other supplementary business:			
Gipsey, Ltd. (Gipsey)	100	100	100
Silver Hero Investments Limited (SHIL)	100	100	100
EPHI Logistics Holdings, Inc. (ELHI)	60	60	60

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

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company do not differ from the proportion of ordinary shares held.

The summarized financial information of subsidiaries with significant non-controlling interest as at and for the period ended March 31, 2022 and the year ended December 31, 2021 are disclosed in Note 9.

(a) Subsidiaries

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

The Group also assesses the existence of control where it does not have more than 50% of the voting power by virtue of de facto control. De facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group control over the investee.

Whenever the Group obtains control of one or more other entities, it assesses whether the acquired group of net assets constitutes a business. In assessing whether a transaction is an acquisition of a business or assets, the Group identifies the elements in the acquired group, assesses the capability of the acquired group to produce outputs, and assesses the capability of a market participant to produce outputs if missing elements exist. If the assets acquired are not a business, the Group accounts for the transaction or other event as an asset acquisition.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

If the excess of the consideration is transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration is transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

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

(d) Associates and joint ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

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

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

When the Group increases its stake in an existing associate and gains control in that investment, the investment becomes a subsidiary. When the entity obtains control of the investment (an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee) that was previously accounted for under equity method, the carrying amount of the investment in associate is derecognized and the assets and liabilities acquired are recognized in the Group's consolidated financial statements at acquisition date.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the ownership interest in an associate or a joint venture is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

The Group determines at each reporting date whether there is any objective evidence that the investment is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investments and its carrying value and recognizes the amount adjacent to 'share in net earnings of associates' in the consolidated statement of total comprehensive income. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 19.13.

Dilution gains and losses arising from investments are recognized in profit or loss. Investment in subsidiaries and associates are derecognized upon disposal. Gains and losses on disposals of these investments are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

19.4 Cash and cash equivalents

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

19.5 Financial instruments

19.5.1 Classification of financial assets

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

19.5.2 Measurement of financial assets

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

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

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

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

The Group's financial assets at amortized cost consist of cash and cash equivalents (Note 3), trade and other receivables (Note 5), refundable deposits under prepaid taxes and other current assets (Note 7) and other non-current assets (Note 13) in the consolidated statements of financial position.

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

  The Group does not have debt instruments at FVOCI as at March 31, 2022 and December 31, 2021.

- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented within other income, net, in the period in which it arises.

  The Group does not have debt instruments at FVTPL as at March 31, 2022 and December 31, 2021.

Equity instruments

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

The Group's financial assets measured at FVOCI represent unquoted shares of stock of related parties and quoted investments in various golf club shares and stocks. These are separately shown in the consolidated statements of financial position (Note 11).

Dividends are recognized when the Group's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognized in profit and loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in other comprehensive income. Changes in fair value are recognized in other comprehensive income and are never recycled to profit and loss, even if the asset is sold or impaired.

19.5.3 Impairment

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

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

The expected loss rates are based on the payment profiles of counterparties over a period of 36 months before January 1, 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has assessed that the impact of forward-looking information on the loss rates applied is immaterial.

Impairment losses on receivables are presented in other general and administrative expenses consolidated statement of total comprehensive income. Subsequent recoveries are credited to other income.

19.5.4 Classification and measurement of financial liabilities

Financial liabilities are classified in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value); and financial liabilities at amortized cost. The Group did not measure its financial liabilities at fair value through profit or loss as at March 31, 2022 and December 31, 2021.

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost.

The Group's accounts payable and other current liabilities (excluding advanced rental, contract liabilities, customers' deposits, reservation payable, output VAT, deferred output VAT and payable to government agencies) (Note 14), installment payable, deposits from tenants (Note 16), dividends payable, accrued employee benefits (excluding retirement benefits) and bank loans (Note 15) are classified under financial liabilities at amortized cost.

19.5.5 Initial recognition

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

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

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

19.5.6 Day 1 difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in the profit or loss unless it qualifies for recognition as some other type of asset. In cases where the data used are not observable, the difference between the transaction price and model value is only recognized in the profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the Day 1 difference.

19.5.7 Derecognition

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

Financial liabilities are derecognized when the obligation is discharged or is cancelled or has expired.

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

19.5.8 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty. There are no offsetting arrangements as at March 31, 2022 and December 31, 2021.

19.6 Trade and other receivables

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

The Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized within operating expenses in the consolidated statement of total comprehensive income. When a receivable remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written-off are credited against other general and administrative expenses in the consolidated statement of total comprehensive income.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before January 1, 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Refer to Note 19.5 for other relevant accounting policies on trade and other receivables.

19.7 Properties held for sale

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

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

Cost of construction in-progress represents the accumulated costs for the construction and development of the ongoing projects. It includes those that are directly attributable to the construction of the projects such as cost of land, direct materials, borrowing costs, professional and consultancy fees, and project management costs.

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

19.8 Prepaid taxes and other assets

Input VAT, which represents taxes arising from purchases of goods and services, are carried at face amount or at nominal amount less allowance for impairment loss. This is derecognized when applied against output tax, when written off or when actual refund is received. When input VAT is derecognized, its cost and accumulated impairment losses, if any, are eliminated from the account.

Creditable withholding taxes are carried at face amount or at nominal amount. Creditable withholding taxes are included in current assets, except when these are expected to be utilized more than twelve months after the end of the reporting period, in which case these are classified as non-current assets. Creditable withholding taxes are derecognized when utilized or applied against income tax due.

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

Other current assets include assets that are realized as part of the normal operating cycle and are expected to be realized within 12 months after the reporting period.

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

19.9 Investment properties

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

The Group's investment property, principally comprising of properties in Mandaluyong and Makati City are held for capital appreciation and is not occupied by the Group. The Group has adopted the fair value model for its investment properties (Note 10).

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

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

Changes in fair values are recognized in the consolidated statement of total comprehensive income under gain on fair value adjustment of investment properties.

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

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment (Note 19.11), and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

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

Impairment of investment properties is discussed in Note 19.13.

19.10 Real estate development projects

Real estate development projects are undertaken by the subsidiaries and are carried at cost less any impairment in value. Cost primarily consists of acquisition cost of the property being constructed, air rights, expenditures for the development and construction of the real estate project and borrowing costs incurred, if any, in the acquisition of qualifying assets during the construction period and up to the date of completion of construction.

19.11 Property and equipment

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

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

Land rights are not depreciated. Depreciation and amortization of property and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (in years), as follows:

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 19.13).

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

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

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

19.12 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any NCI in the acquired company and the acquisition-date fair value of any previously-held interest in the acquired company over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the entity sold.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

19.13 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that have definite useful lives are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use requires the Group to make estimates of future cash flows to be derived from the particular asset, and to discount them using a pre-tax market rate that reflect current assessments of the time value of money and the risks specific to the asset. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable CGUs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but the increase should not exceed the carrying amount that would have been determined had not the impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized as income immediately.

19.14 Accounts payable and other current liabilities

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

Accounts payable and other current liabilities are measured at the original invoice amount as the effect of discounting is immaterial.
Relevant accounting policies for classification, recognition, measurement and derecognition of accounts payable and other current liabilities and financial liabilities at amortized cost are presented in Note 19.5.

19.15 Deposits from tenants

Deposits from tenants are carried at the present value of future cash flows using appropriate discount rates. The difference between the present value and the actual deposit received is treated as additional rental incentive which is recorded under "deferred lease income" in the consolidated statement of financial position and are recognized as rental income using the straight-line method over the term of the lease.

19.16 Borrowings and borrowing costs

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised within interest expense and bank charges in the consolidated statement of total comprehensive income.

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

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized and charged to profit or loss in the year in which they are incurred. The Group decided to avail relief issued by the SEC per Memorandum Circular No. 4-2020. The SEC provided for the relief to the real estate industry by deferring the implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) until December 31, 2023 (Note 19.2).

19.17 Fair value measurement

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

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

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

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

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

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

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

19.18 Current and deferred income tax

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

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

In the sale of condominium units resulting in recognition of installments contracts receivable, full recognition for income tax purposes is applied when more than 25% of the selling price has been collected in the year of sale. Otherwise, the installment method is applied.
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial

statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

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

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

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

19.19 Provisions

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

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

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

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

19.20 Equity

(a) Share capital

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

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

(b) Treasury shares

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

(c) Retained earnings

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

(d) Dividend distribution

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

19.21 Earnings per share

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

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

19.22 Employee benefits

(a) Retirement benefits

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

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

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

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

(b) Termination benefits

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

(c) Short-term employee benefits

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

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

19.23 Income and expense recognition

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or as an agent. The Group has concluded that it is acting as the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has inventory risk and pricing latitude.

The following specific recognition criteria must be met before revenue and expenses are recognized;

(a) Revenue

Revenue from condominium sales

The Group develops and sells condominium units. Under a contract to sell a condominium unit, the object is the property itself, which is the normal output of a real estate business. In addition, this contract contains information such as the contracting parties' rights and payment terms, which are essential elements for a valid revenue contract. The Group assesses that contract must be signed by the contracting parties to make it enforceable prior to revenue recognition. Also, the developer assesses the commercial substance of the contract and the probability that it will collect the consideration. Collectability of the contract price is demonstrated by the buyer's commitment to pay, which is supported by the buyer's initial and continuous investments that motivates the buyer to honor its obligation.

Contracts to sell condominium units are written on a lump sum payment basis or installment basis which include 10-20% reservation, down payments with installment terms ranging from 1-5 years.

The Group satisfies its performance obligation as it develops the property. In accordance with PFRS 15 and Philippine Interpretations Committee (PIC) 2016-04, the Group considers that the Group's performance does not create the asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date. Therefore, revenue is recognized over time, i.e. as the related obligations are fulfilled, measured principally using the output method on the basis of the estimated completion of a physical proportion of the contract work. Land and materials delivered on site, such as steels, rebars and elevators, which are yet to be installed/attached to the main structure, are excluded from the percentage-of-completion.

Revenue is measured at the transaction price agreed under the contract, except for contracts where the timing difference between the construction period and payment by the customer exceeds one year. In such contracts, the Group assessed that it is necessary to adjust the transaction price for the effects of a significant financing component as required by PIC Q&A 2018-12, but the Group decided not to adjust the transaction price and availed the relief issued by the SEC per Memorandum Circular No. 34-2020 dated December 15, 2020. The SEC provided relief to the real estate industry by deferring the application of the provisions of PIC Q&A 2018-12 for a period of three (3) years until January 1, 2024 or completed projects, revenue from condominium sales are recognized in full (ie. point in time) once the Group assessed that the contract meets all criteria for revenue recognition.

Under the sales contract, customers are required to pay the transaction price (in the form of progress billings) over a certain period of time. Any excess (deficit) of collections over the recognized revenue are recognized as contract liabilities under accounts payable and other current liabilities (installment contracts receivable under Trade and other receivables, net) as shown in the consolidated statement of financial position.

Payments received from potential buyer to provide exclusive rights to buy a specific condominium unit under certain conditions and up to specified period are treated initially as a liability and are recognized as part of "customers' deposits" under accounts payable and other liabilities. These deposits are applied as payment of the transaction price as soon as the revenue recognition criteria are met.

Cost of condominium sales include upfront costs such as land costs and connection fees, which are accounted for as fulfillment costs, and development costs which contribute to the construction progress of the development project. Fulfillment costs are recognized as contract assets arising from fulfillment costs to the extent that such costs give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered. These costs are included in properties held for sale in the consolidated statement of financial position. Such contract assets are amortized as cost of condominium sales consistent with the revenue recognition method applied, subject to impairment up to the extent that the carrying amount of the asset exceeds (a) the remaining amount of consideration that the Group expects to receive; less (b) direct costs that have not been recognized as expenses. Development costs are recognized as expense as the work to which they relate is performed.

Incremental costs of obtaining a contract to sell condominium units include commissions paid to sales or marketing agents. Fixed monthly living allowance, transportation allowance provided to real estate agents and commissions paid prior to signing of contracts to sell are expensed outright. Commissions paid after signing of contracts are recognized as contract assets arising from costs to obtain a contract presented as 'prepaid commission' under prepaid expenses and other current assets in the consolidated statement of financial position. These are amortized as cost of condominium sales consistent with the revenue recognition method applied.

The cost of inventory recognized in profit or loss on disposal (cost of condominium sales) is determined with reference to the specific and allocated costs incurred on the sold property taking into account the POC. The cost of condominium sales also includes the estimated development costs to complete the condominium, as determined by the Group's in-house technical staff, and taking into account the POC. The accrued development costs account is presented under "accounts payable and other current liabilities" in the consolidated statement of financial position.

Estimated loss on unsold units is recognized in profit or loss immediately when it is probable that total project costs will exceed total contract revenue.

Condominium units arising from cancellation of contracts to sell are initially measured by the Group based on its original carrying amount at the time it was sold.

(b) *Rental*

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

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

(c) Hotel operations

Hotel revenue from room rentals, food and beverage sales, and other ancillary services are recognized when the services are rendered. Revenue from other ancillary services include, among others, business center and car rental, laundry service, telephone service and health club services. The services rendered are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, that is over the stay within the hotel, at a point in time for other goods or services, when they have been delivered or rendered.

Costs of hotel operations are expensed as incurred. These include expenses incurred for the generation of revenue from food and beverage sales, room rentals, and other ancillary services.

(d) Interest income and expense

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

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

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

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

(e) Dividend income

Dividend income is recognized when the Group's right to receive payment is established, which is generally when the Board of the investee company approved the dividend.

(f) Other income

Administration and management services, customer lounge fees, banner income, income from cinema operations and other service income are recognized when the related services have been rendered. Revenues from auxiliary services such as handling, sale of scrap materials, import break bulk and brokerage are recognized when services are provided or when goods are delivered. Money received or amounts billed in advance for rendering of services or delivery of goods are recorded as unearned income until the earning process is complete.

(g) Cost and expenses

Cost and expenses are recognized when these are incurred.

CUSA charges to mall tenants are presented as a reduction to costs and expenses in the consolidated statement of total comprehensive income.

19.24 Leases

(a) Group is the lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease or based on a certain percentage of gross revenue of the lessees, whichever is applicable. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Assets under these arrangements are classified as investment property in the consolidated statement of financial position (Note 19.9).

(b) Group is the lessee

The Group has adopted PFRS 16 Leases using the modified retrospective approach from January 1, 2019, as permitted under the specific transition provisions in the standard (Note 19.2).

Aside from exemptions in the standard for short-term and low-value leases which are recognized as operating leases under the provisions of PAS 17, lease payments are discounted using the interest rate implicit in the lease. Payments for leases of properties and office equipment are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

19.25 Foreign currency transactions and translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

On consolidation, the assets and liabilities of Gipsey and SHIL, foreign subsidiaries with functional and presentation currency of Hong Kong dollar, are translated into Philippine Peso at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other components of equity. On disposal of a foreign subsidiary, the component of other components of equity relating to that particular foreign subsidiary is recognized in profit or loss.

19.26 Related party relationships and transactions

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

19.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. These operating segments are the basis upon which the Group reports its segment information presented in Note 2 to the consolidated financial statements.

The accounting policies used to recognize and measure the segment's assets, liabilities and profit or loss is consistent with those of the consolidated financial statements.

19.28 Contingencies

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

19.29 Events after the reporting period

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

Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)

The Bicameral Conference Committee, under the 18th Congress of the Philippines, approved the reconciled version of the House Bill No. 4157 and Senate Bill No.1357 or the CREATE. The Committee report on CREATE was ratified by the Senate and House of Representatives on February 3, 2021. Among the salient provisions of CREATE include changes to the Corporate Income Tax (CIT) as follows:

- Reduction of CIT rate to 20% applicable to domestic corporations with total net taxable income not exceeding P5 million and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated);
- Reduction of CIT rate to 25% shall be applicable to all other corporations subject to regular CIT; and
- Minimum corporate income tax (MCIT) rate shall also be amended to 1%, instead of 2%, for the period beginning July 1, 2020 until June 30, 2023.

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

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

Key Performance Indicators

		March 31 2022	March 31 2021	Change
Turnover	(Php M)	1,447.5	1,177.1	22.97%
Profit attributable to shareholders	(Php M)	476.3	386.1	23.37%
Earnings per share	(Php Ctv)	0.100	0.081	23.37%
Net asset value per share	(Php)	7.932	7.834	1.24%
Debt to equity ratio	(Ratio)	0.49	0.49	0.53%

- Turnover consists of sales of residential condominium units, revenue from rental and cinema and hotel operations. For three (3) months ended March 31, 2022, Shang Properties' revenue increased by ₱270.3 million (M) to ₱1.4 billion (B) from ₱1.18B total revenue during the same period in 2021. Sales of residential condominium units accounted for ₱658.4M or 46% of the total revenue and is higher by ₱155.4M from ₱502.96M in the same period last year. Revenue from leasing operations amounted to ₱466.74M or 32% of the total revenue and is lower by ₱22.1M from ₱488.86M in the same period last year. Shangri-La at the Fort's hotel operations contributed revenue amounting to ₱322.3M or 22% of the total revenue and is higher by ₱137M from ₱185.3M of the same period last year.

- Profit attributable to shareholders pertains to net income from operations after tax amounted to ₱476.3M, higher by ₱90.2M or 23.37% compared with the same period last year.

- Earnings per share of ₱0.100 in 2022 is higher by 23.37% compared with the first quarter of 2021.

- Net asset value per share is calculated by dividing the total net asset of the Group (Total assets – Total liabilities and equity attributable to non-controlling interest) by the number of shares outstanding. Net asset value per share increased by 1.24% mainly due to income generated during the period and additional cost of investments.

- Debt to equity measures the exposure of creditors to that of the stockholders. It gives an indication of how leveraged the Group is. It is determined by dividing total debt by stockholder's equity. The Group's financial position remains solid with debt to equity ratio of 0.49:1 as of March 31, 2022 and 0.49:1 as of March 31, 2021.

Financial Condition

Total assets of the Group as of March 31, 2022 amounted to ₱64.6B, an increase of ₱824.6M from total assets of ₱63.8B in December 31, 2021. Following are significant movements in assets during the first quarter of the year:

- Cash and Cash Equivalents increased by ₱39.3M mainly due to collection from rent and hotel operations.

- Financial Assets at Fair Value Through Profit or Loss increased by ₱860.7K mainly due to increase in value of listed shares owned by the Group.

- Receivables increased by ₱402.2M mainly due to higher sales of the condominium units of Shang Residences Wack Wack and revenue from hotel operations.

- Properties Held for Sale decreased by ₱109.3M is mainly due to recognition of units sold of The Rise & Shang Residences Wack Wack projects.

- Input Tax and Other Current Assets increased mainly due to down payments made to contractors of Shang Residences Wack Wack & Shang One Horizon projects during the first quarter of the year. These will be recouped from future progress billings. Also, included are annual prepaid expenses paid at the beginning of the year and will be amortized monthly.

- Deferred Income Tax Assets decreased by ₱653.7K mainly due to income recognition of Shang Residences Wack Wack during the period which resulted to regular income tax and de-recognition of deferred tax assets.

- Other Noncurrent Assets decreased by ₱4.1M is mainly due to the reclassification of fund for a future project to Due from Affiliates.

- Current ratio is 0.96:1 as of March 31, 2022 from 0.92:1 as of December 31, 2021.

Total liabilities increased by ₱344.5M from ₱20.8B in 2021 to ₱21.18B in 2022 mainly due to the net effect of the following:

- Increase in bank loans by ₱438M is mainly due to additional loan availments during the first three months of the year.

- Decrease in Accounts Payable by ₱101.7M is mainly due to payments made during the first three months of the year.

- Increase in income tax payable by ₱61.8M is mainly due to income tax due on taxable income for the last quarter of 2021 and first quarter of 2022.

- Increase in dividends payable by ₱10.1M is due to the unpaid portion of cash dividends declared by KSA Realty Corporation. The remaining unpaid balance pertains to dividends of shareholders who are out of the country and remittance was delayed due to the more stringent restrictions being imposed by the government.

- Increase in accrued employee benefits by ₱2.05M is mainly due to the accruals for retirement benefits during the period.

- Decrease in Deposit from Tenants by ₱24.6M is mainly due to refunds made during the first three months of 2022.

- Deferred Income Tax Liabilities increased by ₱6.8M mainly due to the effect of the difference in accounting method used by Shang Residences Wack Wack.

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

	Shareholders of the Parent Company							
	Capital stock	Additional Paid-in Capital	Treasury Stock	Equity Reserves	Other Comprehensive Income	Retained Earnings	Non-controlling Interest	Total
Balances as of January 1, 2021	4,764,058,982	834,439,607	(6,850,064)	(141,132,606)	219,550,748	30,053,959,054	5,950,341,446	41,674,367,167
Translation adjustments	-	-	-	-	(37,732,849)	(10)	32,253	(37,700,606)
Cash dividends	-	-	-	-	-	-	(89,880,000)	(89,880,000)
Net income for the period	-	-	-	-	-	386,097,218	(7,703,673)	378,393,545
Balances as of March 31, 2021	4,764,058,982	834,439,607	(6,850,064)	(141,132,606)	181,817,899	30,440,056,262	5,852,790,026	41,925,180,106
Balances as of January 1, 2022	4,764,058,982	834,439,607	(6,850,064)	(141,132,606)	268,806,682	31,587,543,780	5,632,156,913	42,939,023,294
Translation adjustments	-	-	-	-	(14,004,307)	-	-	(14,004,307)
Cash dividends	-	-	-	-	-	-	(29,960,000)	(29,960,000)
Net income for the period	-	-	-	-	-	476,315,611	47,686,708	524,002,319
Balances as of March 31, 2022	4,764,058,982	834,439,607	(6,850,064)	(141,132,606)	254,802,375	32,063,859,391	5,649,883,621	43,419,061,306

(See accompanying notes to unaudited consolidated financial statements)

CERTIFICATION

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

1. None of the incumbent members of the Board of Directors and Executive Officers of the Corporation are connected with or work for any government agency body.

2. This Certification is being issued in compliance with the requirement of the Markets and Securities Regulation Department of the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have signed this Certification this MAY 05 2022 at Mandaluyong City.

FEDERICO G. NOEL, JR.
Corporate Secretary

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

MAY 05 2022

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

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-21 UNTIL DECEMBER 31, 2022
IBP LIFETIME NO. 011302; 12-20-12; RIZAL
NOTARY PUBLIC
PTR NO. 4864824; 1-3-22; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

Doc. No. 391 ;
Page No. 80 ;
Book No. 13 ;
Series of 2022.

CERTIFICATION OF INDEPENDENT DIRECTORS

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

1. I am an independent director of **SHANG PROPERTIES, INC.**,

2. I am affiliated with the following companies or organizations:

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

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **SHANG PROPERTIES, INC.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and SEC issuances.

4. I am related to the following director/officer/substantial shareholder of **SHANG PROPERTIES, INC.** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

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

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

Offense Charged/Investigated	Tribunal or Agency Involved	Status

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

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of **SHANG PROPERTIES, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done this _________ day of MAY 2 4 2022 at MANDALUYONG CITY.

ANTONIO O. COJUANGCO
Affiant

SUBSCRIBED AND SWORN to before me this MAY 2 4 2022 day of _________ 2022 at MANDALUYONG CITY affiant personally appeared before me and exhibited to me Passport No. P4757237B issued at DFA Manila on February 10, 2020 expiring on February 9, 2030.

Doc. No. 371;
Page No. 76;
Book No. LC;
Series of 2022.

JOVEN G. SEVILLANO
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

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **BENJAMIN IVAN S. RAMOS**, Filipino, of legal age and a resident of 918 ARNAIZ AVE. MAKATI CITY, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **SHANG PROPERTIES, INC.**,

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
ROI CORP	CHAIRMAN	2012 TO PRESENT
I-MAGAT RENEWABLE ENERGY	CHAIRMAN	2013 TO PRESENT
CORP.		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **SHANG PROPERTIES, INC.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and SEC issuances.

4. I am related to the following director/officer/substantial shareholder of **SHANG PROPERTIES, INC.** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
ALFREDO C. RAMOS		UNCLE
MAXIMO LICAUCO		UNCLE

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

Offense Charged/Investigated	Tribunal or Agency Involved	Status

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

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of **SHANG PROPERTIES, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done this 23RD day of MAY, 2022 at MAKATI CITY.

BENJAMIN IVAN S. RAMOS
Affiant

SUBSCRIBED AND SWORN to before me this MAY 2 4 2022 day of ________ 2022 at MANDALUYONG CITY affiant personally appeared before me and exhibited to me ________________ ________________________ issued at ______________ on ____________ expiring on ____________________.

Doc. No. 372;
Page No. 76;
Book No. 15;
Series of 2022.

JOVEN G. SEVILLANO
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

CERTIFICATION OF INDEPENDENT DIRECTORS

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

1. I am an independent director of **SHANG PROPERTIES, INC.**,

2. I am affiliated with the following companies or organizations:

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

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **SHANG PROPERTIES, INC.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and SEC issuances.

4. I am related to the following director/officer/substantial shareholder of **SHANG PROPERTIES, INC.** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

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

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

Offense Charged/Investigated	Tribunal or Agency Involved	Status

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

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of SHANG PROPERTIES, INC. of any changes in the abovementioned information within five days from its occurrence.

Done this 5th day of April 2022 at Pasig City.

MAXIMO G. LICAUCO III
Affiant

MAY 10 2022

SUBSCRIBED AND SWORN to before me this ________ day of ________ 2022 at PASIG CITY affiant personally appeared before me and exhibited to me Passport No. P1434379B issued at DFA NCR East on 11 April 2019 expiring on10 April 2029.

Doc. No. 197;
Page No. 41;
Book No. 29;
Series of 2022.

ATTY. LETICIA M. AMON
Notary Public
Pasig Pateros & San Juan
Valid Until December 31, 2023
Roll No. 2218
PTR BCE No. 8121781 / 01-03-22
Lifetime IBP Member No. 04286
Official Receipt No. 574709. IBP Chapter
MCLE Compliance No. VII-0000050 / 6-18-2019
Ground Flr. Armal Center, U. Velasco Ave.,
Malinao, Pasig City

SHANG
PROPERTIES

16 May 2022

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building,
PICC Complex
Roxas Boulevard, Manila

Thru: Corporate Finance Department

Re: **Shang Properties, Inc. (SPI)**

Gentlemen:

We are submitting herewith SPI's SEC Form 17-A, which we have submitted with the Philippine Stock Exchange, Inc.

Thank you.

Very truly yours,
SHANG PROPERTIES, INC.
By:

FEDERICO G. NOEL, JR.
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended: **31 December 2021**

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

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

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

6. (SEC Use Only)
Industry Classification Code:

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

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

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**4,764,056,287** common shares

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

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

Yes [**X**] No [ ]

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

12. Check whether the Issuer:

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

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

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

The aggregate market value of the voting stock held by non-affiliates of the Issuer as of **31 March 2022**: **₱3,648,759,207.50.**

Assumptions:

(a)	Total no. of shares held by non-affiliates as of 31 March 2022	:	**1,326,821,530**
(b)	Closing price of the Issuer's shares on the Exchange on 31 March 2022	:	**₱2.60**
(c)	Aggregate market price of (a) as of 31 March 2022	:	**3,648,759,207.50**

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

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

Yes [ ] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

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

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

None of the above documents are incorporated herein by reference.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

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

(A) Description of Business

(1) Business Development

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

In the years prior to this Annual Report, the significant developments in the Issuer's business are as follows:
On 31 March 2011, the Issuer's subsidiary, Shang Property Developers, Inc. executed a Deed of Absolute Sale with Asian Plaza I Condominium Corporation and Asian Plaza, Inc. (both are Filipino corporations), for the purchase of the mixed use condominium project known as the Asian Plaza I and the parcel of land of which said project stands, for a

consideration of PHP SIX HUNDRED FIFTEEN MILLION and 00/100 (PHP615,000,000). The Asian Plaza I is located at the corner of Gil Puyat Ave., Tordesillas St. and H. V. de la Costa St., Salcedo village, Makati City.

On 27 June 2011, the Issuer purchased L'Hirondelle Holdings, Inc.'s 50 million common shares and 270 million preferred shares in Shangri-La Plaza Corporation ("SLPC") (representing 21.28% equity in SLPC), for a total consideration of PHP450,000,000. Said sale increased Issuer's equity in SLPC from 78.72% previously to 100%, making SLPC a wholly-owned subsidiary of the Issuer. SLPC owns and operates the mall establishment known as the Shangri-La Plaza which is located in Mandaluyong City.

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

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

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

(2) Business of Issuer

(a) Description of Issuer

(i) The Issuer is a property development, real estate management and investment holding company. It is publicly subscribed and was listed in the Philippine Stock Exchange in June 13, 1991. Its significant and active subsidiaries are as follows:

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

Shangri-La Plaza Corporation was incorporated on 06 January 1993 to invest in, purchase, own, hold, lease and operate the Shangri-La Plaza Shopping Complex located at Mandaluyong City, Philippines. Its primary business is leasing. The Shangri-La Plaza Shopping Complex houses Rustan's department store, theater, cinema, restaurants, fast-food outlets, boutiques and specialty stores. Its tenants are

leading international and local retailers such as Marks & Spencer, Escada, Hugo Boss, Gucci, Zara, Debenham's, Armani, etc., which cater to the upscale market.
SPI Parking Services, Inc. ("SPSI") was incorporated on 14 November 2001 to own and/or manage and operate carpark facilities including those surrounding the Shangri-La Plaza Shopping Complex and to render such other services as may be related or incidental to the management and operation of said carpark facilities.

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

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

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

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

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

KSA Realty Corporation was incorporated on 03 August 1990 as a realty development company. It owns The Enterprise Center, one of the most modern and luxurious office buildings in the country which is located at the heart of the Makati Central Business District. On 15 June 2016, the Issuer purchased from Ocmador Philippines. B.V., the latter's 241,580 common shares of stock of KSA Realty Corporation, bringing Issuer's stock ownership to 70.04%.

Shang Property Developers, Inc. was incorporated on 17 December 2010 as a realty development company. It is the owner and developer of Shang Salcedo Place, a residential condominium located in Sen. Gil Puyat Ave. cor. Tordesillas St., H.V. de la Costa St., Salcedo Village, Makati City. It was completed in 2018.

Shang Global City Properties, Inc. was incorporated on 13 December 2007. By virtue of the SEC approved merger between Shang Global City Properties, Inc. and Fort Bonifacio Shangri-La Hotel, Inc., Shang Global City Properties, Inc., is now the owner and developer of the hotel and residential development known as Shangri-La at the Fort. The residential component of the development was sold out in 2018.

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

Shang Wack Wack Properties, Inc. was incorporated on 13 January 2016 as a realty development company. It is currently developing the Shang Residences at Wack Wack project located at Wack Wack Road, Mandaluyong City.

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

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

SPI Property Holdings, Inc. was incorporated on 09 December 2019 as a holding company and a realty development company. It is currently preparing to develop a residential condominium project on its newly acquired property located along Canley Road, Pasig City.

SPI Property Developers, Inc. was incorporated on 09 December 2019 as a realty development company. It is currently developing a proposed office and service apartment project known as "Shang One Horizon" located at Shaw Boulevard, Mandaluyong City

SPI Land Development Inc. was incorporated on 09 December 2019 as a realty development company. It intends to undertake the construction of a residential condominium development project located along Sgt. Esguerra Avenue corners Scout Bayoran Street and Scout Borromeo Street, within Barangay South Triangle, Diliman, Quezon City.

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

(iii) The Issuer is primarily a holding company and therefore has no direct distribution methods of products and services.

(iv) Neither the Issuer nor its subsidiaries have new products or services which may be described as requested in this particular section.

(v) Insofar as the Issuer's competitors are concerned, the Issuer's competitors are upper middle to high end real estate companies who are involved in property development such as Ayala Land and Megaworld. The Issuer can and will be able to compete in the property development industry because of its strong financial position, international expertise and strong brand position. For the Shangri-La Plaza Corporation, its competitors are entities operating similar upscale malls such as Rockwell, Podium, and Greenbelt 3. The Shangri-La Plaza Corporation is not threatened by competition where it is the only truly upscale commercial complex in its geographic location, and where it is continuously upgrading its facilities in order to cater to its upscale market. SPSI's competitors are those entities who are into carpark management and operation. SPSI is in a healthy financial position and has the expertise to efficiently and viably operate its carpark facilities.

(vi) This section on raw materials and suppliers is not applicable to the Issuer nor to its subsidiaries by reason of the nature of their businesses as herein described.

(vii) Neither the Issuer nor its subsidiaries operations and businesses are dependent on a single customer, the loss of which would have a material adverse effect on the Issuer and its subsidiaries taken as a whole, by reason of the nature of their businesses as described herein.

(viii) On transactions with and/or dependence on related parties:

With Issuer's subsidiaries:

a. With Shangri-La Plaza Corporation (SLPC)

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

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

b. With SPI Parking Services, Inc. (SPSI)

On 16 January 2002, the Issuer entered into an agreement with SLPC and SPSI. Under the terms and conditions of the agreement, SPSI will be granted limited usufructuary rights over the Issuer's parking spaces for a consideration equivalent to a certain percentage of SPSI's gross income less direct and indirect expenses. The agreement has been renewed annually and subsists to date.

c. With Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation)

On May 8, 2005, the Issuer entered into a Memorandum of Agreement ("MOA") with Shang Properties Realty Corporation ("SPRC") whereby Issuer, as registered owner of a parcel of land located along St. Francis Road cor. Internal Road, Shangri-La Complex, Mandaluyong City ("Property"), agreed with SPRC for the latter to develop the Property into a two-tower high rise residential condominium now known as The St. Francis Shangri-La Place ("Project"). SPRC provided the funding for the Project which was completed in 2009.

The MOA, among others, provides that Issuer, as the owner of the Property, commits to transfer the same, free from all liens and encumbrances, in favor of the Condominium Corporation that will be incorporated upon the completion of the Project. Pending the transfer of the Property to the Condominium Corporation, Issuer shall allow the use of the Property for the construction of the Project, subject to the terms and conditions hereinafter stipulated. SPRC shall provide funding for the construction of the Project. It is the intention of the Parties to allocate the resulting units in the Project between them, with each party taking ownership and possession of its respective allocated units ("Allocated Units"), with full power and discretion on the disposition of the same, subject only to the pertinent conditions hereunder contained. The allocation between the Parties of the Net Saleable Area shall be at the ratio of twenty percent (20%) to Issuer and eighty percent (80%) to SPRC subject to adjustment based on mutual agreement of the Parties. The actual designation of the Parties' respective Allocated Units shall be determined upon completion of the final plans and shall be incorporated in a supplemental agreement to be executed by the Parties. The Parties also agreed that Seventy Five (75) contiguous parking slots shall be allocated to the Issuer. The allocation of the remaining parking slots net of the 75 slots allocated to Issuer shall be eighty percent (80%) to SPRC and twenty percent (20%) to Issuer subject to adjustment based on mutual agreement of the Parties. The actual designation of the parking slots shall be determined upon completion of the final plans and shall be incorporated in a supplemental agreement to be executed by the Parties.

On 09 November 2009, the Issuer entered into a Memorandum of Agreement with its subsidiary Shang Properties Realty Corporation ("SPRC") (formerly, The Shang Grand Tower Corporation), wherein Issuer agreed with SPRC to develop a portion of Issuer's Property located at Edsa cor. Shaw Blvd., Mandaluyong City, into another commercial / retail building ("Project") comprised of a shopping mall, parking facilities, and high-rise residential condominium building now known as "One Shangri-La Place". This MOA was rescinded by the Parties on 20 September 2013, wherein SPRC purchased the land from Issuer to become both the landowner and developer of the Project.

<u>With Issuer's affiliates:</u>

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

The Issuer leased a portion of its land to an affiliate, Edsa Shangri-La Hotel & Resort, Inc., where the latter's Edsa Shangri-La Hotel is located. The lease is for a period of twenty five (25) years commencing on 28 August 1992, renewable for another twenty five years at the option of the lessee. Rental income is computed on a fixed percentage of the Hotel's room, food and beverage, dry goods and other service payments. In an agreement dated 26 August 2007, the lease was renewed for another 25 years commencing on 28 August 2017 until 27 August 2042.

b. With other affiliates:

On 1 January 2001, the Issuer entered into a cost sharing agreement with SLPC and other related companies for the services rendered by the officers of the Company to its related companies. Other transactions with related companies substantially consist of reimbursement of expenses paid for by the Issuer in behalf of its affiliates and vice-versa.

Between Issuer's Affiliates:

a. Shang Property Management Services Inc. entered into a Memorandum of Agreement with KSA Realty Corporation, pursuant to which the former shall assist the latter in managing and administering the leasing operations of The Enterprise Center.

b. Shang Property Management Services Inc. entered into a Memorandum of Agreement with The Enterprise Center Condominium Corporation pursuant to which the former shall assist the latter in managing and administering the condominium development known as The Enterprise Center, specifically with respect to the common areas thereof.

c. Shang Property Management Services Inc. entered into a Memorandum of Agreement with The St. Francis Shangri-La Place Condominium Corporation pursuant to which the former shall assist the latter in managing and administering the condominium development known as The Enterprise Center, specifically with respect to the common areas thereof. It also has similar agreements with One Shangri-La Place Condominium Corporation, The Shang Grand Tower Condominium Corporation, Shang Salcedo Place Condominium Corporation, and The Rise Condominium Corporation.

d. SPI Parking Services, Inc. entered into a Memorandum of Agreement with KSA Realty Corporation, with conformity of The Enterprise Center Condominium Corporation, to administer, manage and operate the TEC Parking Slots as a pay parking facility under a mutually agreeable remuneration scheme. It also has similar agreements with SPRC, SLPC, TRDCI and SPI.

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

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

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

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

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

(xiv) The Issuer has **312 employees** to date and does not anticipate adding to said number significantly in the next 12 months. The breakdown as to type is as follows**:**

a. Rank and File - 77
b. Supervisory - 60
c. Managerial - 60
d. Executive – 1
e. Project based
    - Rank and File – 25
    - Supervisory – 31
    - Managerial – 10
f. Consultancy based
    - Supervisory – 38

- Managerial – 9
- Executive - 1

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

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

The **Shangri-La Plaza Corporation** has **<u>73 employees</u>**. The breakdown as to type is as follows:

a. Rank and File - 21
b. Supervisory - 36
c. Managerial - 16

The **Shang Properties Realty Corporation** (formerly, The Shang Grand Tower Corporation) has **<u>49 employees</u>**. The breakdown as to type is as follows:

a. Rank and File - 25
b. Supervisory - 7
c. Managerial – 8
d. Executive - 1
e. Project based
    - Managerial - 2
f. Consultancy based
    - Supervisory – 4
    - Managerial – 1
    - Executive - 1

The **Shang Property Management Services Inc.** has **<u>51 employees</u>**. The breakdown as to type is as follows:

a. Rank and File - 4
b. Supervisory - 6
c. Managerial - 28
d. Project based
    - Rank and File – 11
    - Supervisory - 2

The **Shang Property Developers, Inc.** has **<u>4 employees</u>**. The breakdown as to type is as follows:

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

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

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

The **Rise Development Company, Inc.** has **<u>72 employees</u>**. The breakdown as to type is as follows:

a. Rank and File – 14
b. Supervisory - 4
c. Managerial - 4
d. Project based
    - Rank and File – 10

- Supervisory – 15
- Managerial – 3

e. Consultancy based
- Supervisory – 16
- Managerial – 6

Shang Wack Wack Properties, Inc. has **42 employees**. The breakdown as to type is as follows:

a. Rank and File - 1
b. Managerial – 1
c. Project based
- Rank and File – 4
- Supervisory – 14
- Managerial – 5

d. Consultancy based
- Supervisory – 16
- Managerial - 1

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

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

a. Mall operations (of SLPC)

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

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

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

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

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

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

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

e. Residential Condominium Sales

The residential condominium projects of the Issuer's subsidiary, Shang Properties Realty Corporation ("SPRC"), Shang Property Developers, Inc. ("SPDI'), Shang Global City Properties, Inc. ("SGCPI"), The

Rise Development Company, Inc. ("TRDCI"), Shang Wack Wack Properties, Inc. ("SWWPI") and Shang Robinsons Properties, Inc. ("SRPI"), face competition from other major developers such as Ayala Land and Megaworld. The Issuer is able to compete effectively by offering condominium units that are superior to the other projects in terms of their amenities, design and layout, finishes and professional building management.

Item 2. Properties

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

(B) Description of Properties

On properties owned by Issuer:

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

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

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

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

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

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

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

On Properties owned by Issuer's subsidiaries:

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

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

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

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

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

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

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

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

None

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

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

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

None

(g) Properties owned by KSA Realty Corporation

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

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

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

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

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

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

None

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

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

(k) Properties owned by SPI Property Holdings, Inc.

Three (3) parcels of land situated along Canley Road, Pasig City, owned by ALC Industrial & Commercial Development Corp., and covered by Transfer Certificate of Title (TCT) No. (481071) 4492, TCT No. (402089) 4493, and TCT No. (485304) 4494 of the Registry of Deeds of Pasig City. Total land area of the three (3) parcels of land is three thousand three hundred ninety square meters (3,390 sq.m.), more or less.

SPI Property Holdings, Inc., is also the developer of a residential condominium project situated at the former Dahlia, Pasig City.

(l) Properties owned by SPI Property Developers, Inc.

None.

(m) Properties owned by SPI Land Development, Inc.

Three (3) parcels of land situated along Sgt. Esguerra Avenue corners Scout Bayoran Street and Scout Borromeo Street, within Barangay South Triangle, Diliman, Quezon City, covered by Transfer Certificate of Title (TCT) No. N-136790, TCT No. N-243022, and TCT No. N-243023 of the Registry of Deeds of Quezon City with an aggregate area of six thousand twenty-four (6,024) square meters, more or less.

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

Item 3. Legal Proceedings

(C) Legal Proceedings

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

In Shangri-La Properties, Inc. (now Shang Properties, Inc.) v. BF Corporation and BF Corporation v. Shangri-La Properties, Inc., a Notice of Judgement was issued by the Supreme Court on 15 October 2019 (a copy of the Decision was received by Issuer's External Counsel for said case only on 10 January 2020), whereby the Supreme Court ordered Issuer to "pay to BF Corporation the net amount of P52,635,679.70, plus legal interest of 6% per annum reckoned from July 31, 2007, the date of the Arbitral Tribunal's Decision, until this decision becomes final and executory, and thereafter, the principal amount due, plus the interest of 6% per annum, shall likewise earn interest of 6% per annum until full satisfaction." This SC Case stems from an Arbitration Case between the parties before the CIAC in connection with the construction in the late 1990's of the carpark structure of what was then known as the Edsa Plaza project. Shang Properties, Inc. already filed a Motion for Reconsideration of the Supreme Court's ruling on 10 January 2020. On 26 July 2021, BF Corporation and SPI filed a Joint Manifestation and Motion informing the Supreme Court about the amicable settlement of the case and jointly moved for its dismissal. In the Resolution received on 06 December 2021, the Supreme Court granted the Joint Manifestation and Motion and deemed the case closed and terminated.

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

There are none.

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

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

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

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

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

During the Annual Meeting of the Stockholders of the Issuer held on 07 September 2021, the stockholders approved and ratified the following:

1. Minutes of the Annual Stockholders Meeting held on 18 November 2020;

2. Annual Report of the Company as of 31 December 2020, together with its audited financial statements and accompanying explanatory notes;

3. The acts of the Board of Directors and the Management disclosed in the corporate records since the 18 November 2020 Annual Stockholders Meeting to the date of the Annual Stockholders Meeting on 07 September 2021;

4. Election of the following members of the Board of Directors for the period 2021 - 2022:

    1) Edward Kuok Khoon Loong
    2) Alfredo C. Ramos
    3) Cynthia R. Del Castillo
    4) Antonio O. Cojuangco

5) Maximo G. Licauco III
6) Wolfgang Krueger
7) Benjamin I. Ramos
8) Wilfred Shan Chen Woo
9) Karlo Marco P. Estavillo
10) Jose Juan Z. Jugo

5. Appointment of PriceWaterhouseCooper (Isla Lipana & Co.) as the Issuer's external auditors for FY 2021 - 2022.

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

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

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

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

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

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Instructions to Item 4

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

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Furnish the information required by Part II, Paragraph (A)(1) through (4) of "Annex C, as amended".
(A) Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

(1) Market Information

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

Year	High	Low
2021		
First Quarter	₱2.87	₱2.50
Second Quarter	₱2.78	₱2.53
Third Quarter	₱2.71	₱2.55
Fourth Quarter	₱2.71	₱2.54

2020		
First Quarter	₱3.31	₱2.45
Second Quarter	₱2.99	₱2.55

Third Quarter	₱2.74	₱2.50
Fourth Quarter	₱2.75	₱2.65

The high and low of Issuer's shares for the period **01 January 2022 to 31 March 2022** are as follows:

High: ₱ 2.62
Low: ₱ 2.50

The closing price for the Issuer's shares on 31 March 2022 is ₱2.60.

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

(2) Holders

(a) Issuer has common shares only. As of **31 March 2022,** the Issuer has **5,155** stockholders. Common shares outstanding as of said date is **4,764,056,287.**

The Top 20 stockholders of the Issuer as of 31 March 2022 are:

Name of Stockholders	Number of Shares Held	Percent to Total Outstanding
1. Travel Aim Investment B.V.	1,648,869,372	34.61%
2. Ideal Sites and Properties, Inc.	1,465,144,626	30.75%
3. PCD Nominee Corporation - Fil	1,009,541,771	21.19%
4. SM Development Corporation	189,550,548	3.98%
5. PCD Nominee Corporation – Non-Fil	64,576,212	1.36%
6. KGMPP Holdings, Incorporated	52,925,445	1.11%
7. CCS Holdings, Incorporated	47,633,492	1.00%
8. Pecanola Company Limited	43,175,495	0.91%
9. Kuok Brothers SDN. BHD.	37,023,839	0.78%
10. Kuok Foundation Overseas Limited	37,023,839	0.78%
11. GGC Holdings, Incorporated	26,224,322	0.55%
12. Kerry Holdings Limited	26,090,624	0.55%
13. Kuok (Singapore) Limited	24,848,214	0.52%
14. Kerry (1989) LTD.	12,424,107	0.26%
15. Kuok Traders (Hong Kong) LTD.	11,407,363	0.24%
16. Federal Homes, Inc.	4,808,478	0.10%
17. Luxhart Assets Limited	3,975,714	0.08%
18. Yan, Lucio W. Yan &/or Clara	3,142,857	0.07%
19. Antonio O. Cojuangco	3,026,964	0.06%
20. Exchange Equity Corporation	1,570,000	0.03%
	4,712,983,282	**98.93%**

Ideal Sites and Properties, Inc. (Ideal) is the owner of record of 1,465,144,626 shares. These shares serve as underlying securities to the Philippine Deposit Receipts (PDRs) issued by Ideal. Ideal is a member of the Kuok Group of Companies.

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

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

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

(3) Dividends

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

Cash Dividends
2022

- During the regular meeting of the Issuer's Board held on 24 March 2022, the Board approved the declaration of ₱0.07000 per share cash dividend to all shareholders of record as of 08 April 2022, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2021, to be paid on or before 20 April 2022.

2021

- During the regular meeting of the Issuer's Board held on 25 March 2021, the Board approved the declaration of ₱0.08 per share cash dividend to all shareholders of record as of 09 April 2021 to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2020 to be paid on or before 16 April 2021.

- During the regular meeting of the Issuer's Board held on 10 September 2021, the Board approved the declaration of ₱0.04400 per share cash dividend to all shareholders of record as of 24 September 2021, to be taken from the unrestricted retained earnings as reflected in the unaudited financial statements of the Issuer as of 30 June 2021, to be paid on or before 30 September 2021.

2020

- During the regular meeting of the Issuer's Board held on 01 April 2020, the Board approved the declaration of ₱0.11250 per share cash dividend to all shareholders of record as of 17 April 2020 to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2019 to be paid on or before 24 March 2020.

- During the regular meeting of the Issuer's Board held on 20 August 2020, the Board approved the declaration of ₱0.04400 per share cash dividend to all shareholders of record as of 08 September 2020 to be taken from the unrestricted retained earnings as reflected in the unaudited financial statements of the Issuer as of 30 June 2020 to be paid on or before 18 September 2020.

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

Stock Dividends

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

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

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

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

Item 6. Management's Discussion and Analysis (MD & A) or Plan of Operation

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

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

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

(2) Management's Discussion and Analysis

(a) Full Fiscal Years

Key Performance Indicators

		31-Dec		%
		2021	2020	Change
Turnover	(Php M)	4,574	6,220	-26.46%
Profit Attributable to shareholders	(Php M)	2,124	1,470	44.49%
Earnings per share	(Php Ctv)	0.446	0.309	44.49%
Net Asset Value per share	(Php)	7.834	7.502	4.43%
Price Earnings Ratio	(Times)	5.851	8.779	-33.35%

- Turnover consists of revenue from condominium sales, rental and cinema, and hotel operations. Shang Properties' gross revenue decreased by ₱1.646B to ₱4.574B in 2021 from ₱6.220B in 2020. Sales of residential condominium units of ₱1.951B accounted for 43% of the Group's turnover in 2021. Revenue from rental and cinema operations amounted to ₱1.82B or 40% of turnover in 2021, lower by ₱309M from last year's ₱2.129B. Hotel operations of Shangri-La at the Fort contributed revenue amounting to ₱802M or 17% of turnover in 2021, lower by ₱279M from last year's ₱1.082B.

- Profit attributable to shareholders pertains to net income from operations of the Group, net of minority shareholders' share. It increased by ₱654M or 44.50% compared with last year.

- Earnings per share of ₱0.446 were higher by 44.49% from last year's ₱0.309.

- Net Asset value per share is calculated by dividing the total net asset of the company (Total asset – Total liabilities) by the number of shares outstanding.

- Net asset value per share increased by 4.43% mainly due to additional Investment in and Advances to a Joint Venture this year.

- Price Earnings ratio is a valuation of the company's current share price compared to earnings per share and calculated by dividing the market value per share by the earnings per share. Price earnings ratio is lower by 33.35% at 5.851 times this year from 8.779 times last year. The Group' year-end share price in 2021 is ₱ 2.61 from ₱ 2.71 in 2020.

Results of Operations

Calendar Year 2021 Compared to Calendar Year 2020

Shang Properties' consolidated net income attributable to shareholders for the year ended December 31, 2021 amounted to ₱2.124B, ₱654M higher than the ₱1.470B posted in the same period last year.

Decrease in Turnover by ₱1.646B or 26.47% to ₱4.574B in 2021 from ₱6.220B in 2020, mainly due to lower revenue from condominium sales, rental and cinema and hotel operations of Shangri-La at the Fort.

1. Decrease in condominium sales by ₱1.059B is mainly due to decrease in the number of units sold across all projects of the Group as well as slowdown in construction which led to low percentage of completion used to recognize revenue for the year, mainly due to the COVID 19 pandemic.

2. Decrease in revenue from rental and cinema by ₱309M mainly due to lower occupancy rate of both office leasing at The Enterprise Center and mall operations of Shangri-La Plaza. The government-imposed

lockdowns in 2021 restricted operations of certain tenants which eventually lead to business closures and lease cancellations.

3. Decrease in revenue from hotel operations by ₱279M is mainly due to lower occupancy of the Shangri-La at the Fort Hotel caused by the ongoing travel bans and government-imposed community quarantines. Hotel bookings in 2021 were mainly quarantine-related stays which yielded lower average daily rates.

Cost of sales and services of the Group amounted to ₱2.565B, lower by ₱1.072B compared with last year's ₱3.637B due to the following:

1. Decrease in cost of condominium sales by ₱727M mainly due to lower sales across all projects.

2. Decrease in cost of rental and cinema by ₱19M mainly due to lower common area expenses brought about by reduced operations of the Mall as a result of government-imposed restrictions in the operations of certain commercial establishments.

3. Decrease in cost of hotel services by ₱326M due to lower occupancy compared to same period last year.

Operating expenses of the Group amounted to ₱1.351B lower by ₱148M or 9.87% from last year's ₱1.499 mainly due to the net effect of the following:

1. Higher staff cost by ₱51M due to annual salary adjustments and additional manpower hired during the year.

2. Decrease in taxes and licenses by ₱179K mainly due to lower annual business permits paid by the Group because of lower revenue.

3. Increase in depreciation and amortization by ₱697K due to additional office improvements made and other equipment purchased by the Group in 2021 and started depreciating within the year.

4. Increase in insurance expense by ₱1.3M mainly due to Terrorism and Sabotage insurance acquired by TRDCI for Assembly Ground.

5. Decrease in other general and administrative expenses by ₱149M is mainly due to the provision recognized in 2020 for restructuring and contingencies of Shangri-La at the Fort. The same expense was not incurred in 2021.

Other income decreased by ₱314M mainly due to lower interest income on discounting of installment contracts receivable as well as lower miscellaneous income.

Decrease in interest expense and bank charges by ₱20M mainly due to lower interest rate on bank loans of Shang Properties Inc.

Provision for income tax is lower by ₱1.272B mainly due to reduction of income tax rate upon the effectivity of CREATE Law.

Calendar Year 2020 Compared to Calendar Year 2019

Shang Properties' consolidated net income attributable to shareholders for the year ended December 31, 2020 amounted to ₱1.470B, ₱1.586B lower than the ₱3.056B posted in the same period last year.

Decrease in Turnover by ₱5.141B or 45.26% to ₱6.221B in 2020 from ₱11.362B in 2019, mainly due to lower revenue from condominium sales, rental and cinema and hotel operations of Shangri-La at the Fort.

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

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

3. Decrease in revenue from hotel operations by P2.498B is mainly due to lower occupancy of the Shangri-La at the Fort Hotel caused by the ongoing travel bans and government-imposed community quarantines.

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

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

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

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

Operating expenses of the Group amounted to P1.499B higher by ₱247M or 19.72% from last year's ₱1.252B mainly due to the net effect of the following:

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

2. Decrease in taxes and licenses by ₱27M mainly due to lower real property tax paid by the Group, brought about by the ongoing turnover of units at The Rise project.

3. Increase in depreciation and amortization by ₱5M due to additional office improvements made and other equipment for the year.

4. Decrease in insurance expense by ₱11M is mainly due to lower property insurance as a result of the Group's bidding and negotiation process.

5. Increase in other general and administrative expenses by ₱226M mainly due to donations made by the Group to various Covid 19 and typhoon relief operations and provision for restructuring and contingencies of Shangri-La at the Fort.

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

Decrease in interest expense and bank charges by ₱133M mainly due to lower interest rate on bank loans of Shangri-La at the Fort and Shang Properties Inc. and also lower loan balance due to principal payments during the year.

Provision for income tax is lower by ₱651M mainly due to lower taxable income generated during the year.

Calendar Year 2019 Compared to Calendar Year 2018

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

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

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

2. Increase in revenue from hotel operations by ₱409M is mainly due to higher occupancy of the Shangri-La at the Fort Hotel and also higher average daily rate this year compared to last year.

3. Decrease in condominium sales by ₱563M is mainly due to fewer available units for sale as the Group's Shang Salcedo Place project became fully sold out during the year and The Rise Makati project already at handover stage.

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

1. Decrease in cost of rental and cinema by ₱77M mainly due to higher recovery of common area expenses of Group's Mall operations. Reimbursements from tenants increased during the year due to increase in CUSA rates charged by the Mall and also due to lower electricity rates.

2. Increase in cost of hotel services by ₱189M due to higher occupancy compared to same period last year.

3. Decrease in cost of condominium sales by ₱304M mainly due to lower sales across all projects.

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

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

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

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

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

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

Other income decreased by ₱853M mainly due to lower gain on fair value adjustment of investment properties as a significant adjustment was made in the previous year, as appraised by an independent appraiser.

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

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

Financial Condition

Calendar Year 2021 Compared to Calendar Year 2020

Total assets of the Group amounted to ₱63.776B, increased by ₱606M from the total assets of ₱63.170B on December 31, 2020. The following are the significant movements in the assets:

- Decrease in cash and cash equivalents by ₱173M mainly due to usage in operations and additions to investment properties and capital expenditures.

- Decrease in financial assets at fair value through profit or loss by ₱3M due to loss on fair value adjustment recognized during the year.

- Decrease in trade and other receivables by ₱616M mainly due to lower Installment Contracts Receivable from Condominium sales because of collection of outstanding balances of units that were turned over during the year.

- Increase in properties held for sale by ₱252M mainly due to acquisition cost of land which will be used for project development.

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

- Increase in investment properties by ₱471M is mainly due to the development cost of a commercial project.

- The decrease in the Financial Assets at Fair Value through other comprehensive income by ₱600K is mainly due to the fair valuation of unlisted shares of stock being held by the Group as investment.

- Decrease in property, plant and equipment by ₱871M is mainly due to periodic depreciation.

- Increase in deferred income tax assets by ₱151M is mainly due to income recognition of SGCPI's NOLCO for the period.

- Decrease in other noncurrent assets by ₱888M is mainly due to reclassification of previously recorded deposits made by SPI for future project developments to investment in and advances to an associate and a joint venture.

The net decrease in total liabilities by ₱ 658M from ₱21.496B in 2020 to ₱20.838B in 2021 mainly due to the following:

- The Net Decrease in Accounts Payable by ₱910M is mainly due to lower trade and retention payables, accrued expenses and advances from condominium unit buyers.

- Net decrease in installment payable by ₱95M is mainly due to quarterly payments during the year.

- Increase in bank loans mainly due to new availments of short-term loans during the year amounting to ₱1.826B.

- Decrease in deferred lease income by ₱41M and Deposit from Tenants by ₱116M is mainly due to lower deposits from The Enterprise Center (TEC) and Shangri-La Plaza.

- Decrease in income tax payable by ₱70M mainly due to decrease in taxable income for the year and lower tax rate.

- Decrease in dividends payable by ₱12M due lower unclaimed dividend checks paid to shareholders during the year.

- Decrease in deferred income tax liabilities by ₱1.139B is mainly due to adjustments to lower tax rate due to CREATE Law.

Calendar Year 2020 Compared to Calendar Year 2019

Total assets of the Group amounted to ₱63.170B, decreased by ₱184M from the total assets of ₱63.354B in December 31, 2019. The following are the significant movements in the assets:

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

- Decrease in financial assets at fair value through profit or loss by ₱3M due to loss on fair value adjustment recognized during the year.

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

- Increase in properties held for sale by ₱537M mainly due to acquisition cost of land which will be used for project development.

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

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

- The decrease in the Financial Assets at Fair Value through other comprehensive income by ₱6M is mainly due to the fair valuation of unlisted shares of stock being held by the Group as investment.

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

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

- Increase in other noncurrent assets by ₱422M is mainly due to deposits made by SPI for future project developments.

The net decrease in total liabilities by ₱588M from ₱22.083B in 2019 to ₱21.496B in 2020 mainly due to the following:

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

- Net decrease in installment payable by ₱301M is mainly due to quarterly payments during the year.

- Decrease in bank loans mainly due to net repayments amounting to ₱49M.

- Increase in deferred lease income by ₱3M is mainly due to higher deposits from The Enterprise Center (TEC) and Shangri-La Plaza.

- Decrease in income tax payable by ₱126M mainly due to decrease in taxable income for the year.

- Increase in dividends payable by ₱27M due unclaimed dividend checks paid to shareholders during the year.

- Increase in deferred income tax liabilities by ₱153M is mainly due to the recognition of higher percentage of completion of The Rise condominium project.

Calendar Year 2019 Compared to Calendar Year 2018

Total assets of the Group amounted to ₱63.354B, increased by P3.098B from the total assets of ₱60.256B in December 31, 2018. The following are the significant movements in the assets:

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

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

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

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

- Increase in investment in and advances to an associate and a joint venture by ₱1.121B due to advances to the joint venture with Robinson's Land Corporation (RLC) and the P101M share in Net Income of said joint venture taken up during the year. Both RLC and SPI owns 50% of the outstanding shares in the joint venture under the name of Shang Robinsons Properties Inc.

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

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

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

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

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

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

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

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

- Net decrease in installment payable by ₱97M is mainly due to quarterly payments during the year.
- Decrease in bank loans mainly due to net repayments amounting to ₱55M.

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

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

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

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

<u>Statement of Cash Flows</u>

Net cash provided by operating activities in 2021 amounted to ₱354M. The cash inflows in 2021, 2020 and 2019 includes collection of revenue from various condominium projects, rental revenue from mall operation of the Shangri-La Plaza and leasing operations of TEC, and hotel operations of Shangri-La at the Fort. Net cash provided by operating activities in 2020 and 2019 amounted to ₱1.028B and ₱4.118B, respectively.

Net cash used in investing activities in 2021 amounted to ₱568.4M mainly used in advances to the joint venture with Robinsons Land Corp, acquisition of investment properties and property, plant and equipment amounting to ₱5.4M, ₱457.7M and ₱126.7M respectively. Net cash used in investing activities in 2020 amounted to ₱1.398B was mainly used in deposit for future project amounting to ₱465.9M. Net cash used in investing activities in 2019 amounted to ₱2.366B mainly used in the joint venture with Robinsons Land Corp, acquisition of investment properties and deposit for future project amounting to ₱1.020B, ₱1.109B and ₱172M respectively.

Net cash inflow in financing activities in 2021 amounted to ₱742.2M mainly from new short-term loan proceeds for the year. In 2020 and 2019, net cash used in financing activities amounted to ₱1.133B and ₱1.539B respectively, mainly used in payments of bank loans, interest and cash dividends.

(b) Interim Periods

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

(i) There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

(ii) There are no known events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of obligation.

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

(iv) There are no material commitments for capital expenditures.

(v) There are no known trends, events or uncertainties that have had or that are reasonably expected to have material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

(vi) There are no significant elements of income or loss that did not arise from the Registrant's continuing operations.

(vii) Causes of material changes from period to period of FS including vertical and horizontal analysis of material item. Please see discussion under financial condition.

(viii) There are no seasonal aspects that had a material effect on the financial statements.

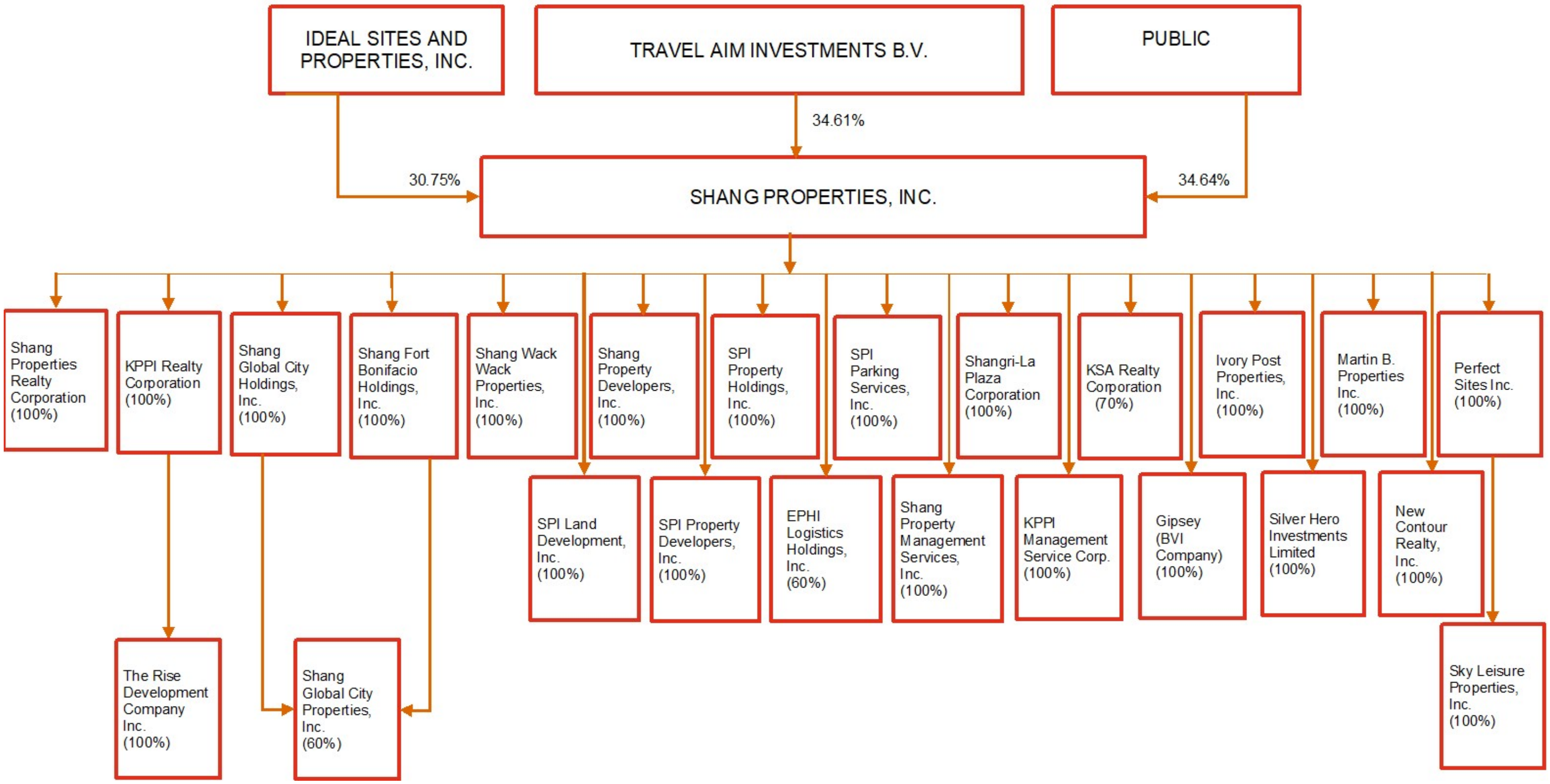
Item 7. Consolidated Audited Financial Statements

The Consolidated Audited Financial Statements of the Group for 2021 are incorporated in the accompanying Exhibits and Schedules.

Statements Required by Rule 68 Securities Regulation Code (SRC)

Shang Properties, Inc. and Subsidiaries

Map of the Group of Companies within which the Reporting Entity Belongs
as of December 31, 2021



Shang Properties, Inc. and Subsidiaries

Financial Soundness Indicators
As at December 31, 2021, 2020 and 2019

Ratio	Formula		2021	2020	2019
A. Current and Liquidity Ratios					
1. Current ratio	Total current assets	11,400,455,364	0.92	1.06	1.11
	Divided by: Total current liabilities	12,412,905,457			
	Current ratio	0.92			
2. Acid test ratio	Total current assets	11,400,455,364	0.76	0.91	0.99
	Less: Prepaid taxes and other current assets	1,947,431,627			
	Quick assets	9,453,023,737			
	Divided by: Total current liabilities	12,412,905,457			
	Acid test ratio	0.76			
B. Solvency ratio	Net income	2,190,276,144	0.15	0.12	0.21
	Add: Depreciation*	995,276,557			
	Net income before depreciation	3,185,552,701			
	Divided by: Total liabilities	20,837,748,694			
	Solvency ratio	0.15			
C. Debt to equity ratio	Total liabilities	20,837,748,694	0.49	0.52	0.54
	Divided by: Total equity	42,939,023,294			
	Debt to equity ratio	0.49			
D. Asset to equity ratio	Total assets	63,776,771,988	1.49	1.52	1.54
	Divided by: Total equity	42,939,023,294			
	Asset to equity ratio	1.49			
E. Debt ratio	Total liabilities	20,837,748,694	0.33	0.34	0.35
	Divided by: Total assets	63,776,771,988			
	Debt ratio	0.33			

Ratio	Formula		2021	2020	2019
F. Profitability ratios					
1. Return on assets (%)	Net income	2,190,276,144	3.43%	2.25	5.40
	Divided by: Total assets	63,776,771,988			
	Return on assets (%)	3.43%			
2. Return on equity (%)	Net income	2,190,276,144	5.10	3.41	8.29
	Divided by: Total equity	42,939,023,294			
	Return on equity (%)	5.10%			
3. Net profit margin	Net income	2,190,276,144	47.89	22.85	30.12
	Divided by: Total revenues	4,573,925,274			
	Net profit margin (%)	47.89%			
G. Earnings per share (EPS) attributable to equity holders of Parent	Net income after minority interest	2,124,062,600	0.45	0.31	0.64
	Divided by: Total shares outstanding	4,761,918,337			
	EPS attributable to equity holders of Parent	0.45			
H. Book value per share (BPS) attributable to equity holders of Parent	Total equity after minority interest	37,306,866,381	7.83	7.50	7.35
	Divided by: Total shares outstanding	4,761,918,337			
	BPS attributable to equity holders of Parent	7.83			

Shang Properties, Inc. and Subsidiaries

Schedule A - Financial Assets
As at December 31, 2021
(All amounts in Philippine Peso)

Description of each issue	Number of shares	Amount shown in the Consolidated Statement of Financial Position	Value based on market quotations at statement date	Income (loss) received and accrued
Cash and cash equivalents*		1,376,480,154	1,376,480,154	2,986,117
Trade and other receivables**		4,380,741,449	4,380,741,449	111,642,591
Financial assets at fair value through profit or loss***		30,815,974	30,815,974	(2,810,236)
Refundable deposits****		160,652,296	160,652,296	-
Financial assets at fair value through other comprehensive income*****				
Quoted shares	8	27,350,015	27,350,015	-
Unquoted shares	298,516	769,618,480	769,618,480	(600,000)
		796,968,495	796,968,495	(600,000)
		6,745,658,368	6,745,658,368	111,218,472

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

Shang Properties, Inc. and Subsidiaries

Schedule B - Amounts Receivable from Directors, Officers,
Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As at December 31, 2021
(All amounts in Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Deduction: Amount collected	Deduction: Amount written-off	Current	Non-current	Balance at end of period
Classic Elite Holdings Inc.	1,144,187,554	-	-	-	-	1,144,187,554	1,144,187,554
One Shangri-la Place Condominium Corp.	54,347,150	13,327,689	(14,229,330)		8,545,237	44,900,272	53,445,509
Shang Salcedo Place Condominium Corp.	57,050,054	10,843,077	(1,235,069)	-	50,374,939	16,283,123	66,658,062
EDSA Shangri-la Hotel & Resorts, Inc.	8,992,491	16,461,917	(7,003,949)	-	5,873,602	12,576,778	18,450,380
Makati Shangri-la Hotel	8,605,055	10,465,607	(6,776,611)		4,066,471	8,227,580	12,294,051
The St. Francis Shangri-la Place Condominium Corp.	33,007,237	15,646,411	(9,966,193)	-	11,370,887	27,316,568	38,687,455
The Shang Grand Tower Condominium Corp.	22,922,530	7,999,761	(9,594,139)		3,986,347	17,341,805	21,328,152
Ideal Sites Property, Inc.	5,706,273	1,307,075	-	-	1,307,075	5,706,273	7,013,348
Mactan Shangri-la Hotel	377,138	27,328,350	(41,447)	-	27,286,902	377,139	27,664,041
The Enterprise Centre Condominium Corp.	9,069,086	34,603,591	(28,109,892)	-	11,765,717	797,068	15,562,785
Shang Robinsons Properties, Inc.	187,016,372	108,584,047	(97,583,140)		110,518,056	87,499,224	198,017,280
Others	72,958,112	122,589,975	(48,695,523)	-	88,964,996	57,887,168	146,852,164
	1,604,238,974	369,157,100	(223,235,293)	-	327,060,229	1,423,100,552	1,750,160,781

See Notes 5 and 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule C - Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements
As at December 31, 2021
(All amounts in Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Shangri-la Plaza Corp.	28,404,087	15,399,150	(3,463,012)	-	1,593,332	38,746,893	40,340,225
Shang Property Management Services, Inc.	26,382,122	44,102,208	(27,597,125)	-	32,749,969	10,137,236	42,887,205
Shang Properties Realty Corporation	215,505,872	128,081,752	(164,414,658)	-	102,194,991	76,977,975	179,172,966
SPI Parking Services, Inc.	75,543	(4,400)	-	-	-	71,143	71,143
KPPI Management Services Corporation	-	-	-	-	-	-	-
Shang Global City Holdings, Inc.	-	-	-	-	-	-	-
Shang Fort Bonifacio Holdings, Inc.	-	-	-	-	-	-	-
KSA Realty Corporation	2,244,532	16,952,352	(18,170,186)	-	917,198	109,500	1,026,698
Shang Property Developers, Inc.	2,395,439,727	1,519,193	(28,926,016)	-	2,368,032,904	-	2,368,032,904
Silver Hero from SPDI	2,317,500,000	-	-	-	-	2,317,500,000	2,317,500,000
The Rise Development Company, Inc.	76,872,250	181,428,211	(34,048,510)	226,740	181,127,027	43,351,664	224,478,691
New Contour Realty Inc.	4,020,759	2,603	-	-	2,604	4,020,758	4,023,362
Shang Global City Properties, Inc.	783,230	1,652,534	(1,506,161)	-	929,603	-	929,603
Shang Wack Wack Properties, Inc.	2,992,050	51,704,387	-	-	51,704,450	2,991,987	54,696,437
Perfect Sites Inc.	105,008,696	11,100,000	-	-	11,100,000	105,008,696	116,108,696
KPPI Realty Corporation	50,003,612	-	(50,000,000)	-	-	3,612	3,612
Others	7,996,200,987	2,211,324,689	(333,925,909)	-	1,977,030,612	7,896,569,155	9,873,599,767
Total	13,221,433,467	2,663,262,679	(662,051,577)	226,740	4,727,382,690	10,495,488,619	15,222,871,309

See Note 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule D - Long-Term Debt
As at December 31, 2021
(All amounts in Philippine Peso)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related Statement of Financial Position	Amount shown under caption "Long-term debt" in related Statement of Financial Position
10-year loan with fixed interest rate of 4.00% per annum	400,000,000	400,000,000	-
10-year loan with interest based on the higher between the PHP BVAL rate plus spread of 0.75% per annum and the Bangko Sentral ng Pilipinas (BSP) overnight borrowing rate minus spread of 0.95% per annum	1,190,897,677	95,111,377	1,095,786,300
12-month loan with fixed interest rate of 3.00% per annum	1,100,000,000	1,100,000,000	-
9-month loan with fixed interest rate of 4.25% per annum	480,000,000	480,000,000	-
6-month loan with fixed interest rate of 6.00% per annum	1,100,000,000	1,100,000,000	-
6-month loan with fixed interest rate of 4.25% per annum	645,000,000	645,000,000	-
6-month loan with fixed interest rate of 3.00% per annum	580,000,000	580,000,000	-
6-month loan with fixed interest rate of 2.50% per annum	210,000,000	210,000,000	-
3-month loan with fixed interest rate of 4.50% per annum	200,000,000	200,000,000	-
3-month loan with fixed interest rate of 4.15% per annum	500,000,000	500,000,000	-
3-month loan with fixed interest rate of 3.75% per annum	200,000,000	200,000,000	-
3-month loan with fixed interest rate of 3.70% per annum	400,000,000	400,000,000	-
3-month loan with fixed interest rate of 2.50% per annum	700,000,000	700,000,000	-
	7,705,897,677	6,610,111,377	1,095,786,300

Shang Properties, Inc. and Subsidiaries

Schedule E - Indebtedness to Related Parties
As at December 31, 2021
(All amounts in Philippine Peso)

Name of related party	Balance at beginning of period	Balance at end of period
Shangri-La International Hotel Management Limited	80,774,467	34,820,808
St. Francis Shangri-La Place Condominium Corporation	316,967	316,967
The Enterprise Center Condominium Corporation	8,659,116	12,807,215
Others	82,806,117	77,693,756
	172,556,667	125,638,746

See Notes 15 and 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule F - Guarantees of Securities of Other Issuers
As at December 31, 2021
(All amounts in Philippine Peso)

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

Shang Properties, Inc. and Subsidiaries

Schedule G - Share Capital
As at December 31, 2021
(All amounts in Philippine Peso)

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

See Note 18 to the Consolidated Financial Statements.

Shang Properties, Inc.

Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2021
(All amounts in Philippine Peso)

Unappropriated Retained Earnings beginning			18,048,427,320
Fair value adjustment of investment properties in prior years, net of tax			(8,855,929,698)
Unappropriated Retained Earnings, as adjusted, beginning			9,192,497,622
Net income based on the face of audited financial statements		2,401,230,635	
Less:	Non-actual/unrealized income net of tax	-	
	Equity in net income of associate/joint venture	-	
	Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-	
	Unrealized actuarial gain	-	
	Fair value adjustment	(512,453)	
	Fair value adjustment of investment property resulting to gain	-	
	Adjustment due to deviation from PFRS/GAAP – gain	-	
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted under the PFRS	-	
Add:	Non-actual losses	-	
	Depreciation on revaluation increment (after tax)	-	
	Fair value adjustment	-	
	Adjustment due to deviation from PFRS/GAAP – loss	-	
	Loss on fair value adjustment of investment property (after tax)	-	
Net income actually earned during the period		2,400,718,182	2,400,718,182
Add (Less):			
	Realized remeasurement loss during the year		-
	Dividends declarations during the year		(590,477,874)
	Appropriations of retained earnings		-
	Reversal of appropriateness		-
	Other reserves from restatement due to PAS19 Revised		-
	Treasury shares		(6,850,064)
TOTAL RETAINED EARNINGS ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY, END AVAILABLE FOR DIVIDEND			10,995,897,946

External Audit Fees and Services

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

	2021	2020
Audit Fees	4,510,250	4,458,250
Tax Consultancy Fees	-	-
	4,510,250	**4,458,250**

No other service was provided by external auditors to the Company for the fiscal years 2020 and 2021.

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

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

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

The Group's external auditor for the last 2 years is Isla Lipana & Co.

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

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

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

Not Applicable

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

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

Directors, Executive Officers, Promoters and Control Persons

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

The Directors, Independent Directors and Executive Officers of the Issuer are as follows (as of **31 March 2022**):

Name	Citizenship	Director/ No. of Years	Age	Office Held	Directorship in other reporting (Listed) Companies
Edward Kuok Khoon Loong	Malaysian	Yes /30 yrs.	69	Chairman	None
Alfredo C. Ramos	Filipino	Yes /33 yrs. & 7 mos.	78	Vice Chairman	Anglo Philippine Holdings Corp., The Philodrill Corp., Vulcan and Industrial Mining and Development Corp., Penta Capital Holdings Corp., Philippine Seven Corp.
Cynthia R. Del Castillo	Filipino	Yes /20 yrs. & 9 mos.	69		Sanitary Wares & Mfg. Corp.
Benjamin I. Ramos	Filipino	Yes /11 yrs. & 7 mos.	52		None

Wilfred Shan Chen Woo	Canadian	Yes/10 yrs. & 7 mos.	64		None
Antonio O. Cojuangco***	Filipino	Yes /14 yrs. & 7 mos.	70		None
Jose Juan Z. Jugo	Filipino	Yes/1 yr. & 3 mos.	50	Executive Vice President	None
Karlo Marco P. Estavillo	Filipino	Yes/5 yrs. & 6 mos.	50	Treasurer/ CFO/COO	None
Wolfgang Krueger	Deutsch	Yes/1 yr. & 3 mos.	56	Executive Vice President	None
Maximo G. Licauco III	Filipino	Yes/8 yrs & 4 mos.	71		None
Rajeev Garg	Indian	(No)	47	VP-Controllership	None
Federico G. Noel, Jr.	Filipino	(No)	60	Corporate Secretary	None

Edward Kuok Khoon Loong is the Chairman of the Company and also Vice Chairman of Kerry Holdings Limited. He has been with the Kuok Group since 1978. He has a Master's degree in Economics from the University of Wales in the United Kingdom.

Alfredo C. Ramos is the Vice Chairman of the Company. He is the Chairman of the Board of Anglo Philippine Holdings, Inc., Anvil Publishing, Inc., Carmen Copper Corporation, NBS Express, Inc. and Atlas Consolidated Mining & Development Corporation and Aquatlas, Inc. He is the Chairman and President of Alakor Corporation, National Book Store, Inc., The Philodrill Corporation, Vulcan Industrial & Mining Corporation, United Paragon Mining Corporation and NBS Subic, Inc. He is also the President of Abacus Book & Card Corporation, MRT Holdings Corporation, Power Books, Inc., TMM Management, Inc. and Zenith Holdings Corporation. He is Vice Chairman of MRT Development Corporation and Shangri-La Plaza Corporation. He is also the Governor of National Book Development Board.

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

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

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

Antonio O. Cojuangco is the Chairman of Ballet Philippines, CAP Life Insurance Corporation, Cinemalaya Foundation, Mantrade Development Corporation, Nabasan Subic Development Corporation, Radio Veritas, Tanghalang Pilipino and Directories Philippines Corporation. He is the President of Calatagan Bay Realty, Chairman and President of Calatagan Golf Club, Inc. and Canlubang Golf and Country Club.

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

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

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

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

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

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

Federico G. Noel, Jr. is the General Counsel and the Corporate Secretary of the Company. He is also the Corporate Secretary, General Counsel and a member of the Board of Directors of the other Kuok Group companies in the Philippines including the Shangri-La Plaza Corporation and the Shangri-La Hotels. He graduated from the Ateneo Law School in 1991 with a Juris Doctor degree.

**** Messrs. Maximo G. Licauco III, Antonio O. Cojuangco, and Benjamin I. Ramos were elected independent directors. All of the foregoing independent directors have no relationship with Ideal Sites and Properties, Inc., either as directors or officers.*

The Directors of the Company are elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

(2) Significant Employees

Issuer does not have an employee who is not an executive officer who is expected to make a significant contribution to the business of Issuer. There are also no key personnel on whom the business of the Issuer is highly dependent such as to merit any special arrangement.

(3) Family Relationships

Mr. Benjamin Ramos is the nephew of Mr. Alfredo Ramos. Mr. Maximo G. Licauco III is the brother-in-law of Mr. Alfredo Ramos.

(4) Involvement in Certain Legal Proceedings

(A) None of the directors or executive officers of the Issuer has had any bankruptcy petition filed by or against any business of which such director or executive officer was a general partner or executive officer either at the time of bankruptcy or within two years to that time;

(B) None of the directors or executive officers of the Issuer has had any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

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

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

Item 10. Executive Compensation

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

The following is a summary of the aggregate compensation paid or accrued during the last two (2) fiscal years, i.e. **2020 and 2021** and to be paid in the ensuing fiscal year **2022** to the Company's Chief Executive Officer and four (4) other most highly compensated executive officers who are individually named, and to all other officers and directors of the Company as a group:

OFFICERS/DIRECTORS	**FISCAL YEAR**	**AGGREGATE COMPENSATION (in Php)**		
		BASIC	**BONUS**	**TOTAL**
2022		**65,400,783.50**	**11,336,978.13**	**76,737,761.63**
Wolfgang Krueger				
Jose Juan Z. Jugo				
Rajeev Garg				
Federico G. Noel Jr.				
Karlo Marco P. Estavillo				
2021		**62,928,573.50**	**9,584,814.18**	**72,513,387.68**
Wolfgang Krueger				
Jose Juan Z. Jugo				
Rajeev Garg				
Federico G. Noel Jr.				
Karlo Marco P. Estavillo				
2020		**78,026,520.00**	**21,844,891.95**	**99,871,411.95**
Wolfgang Krueger				
Karlo Marco P. Estavillo				
Rajeev Garg				
Federico G. Noel Jr.				
Koay Kean Choon				
Jose Juan Z. Jugo				

Compensation of Directors

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

Other arrangements with Directors

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

Warrants and options

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

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

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

Following are the stockholders who are known to the Issuer to be directly or indirectly the record and/or beneficial owner of more than 5% of any class of the Issuer’s voting shares as of **31 March 2022.**

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
Common	Travel Aim Investment B. V. 25/F Kerry Centre 683 King’s Road Quarry Bay, HK	R	Filipino	1,648,869,372	34.61%
Common	Ideal Sites & Properties, Inc.	R	Filipino	1,465,144,626	30.75%
Common	PCD Nominee Corporation (Filipino) G/F, MSE Building 6767 Ayala Avenue Makati City	R	Filipino	1,009,541,771	21.19%

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

Ideal Sites and Properties, Inc. (Ideal) is the owner of record of 1,465,144,626 shares. These shares serve as underlying securities to the Philippine Deposit Receipts (PDRs) issued by Ideal. Ideal is a member of the Kuok Group of Companies.

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

(2) Security Ownership of Management **(as of 31 March 2022)**

Title of Class	Name of Beneficial Owner	Amount and Nature of beneficial ownership	Citizenship	Percent of Class
Common	Edward Kuok Khoon Loong	808,008(D)	Malaysian	0.017%
Common	Alfredo C. Ramos	213,734(D)	Filipino	0.000%
Common	Wolfgang Krueger	10,000(D)	Deutsch	0.000%
Common	Cynthia R. Del Castillo	1(D)	Filipino	0.000%
Common	Benjamin Ivan S. Ramos	2(D)	Filipino	0.000%
Common	Maximo G. Licauco III	1(D)	Filipino	0.000%
Common	Antonio O. Cojuangco	3,026,964(D)	Filipino	0.064%
Common	Wilfred Shan Chen Woo	1,000(D)	Canadian	0.000%
Common	Karlo Marco P. Estavillo	5,000(D)	Filipino	0.000%
Common	Jose Juan Z. Jugo	1,000(D)	Filipino	0.000%

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

As of the reporting of SEC Form 17-A for 2021, the aggregate ownership of all directors and officers as a group unnamed is **4,065,710** shares or **0.000**% of the outstanding shares of Issuer.

(3) Voting trust holders of 5% or more

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

(4) Changes in Control

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

Item 12. Certain Relationships and Related Transactions

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

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

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

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

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

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

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

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

In compliance with PSE Memorandum No. 2010-0505 which requires the disclosure of the level of public ownership of the Issuer, as of **31 March 2022** is **34.55%** of the Issuer's total issued and outstanding shares is publicly owned in accordance with the PSE's guidelines for the computation of public ownership.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

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

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

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

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

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

The internal audit conducts periodic review, of the effectiveness of the Issuer's system and internal controls governing the good corporate governance practice, to assess with the board-approved manual on corporate governance, periodically evaluate and monitor the implementation of policies and strategies, including the business plans, operating budgets and Management's overall performance.

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

None

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

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

PART V — EXHIBITS AND SCHEDULES

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

(a) Exhibits

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

	Description	**12-1**	**17-C**	**17-Q**	**17-A**
1	Publication of Notice re: Filing	x			
2	Underwriting Agreement	x	x		
3	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	x	x	x	n/a
4	(A) Articles of Incorporation (B) By-laws	x	x		
5	Instruments Defining the Rights of Security Holders, Including Indentures	x	x	x	n/a
6	Opinion re: Legality	x			
7	Opinion re: Tax Matters	x			
8	Voting Trust Agreement	x	x		n/a
9	Material Contracts	x	x		
10	Annual Report to Security Holders, FORM 17-Q or Quarterly Report to Security Holders—n1	x			n/a
11	Material Foreign Patents	x			
	Description	**12-1**	**17-C**	**17-Q**	**17-A**
12	Letter re: Unaudited Interim Financial Information	x		x	
13	Letter re: Change in Certifying Accountant—n2	x	x		n/a
14	Letter re: Director Resignation		x		
15	Letter re: Change in Accounting Principles				n/a
16	Report Furnished to Security Holders			x	n/a

17	Other Documents or Statements to Security Holders			x	
18	Subsidiaries of the Issuer	x			x
19	Published Report Regarding Matters Submitted to Vote of Security Holders	x			n/a
20	Consents of Experts and Independent Counsel	x	x-n3	x-n3	x-n3
21	(a) Power of Attorney (b) Power of Attorney—Foreign Issuer	x	x	x	n/a
22	Statement of Eligibility of Trustee	x			
23	Exhibits To Be Filed With Commercial Papers/Bond Issues	x			
24	Exhibits To Be Filed With Stock Options Issues	x			
25	Exhibits To Be Filed By Investment Companies	x			
26	Notarized Curriculum Vitae and Photographs of Officers and Members of the Board of Directors	x			
27	Copy of the BOI Certificate for BOI Registered Companies	x			
28	Authorization re: Issuer's Bank Accounts.	x			
29	Additional Exhibits	x	x	x	n/a
30	Copy of Board Resolution approving the securities offering and authorizing the filing of the Registration Statement	x			
31	Duly verified resolution of the issuer's Board of Directors approving the disclosures contained in the registration statement and assuming liability for the information contained therein	x			
32	Secretary's Certificate as to adoption by the Board of certain corporate governance principles	x			
33	Exhibits to be filed for proprietary or non-proprietary shares issues	x			
34	Exhibits to be filed for Warrants Issues	x			

(b) Reports on SEC Form 17-C

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

Following are the reports, in SEC Form 17-C, which were filed during the fiscal year ended 31 December 2021:

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

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

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

   iii) The Board proposed to amend Articles II and III of the Corporation's By-Laws to allow the Issuer greater flexibility in holding corporate meetings, both by the Board of Directors and Stockholders.

2. **15 June 2021** – Report that during the regular meeting of the Issuer's Board of Directors held on 01 April 2020, the Board approved the following:

   i) Pursuant to the authority passed by the Board of Issuer during its Board meeting held on 25 March 2021, the Office of the Corporate Secretary confirmed the postponement of Issuer's Annual Shareholders' Meeting which is supposed to be held on any day in June as per the By-Laws of the Issuer, to a later date, tentatively on the third week of August 2021.

3. **25 June 2021** – Report that during the regular meeting of the Issuer's Board of Directors held on 24 June 2021, the Board approved the following:

   i) Pursuant to the authority passed by the Board of Directors of Issuer during its Board meeting held on 24 June 2021, the Office of the Corporate Secretary confirmed the schedule of Issuer's Annual Stockholders' Meeting after pre-clearing requirements and process with the Securities and Exchange Commission.

4. **04 August 2021** – Report that during the regular meeting of the Issuer's Board of Directors held on 25 March 2021, the Board approved the following:

   i) Pursuant to the authority passed by the Board of Directors of Issuer during its Board Meeting held on 25 March 2021, the Office of the Corporate Secretary confirmed the postponement of Issuer's Annual Stockholders' Meeting which is supposed to be held on 19 August 2021 to 07 September 2021.

5. **07 September 2021** – Reports that during the Issuer's Annual Stockholders' Meeting held on **07 September 2021**, the following matters were taken up:

   i) Election of Directors

   The following were elected to serve as members of the Board of Directors for the year 2021-2022, namely:

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

   ii) Issuer's Certifying Accountant

   PriceWaterhouseCoopers Philippines was appointed as external auditors for the year **2021-2022**.

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

   Election of Officers:

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

   Audit Committee:

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

   Corporate Governance Committee:

1)	Edward Kuok Khoon Loong	-	Chairman
2)	Antonio O. Cojuangco	-	Member
3)	Cynthia R. Del Castillo	-	Member
4)	Federico G. Noel, Jr.	-	Secretary

6. **10 September 2021** - Report that during the regular meeting of the Board of Directors held on 10 September 2021 the Issuer declares P0.04400 per share cash dividend to all shareholders of record as of 24 September 2021, to be taken from the unrestricted retained earnings as reflected in the unaudited financial statements of the Issuer as of 30 June 2021 to be paid on or before 30 September 2021.

7. **03 December 2020** – Reports that during the regular meeting of the Issuer's Board of Directors held on 03 December 2020, the Board approved the following:

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

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

Following are the reports, in SEC Form 17-C, which were filed as of 31 March 2022:

1. **24 March 2022** – Reports that during the regular meeting of the Issuer's Board of Directors held on 24 March 2022, the Board approved the following:

   i) <u>The declaration of ₱0.07000 per share cash dividend to all shareholders of record as of 09 April 2021 to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2021, to be paid on or before 20 April 2022.</u>

   ii) <u>Passed resolutions to approve the audited financial statements of the Issuer for the year ended 31 December 2021.</u>

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong on this ______________ day of MAY 13 2022

By:

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

RAJEEV GARG
Vice President-Controllership

FEDERICO G. NOEL, JR.
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day of MAY 13 2022 affiant(s) exhibiting to me their Passports, as follows:

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

Doc No. 424;
Page No. 86;
Book No. 14;
Series of 2022.

NOTARY PUBLIC

JOVEN G. SEVILLANO
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

Control No.:
Form Type: PHFS2

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

NAME OF CORPORATION: SHANG PROPERTIES INC. AND SUBSIDIARIES
CURRENT ADDRESS: 5TH FLOOR SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 8-370-2700 FAX NO.: 8-370-2697
COMPANY TYPE : DEVELOPER PSIC: 7012

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

Table 1. Balance Sheet

FINANCIAL DATA	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)	63,776,772	63,169,958
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	11,400,455	11,656,215
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	1,376,480	1,549,971
A.1.1.1 On hand	15,431	7,086
A.1.1.2 In domestic banks/entities	1,361,049	1,542,885
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	4,380,741	4,996,338
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	4,380,741	4,996,338
A.1.2.1.1 Due from customers (trade)	2,566,384	3,348,003
A.1.2.1.2 Due from related parties	1,750,161	1,604,239
A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2+A.1.2.1.3.3+A.1.2.1.3.4)	85,236	67,117
A.1.2.1.3.1 Advances to officers and employees	6,028	4,226
A.1.2.1.3.2 Interest	2,131	4,317
A.1.2.1.3.3 Others	77,077	58,574
A.1.2.1.4 Allowance for doubtful accounts (negative entry)	(21,040)	(23,020)
A.1.2.2 Due from foreign entities, specify (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3 + A.1.2.2.4)	0	0
A.1.2.2.1		
A.1.2.2.2		
A.1.2.2.3		
A.1.2.2.4 Allowance for doubtful accounts (negative entry)		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	3,664,986	3,413,065
A.1.3.1 Raw materials and supplies		
A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)		
A.1.3.3 Finished goods		
A.1.3.4 Merchandise/Goods in transit		
A.1.3.5 Unbilled Services (in case of service providers)		
A.1.3.6 Others, specify (A.1.3.6.1 + A.1.3.6.2 + A.1.3.6.3)	3,664,986	3,413,065
A.1.3.6.1 Construction in Progress	3,242,857	2,915,323
A.1.3.6.2 Condominium units held for sale	422,130	497,743
A.1.3.6.3 Real estate properties held for sale	0	0
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)	30,816	33,626
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)	30,816	33,626
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions	30,816	33,626
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities: (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)	0	0
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

NOTE:

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

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

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

Control No.:
Form Type: PHFS2

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES
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CURRENT ADDRESS: 5TH FLOOR SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 8-370-2700 FAX NO.: 8-370-2697
COMPANY TYPE : DEVELOPER PSIC: 7012
If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	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)	1,947,432	1,663,214
A.1.5.1 Creditable withholding tax	473,399	420,217
A.1.5.2 Input value added tax	89,830	93,813
A.1.5.3 Others	1,384,202	1,149,184
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)	10,813,860	11,684,593
A.2.1 Land		
A.2.2 Building and improvements including leasehold improvement	9,532,396	9,434,803
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	50,591	48,693
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)	7,008,111	6,982,848
A..2.5.1 Property, or equipment used for education purposes		
A..2.5.2 Furnitures and fixtures	7,008,111	6,982,848
A..2.5.3		
A..2.5.4		
A..2.5.5		
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4 + A.2.6.5)	0	0
A..2.6.1		
A..2.6.2		
A..2.6.3		
A..2.6.4		
A..2.6.5		
A.2.7 Accumulated Depreciation (negative entry)	(5,777,239)	(4,781,752)
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)	4,318,124	2,317,911
A.3.1 Equity in domestic subsidiaries/affiliates	4,318,124	2,317,911
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	35,384,994	34,913,873
A.5 Biological Assets		
A.6 Intangible Assets	0	0
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)	0	0
A.6.1.1 Goodwill	0	0
A.6.1.2		
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)	0	0
A.6.2.1		
A.6.2.2		
A.7 Assets Classified as Held for Sale	0	0
A.8 Assets included in Disposal Groups Classified as Held for Sale		

Control No.:
Form Type: PHFS2

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

NAME OF CORPORATION: SHANG PROPERTIES INC. AND SUBSIDIARIES
CURRENT ADDRESS: 5TH FLOOR SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 8-370-2700 FAX NO.: 8-370-2697
COMPANY TYPE : DEVELOPER PSIC: 7012

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

Table 1. Balance Sheet

FINANCIAL DATA	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 Installment Contracts Receivables		
A.9.1.2		
A.9.1.3		
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3)	0	0
A.9.2.1		
A.9.2.2		
A.9.2.3		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)	1,859,339	2,597,366
A.10.1 Deferred charges - net of amortization		
A.10.2 Deferred Income Tax	615,730	465,151
A.10.3 Advance/Miscellaneous deposits		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4+A.10.4.5)	1,243,609	2,132,215
A.10.4.1 Real estate development projects	0	0
A.10.4.2 Available-for -sale financial assets	0	0
A.10.4.3 Other noncurrent assets	176,770	1,064,776
A.10.4.4 Goodwill	269,871	269,871
A.10.4.5 Financial assets at fair value through other comprehensive income	796,968	797,568
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)	**20,837,749**	**21,495,591**
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)	12,412,905	10,964,472
B.1.1 Trade and Other Payables to Domestic Entities	11,384,185	9,967,328
B.1.1.1 Loans/Notes Payables	6,610,111	4,283,333
B.1.1.2 Trade Payables	429,925	744,024
B.1.1.3 Payables to Related Parties	125,639	172,557
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders		
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2 + B.1.1.5.3)	1,756,456	1,933,705
B.1.1.5.1 Various Accruals	1,756,456	1,933,705
B.1.1.5.2	0	0
B.1.1.5.3		
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3+ B.1.1.6.4+B.1.1.6.5+B.1.1.6.5)	2,462,054	2,833,709
B.1.1.6.1 Excess billings over revenue	86,799	22,428
B.1.1.6.2 Customers' deposits	572,124	609,801
B.1.1.6.3 Retention Fees Payable	527,519	596,429
B.1.1.6.4 Advances from Condominium unit buyers	246,629	302,159
B.1.1.6.5 Reservation Payable	23,102	14,424
B.1.1.6.6 Deferred Output Vat	749,897	801,946
B.1.1.6.7 Others	255,984	486,521
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)	0	0
B.1.2.1		
B.1.2.2		
B.1.2.3		
B.1.3 Provisions		
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions)	0	0
B.1.4.1		
B.1.4.2		
B.1.4.3		
B.1.4.4		
B.1.4.5		
B.1.5 Liabilities for Current Tax	54,638	124,336
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-	974,082	872,808
B.1.7.1 Dividends declared and not paid at balance sheet date	61,897	74,031
B.1.7.2 Acceptances Payable		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Deferred lease income	18,829	41,298
B.1.7.5 Installment Payable	47,883	142,751
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify:	845,473	614,727
B.1.7.6.1 Current portion of deposit from tenants	845,473	614,727
B.1.7.6.2		
B.1.7.6.3		

Control No.:
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CURRENT ADDRESS: 5TH FLOOR SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 8-370-2700 FAX NO.: 8-370-2697
COMPANY TYPE : DEVELOPER PSIC: 7012
If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA		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)		1,095,786	1,596,172
B.2.1 Domestic Public Financial Institutions		1,095,786	1,596,172
B.2.2 Domestic Public Non-Financial Institutions			
B.2.3 Domestic Private Financial Institutions			
B.2.4 Domestic Private Non-Financial Institutions			
B.2.5 Foreign Financial Institutions			
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)			
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale			
B.5 Other Liabilities (B.5.1 + B.5.2)		7,329,057	8,934,946
B.5.1 Deferred Tax		6,878,525	8,018,042
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)		450,532	916,905
B.5.2.1 Advance rental - net of current portion		156,689	232,962
B.5.2.2 Deposits from Tenants - net of current portion		193,503	540,046
B.5.2.3 Accrued Employee Benefits		64,677	89,798
B.5.2.4 Deferred lease income - net of current portion		35,663	54,099
B.5.2.5 Installmeny payable - net of current portion		0	0
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)		**42,939,023**	**41,674,367**
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)		8,000,000	8,000,000
C.1.1 Common shares	**8,000,000,000 shares at P1 par value per share in 2018 and 2017**	8,000,000	8,000,000
C.1.2 Preferred Shares			
C.1.3 Others			
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)		0	0
C.2.1 Common shares			
C.2.2 Preferred Shares			
C.2.3 Others			
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)		4,764,059	4,764,059
C.3.1 Common shares	**4,764,058,982 shares at P1 par value per share in 2018 and 2017**	4,764,059	4,764,059
C.3.2 Preferred Shares			
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus		834,440	834,440
C.5 Minority Interest		5,632,157	5,950,341
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3)		127,674	78,418
C.6.1 Equity Reserves		(141,133)	(141,133)
C.6.2 Other comprehensive income (loss)		268,807	219,551
C.6.3			
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus			
C.8 Retained Earnings (C.8.1 + C.8.2)		31,587,544	30,053,959
C.8.1 Appropriated			
C.8.2 Unappropriated		31,587,544	30,053,959
C.9 Head / Home Office Account (for Foreign Branches only)			
C.10 Cost of Stocks Held in Treasury (**negative entry**)		(6,850)	(6,850)
TOTAL LIABILITIES AND EQUITY (B + C)		**63,776,772**	**63,169,958**

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SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES
NAME OF CORPORATION: SHANG PROPERTIES INC. AND SUBSIDIARIES
CURRENT ADDRESS: LEVEL 5 SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 8-370-2700 FAX NO.: 8-370-2697
COMPANY TYPE : DEVELOPER PSIC: 7012
If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2021 (in P'000)	2020 (in P'000)	2019 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	5,359,143	7,100,758	12,079,729
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services,	4,573,925	6,220,489	11,361,826
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the Equity Method	404,707	185,534	101,237
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)	0	0	0
A.3.1			
A.3.2			
A.3.3			
A.3.4			
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7 + A.3.5.8)	0	0	0
A.3.5.1			
A.3.5.2			
A.3.5.3			
A.3.5.4			
A.3.5.5			
A.3.5.6			
A.3.5.7			
A.3.5.8			
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	380,511	694,736	616,665
A.4.1 Interest Income	194,640	382,943	217,586
A.4.2 Dividend Income	11,659	13,002	55,542
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	174,212	298,791	343,538
A.4.4.1 Remeasurement arising from business combination	0	0	0
A.4.4.2 Reversal of impairement loss on real estate development project	0	0	0
A.4.4.3 Gain on fair value adjustment of investment properties	0	0	276,697
A.4.4.4 Gain / (Loss) on Foreign Exchange	4,525	(3,729)	(7,757)
A.4.4.5 Disposal of investment in associates	0	0	0
A.4.4.6 Others	169,687	302,520	74,597
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)	2,565,069	3,636,627	6,079,008
C.1 Purchases	2,565,069	3,636,627	6,079,008
C.2 Merchandise Inventory, Beginning			
C.3 Merchandise Inventory, End (negative entry)			
D. GROSS PROFIT (A - B - C)	2,794,075	3,464,131	6,000,721

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

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

NAME OF CORPORATION: SHANG PROPERTIES INC. AND SUBSIDIARIES

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

TEL. NO.: 8-370-2700 FAX NO.: 8-370-2697

COMPANY TYPE : DEVELOPER PSIC: 7012

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

Table 2. Income Statement

FINANCIAL DATA	2021 (in P'000)	2020 (in P'000)	2019 (in P'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	1,351,346	1,498,689	1,251,803
E.1 Selling or Marketing Expenses	131,061	204,293	254,459
E.2 Administrative Expenses	990,149	1,066,123	736,803
E.3 General Expenses	230,137	228,274	260,541
E.4 Other Expenses, specify (E.4.1 + E.4.2 + E.4.3 + E.4.4 + E.4.5 + E.4.6 + E.4.7 + E.4.8 + E.4.9 + E.4.10)	0	0	0
E.4.1 Education-related expenditures	0	0	0
E.4.2 Provision for impairement loss	0	0	0
E.4.3 Unreimbursed share in common expenses	0	0	0
E.4.4			
E.4.5			
E.4.6			
E.4.7			
E.4.8			
E.4.9			
E.4.10			
F. FINANCE COSTS (F.1 + F.2 + F.3 + F.4 + F.5)	120,052	139,647	272,339
F.1 Interest on Short-Term Promissory Notes			
F.2 Interest on Long-Term Promissory Notes			
F.3 Interest on bonds, mortgages and other long-term loans	85,681	101,541	236,040
F.4 Amortization			
F.5 Other interests, specify (F.5.1 + F.5.2 + F.5.3 + F.5.4 + F.5.5)	34,371	38,105	36,299
F.5.1 Accretion of deposits from tenants	34,371	38,105	36,299
F.5.2			
F.5.3			
F.5.4			
F.5.5			
G. NET INCOME (LOSS) BEFORE TAX (D - E - F)	1,322,676	1,825,796	4,476,579
H. INCOME TAX EXPENSE (negative entry)	867,600	(404,216)	(1,054,810)
I. INCOME(LOSS) AFTER TAX	2,190,276	1,421,580	3,421,769
J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on theMeasurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)			
J.1			
J.2			
K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST	(66,214)	48,385	(365,767)
L. PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	2,124,063	1,469,965	3,056,002
M. EARNINGS (LOSS) PER SHARE			
M.1 Basic	0.45	0.31	0.64
M.2 Diluted	0.45	0.31	0.64

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CURRENT ADDRESS: LEVEL 5 SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 8-370-2700 FAX NO.: 8-370-2697
COMPANY TYPE DEVELOPER PSIC: 7012
If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Cash Flow Statements

FINANCIAL DATA	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	1,322,676	1,825,796	4,476,579
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation	995,487	1,112,675	1,115,108
Amortization, specify Amortization of deferred lease income	(34,403)	(40,478)	(37,687)
Others, specify: Share in profit of an associated company	(404,707)	(185,534)	(101,237)
Reversal of impairement loss on real estate development projects			
Dividend Income	(11,659)	(13,002)	(55,542)
Remeasurement arising from business combination	0	0	0
Interest expense	119,436	138,904	271,398
Interest income/received	2,185	(1,417)	925
Others	(11,113)	148,066	9,223
Increase in fair value of investment properties	0	0	(276,697)
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Receivables	(89,825)	208,110	(1,937,313)
Properties held for sale	(265,508)	(692,236)	800,401
Other Current Assets	(284,217)	(349,196)	60,991
Others, specify:			
Real estate development projects	0	0	(45,181)
Retirement Benefit Cost	33,820	36,772	(18,505)
Other non current assets	118	44,141	(90,603)
Increase (Decrease) in:			
Account payable & other current liabilities	(825,476)	(340,014)	516,712
Others, specify: Installment payable	(94,868)	(301,167)	(97,244)
Accrued employee benefits	(27,372)	(12,725)	51
Advance rental	(175,880)	13,830	217,340
Deposit from tenants	(134,201)	45,149	32,157
Income taxes paid	(468,119)	(609,634)	(722,632)
A. Net Cash Provided by Operating Activities (sum of above rows)	**(353,626)**	**1,028,039**	**4,118,245**
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in Available-for-sale financial assets	0	0	0
(Increase) Decrease in financial assets at fair value through other comprehensive income	0	0	1,967
(Increase) Decrease in investment in associates and a joint venture	(5,409)	(10,762)	(1,019,989)
(Increase) Decrease in Investment	0	0	0
Reductions/(Additions) to Property, Plant, and Equipment	(126,722)	(152,201)	(125,092)
Others, specify			
Proceeds from sale of property and equipment	9,776	704	2,341
Deposit for a future project	0	(465,888)	(171,705)
Decrease in real estate development projects	0	0	0
Dividends Received	11,659	13,002	55,542
Proceeds from disposal of investment properties	(457,744)	(367,686)	(1,109,209)
Proceeds from sale of investment in associates	0	0	0
Acquisition of a subsidiary/non-controlling interest, net of cash acquired			
B. Net Cash Used in Investing Activities (sum of above rows)	**(568,441)**	**(982,831)**	**(2,366,147)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loans	3,256,000	2,550,000	3,145,000
Long-term Debt			
Issuance of Securities			
Others, specify:			
Payments of:			
(Loans)	(1,433,333)	(2,603,333)	(3,208,333)
(Long-term Debt)			
(Stock Subscriptions)	0	0	0
Others, specify (negative entry):			
Cash dividends paid to shareholders & minority shareholders of subsidiary	(992,092)	(973,413)	(1,229,324)
Payment of interest	(88,358)	(106,057)	(246,491)
C. Net Cash Used in Financing Activities (sum of above rows)	**742,217**	**(1,132,804)**	**(1,539,148)**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	(179,850)	(1,087,595)	212,950
Cash and Cash Equivalents			
Beginning of year	1,549,971	2,640,089	2,432,097
Effect of exchange rate changes	6,360	(2,522)	(4,959)
End of year	1,376,480	1,549,971	2,640,089

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2)

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TEL. NO.: 8-370-2700 FAX NO.: 8-370-2697
COMPANY TYPE : DEVELOPER PSIC: 7012
If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

(Amount in P'000)

FINANCIAL DATA	Capital Stock	Additional Paid-in Capital	Treasury Shares	Cumulative Changes in Fair value of Available-for-sale Financial Assets	Cumulative Translation Adjustment	Remeasurement Gains (Losses) on Defined Benefit Liability	Equity Reserves	Minority Interest	Retained Earnings	TOTAL
A. Balance, January 1, 2018										
B. Surplus	4,764,059	834,440	(6,850)	235,466	(272)	(24,488)	(141,133)	6,056,213	25,027,307	36,744,742
C. Net Income (Loss) for the Period										0
D. Dividends (negative entry)								548,286	3,012,328	3,560,614
E. Appropriation for (specify)								(317,576)	(930,687)	(1,248,263)
E.1 Other comprehensive income										0
E.2				7,761	(340)	1,845				9,266
F. Issuance of Capital Stock										0
F.1 Common Stock										0
F.2 Preferred Stock - redemption										0
F.3 Others										0
G. Balance, December 31, 2018										0
H. Surplus	4,764,059	834,440	(6,850)	243,226	(612)	(22,643)	(141,133)	6,286,923	27,108,949	39,066,359
H.1 Surplus (Deficit) on Revaluation of Properties										0
H.2 Surplus (Deficit) on Revaluation of Investments										0
H.3 Currency Translation Differences										0
I. Net Income (Loss) for the Period										0
J. Dividends (negative entry)								365,767	3,056,002	3,421,769
K. Appropriation for (specify)								(398,468)	(835,717)	(1,234,185)
K.1 Other comprehensive income										0
L. Issuance of Capital Stock				19,944	(933)	(2,799)		(16)		16,196
L.1 Common Stock										0
L.2 Preferred Stock-redemption										0
L.3 Others										0
M. Balance, December 31, 2019										0
N. Surplus	4,764,059	834,440	(6,850)	263,170	(1,545)	(25,442)	(141,133)	6,254,206	29,329,234	41,270,139
O. Net Income (Loss) for the Period										0
P. Dividends (negative entry)								-48,385	1,469,965	1,421,580
Q. Appropriation for (specify)								-254,660	-745,240	-999,900
Q.1 Other comprehensive income										0
R. Issuance of Capital Stock				-4,461	-291	-11,880		-819		-17,451
R.1 Common Stock										0
R.2 Preferred Stock - redemption										0
R.3 Others										0
S. Balance, December 31, 2020										0
T. Surplus	4,764,059	834,440	(6,850)	258,709	(1,836)	(37,322)	(141,133)	5,950,341	30,053,959	41,674,367
U. Net Income (Loss) for the Period										0
V. Dividends (negative entry)								66,214	2,124,063	2,190,276
W. Appropriation for (specify)								-389,480	-590,478	-979,958
W.1 Other comprehensive income										0
W.2				-1,425	208	50,473		5,082		54,338
X. Issuance of Capital Stock										0
X.1 Common Stock										0
X.2 Preferred Stock - redemption										0
X.3 Others										0
Y. Balance, December 31, 2021	4,764,059	834,440	-6,850	257,284	-1,628	13,150	-141,133	5,632,157	31,587,544	42,939,023

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

SHANG PROPERTIES, INC.

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

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

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

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
5,160	any day in June	12/31

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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

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

SHANG PROPERTIES

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **SHANG PROPERTIES INC** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Isla Lipana and Co., the independent auditors appointed by the stockholders for the period December 31, 2021 and 2020, respectively, have audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

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Edward Kuok Khoon Loong
Chairman of the Board

Wilfred Shan Chen Woo
Executive Assistant to Chairman of the Board

Karlo Marco P. Estavillo
Treasurer/Chief Operating Officer and Chief Finance 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 1 2 2022 as competent evidence of identity.

Doc. No. 344
Page No. 70;
Book No. 14;
Series of 2022

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0265-21 UNTIL DECEMBER 31, 2022
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
PTR NO. 486[illegible]; [illegible]-22; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

SECRETARY'S CERTIFICATE

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

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

IN WITNESS WHEREOF, I have signed this Secretary's Certificate this 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 1 1 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. 301;
Page No. 62;
Book No. 14;
Series of 2022.

SecCerts: SPI-AFS [032422]
/belle 051122

JOVEN G. SEVILLANO
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

pwc

Isla Lipana & Co.

Independent Auditor's Report

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

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Shang Properties, Inc. (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2021 and 2020, and the consolidated financial performance and consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 31 to the consolidated financial statements.

What we have audited

The consolidated financial statements of the Group comprise:

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

Basis for Opinion

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

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

Independence

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

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph

Emphasis of Matter

We draw attention to Note 31 to the consolidated financial statements, which describes the basis of preparation of the financial statements. The financial statements as at and for the year ended December 31, 2021 have been prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The details of the financial reporting reliefs availed by the Group and the impact on the consolidated financial statements are discussed in detail in Note 31. Our opinion is not modified in respect of this matter.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

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

Key audit matters identified in our audit are summarized as follows:

- Valuation of investment properties; and
- Revenue recognition on condominium sales based on percentage of completion (PoC).

Key Audit Matters	How our Audit Addressed the Key Audit Matters
a) Valuation of investment properties Refer to Note 10 to the consolidated financial statements for the details of the investment properties and discussion on critical accounting estimates and assumptions. As at December 31, 2021, total investment properties, carried at fair value, amounts to P35.4 billion which accounts for about 55% of the total consolidated assets of the Group. The determination of fair values by an external appraiser involves significant estimation using assumptions such as property prices for similar market listing in the area, occupancy rate, rental rate and discount rate. A fair value assessment is performed regularly based on the requirements of PFRS 13, Fair Value Measurement, and Philippine Accounting Standards (PAS) 40, Investment Property.	We have addressed the matter by obtaining the latest appraisal report. We have assessed the appropriateness of the valuation methodology used as well as the reasonableness of the significant inputs and assumptions used in the fair valuation. In particular, comfort over the reliability of the appraiser reports was obtained through independent verification of significant fair value assumptions and inputs specifically: • similar market listing in the area by comparing to records of recent sales and offerings of similar land; • occupancy rate by agreeing to management's records and historical actual information; • expense-revenue ratio by comparing to the historical experience of the Group's leasing operations; • rental rate by comparing to prevailing market rents on leasing transactions of comparable properties; and • discount rate by comparing to published market yields. We have also assessed the reasonableness of these assumptions given the current market and economic conditions. We have evaluated the competence, capabilities and objectivity of the independent appraiser engaged by the Group by reviewing its profile, licenses and client portfolio. We have also verified the appropriateness and sufficiency of the disclosures in accordance with PFRS 13 and PAS 40. We have concluded that the valuation methodology used by the Group is appropriate and the significant inputs and assumptions used in the valuation are reasonable. We did not note any significant issues in the evaluation of the work of the independent appraiser and of the appropriateness and sufficiency of the disclosures.

Key Audit Matters	How our Audit Addressed the Key Audit Matters
b) Revenue recognition on condominium sales based on PoC as a measure of progress	
Refer to Note 6 to the consolidated financial statements for the discussion on critical accounting estimates and assumptions. The revenue arising from condominium sales for the year ended December 31, 2021 amounts to P1.95 billion which accounts for about 43% of the consolidated revenues. It is therefore, material to the consolidated financial statements.	We have addressed the matter by understanding the process employed by the Group in estimating the actual physical completion of the condominium project as performed by independent quantity surveyors. We have evaluated the competence, capabilities and objectivity of independent quantity surveyors engaged by the Group by reviewing their profile, professional licenses and client portfolio.
Revenue from sale of condominium is recognized over time using the output method in accordance with the guidance set in PFRS 15, *Revenue from contracts with customers*, and Philippine Interpretations Committee Questions and Answers (PIC Q&A) 2016-04. Under the output method, revenue is calculated with reference to the PoC of the project. In the case of the Group, PoC is determined based on the actual physical completion of the project. Hence, revenue recognition on condominium sales require significant judgment and estimation.	We have examined the detailed accomplishment reports that provide information and analysis about the status of ongoing projects. We have also conducted interviews with project engineers. Furthermore, as part of our analytical procedures, we compared PoC reported by surveyors with PoC derived based on total actual costs incurred-to-date in relation to the total estimated project cost. We inspected relevant contracts, contractors' billings, invoices, and other supporting documents to verify the reasonableness of the recorded actual costs. We have concluded that revenues from condominium sales are appropriately recorded in accordance with the related standards. We did not note any significant issues in relating to the work of the independent quantity surveyors, examination of detailed accomplishment reports, interviews with project engineers, analytical procedures and inspection of supporting documents.

Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 31 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each entity within the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity within the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 31 to the financial statements.

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

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

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

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

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

pwc

Isla Lipana & Co.

Statements Required by Rule 68
Securities Regulation Code (SRC)

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

We have audited the consolidated financial statements of Shang Properties, Inc. and Subsidiaries as at and for the year ended December 31, 2021, on which we have rendered the attached report dated March 24, 2022. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration, Map of the Group of Companies within which the Reporting Entity Belongs, effective as at December 31, 2021, as additional components required by Part I, Section 5 of Rule 68 of the SRC, and Schedules A, B, C, D, E, F and G, as required by Part II, Section 6 of Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the SRC.

Isla Lipana & Co.

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

pwc

Isla Lipana & Co.

Statements Required by Rule 68
Securities Regulation Code (SRC)

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Shang Properties, Inc. and its subsidiaries (the Group) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 24, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised SRC Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

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., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph

Shang Properties, Inc. and Subsidiaries

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

	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	3	1,376,480,154	1,549,970,914
Financial assets at fair value through profit or loss	4	30,815,974	33,626,210
Trade and other receivables, net	5	4,380,741,449	4,996,338,314
Properties held for sale	6	3,664,986,160	3,413,065,216
Prepaid taxes and other current assets	7	1,947,431,627	1,663,214,222
Total current assets		11,400,455,364	11,656,214,876
Non-current assets			
Investments in and advances to associates and a joint venture	8	4,318,123,784	2,317,911,271
Investment properties	10	35,384,993,640	34,913,873,065
Financial assets at fair value through other comprehensive income, net	11	796,968,495	797,568,496
Property and equipment, net	12	10,813,860,164	11,684,592,560
Goodwill	13	269,870,864	269,870,864
Deferred income tax assets, net	25	615,730,128	465,150,772
Other non-current assets	14	176,769,549	1,064,775,797
Total non-current assets		52,376,316,624	51,513,742,825
Total assets		63,776,771,988	63,169,957,701
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and other current liabilities	15	4,774,073,850	5,683,994,606
Current portion of:			
Installment payable	16	47,883,236	142,751,080
Bank loans	16	6,610,111,377	4,283,333,333
Deposits from tenants	17	845,472,994	614,727,181
Deferred lease income	17	18,829,063	41,298,111
Income tax payable	25	54,637,882	124,336,401
Dividends payable		61,897,055	74,031,392
Total current liabilities		12,412,905,457	10,964,472,104
Non-current liabilities			
Accrued employee benefits	24	64,676,831	89,798,059
Bank loans, net of current portion	16	1,095,786,300	1,596,172,131
Deferred income tax liabilities, net	25	6,878,525,105	8,018,041,563
Advance rentals, net of current portion	29	156,688,857	232,961,590
Deposits from tenants, net of current portion	17	193,502,993	540,045,750
Deferred lease income, net of current portion	17	35,663,151	54,099,337
Total non-current liabilities		8,424,843,237	10,531,118,430
Total liabilities		20,837,748,694	21,495,590,534
Equity			
Share capital	18	4,764,058,982	4,764,058,982
Share premium	18	834,439,607	834,439,607
Treasury shares	18	(6,850,064)	(6,850,064)
Equity reserves		(141,132,606)	(141,132,606)
Other comprehensive income	11,24	268,806,682	219,550,748
Retained earnings	18	31,587,543,780	30,053,959,054
Total equity attributable to shareholders of the Parent Company		37,306,866,381	35,724,025,721
Non-controlling interests	9	5,632,156,913	5,950,341,446
Total equity		42,939,023,294	41,674,367,167
Total liabilities and equity		63,776,771,988	63,169,957,701

The notes on pages 1 to 71 are integral part of these consolidated financial statements.

Shang Properties, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income
For each of the three years in the period ended December 31, 2021
(All amounts in Philippine Peso)

	Notes	2021	2020	2019
Revenues				
Condominium sales		1,951,230,634	3,009,946,505	4,428,339,649
Rental and cinema	10	1,820,269,869	2,128,780,051	3,353,266,040
Hotel operation		802,424,771	1,081,762,155	3,580,220,504
		4,573,925,274	6,220,488,711	11,361,826,193
Cost of sales and services				
Condominium sales		957,901,740	1,685,000,495	2,696,938,381
Rental and cinema		81,441,312	100,248,382	169,393,067
Hotel operation		1,525,725,890	1,851,378,118	3,212,676,342
	20	2,565,068,942	3,636,626,995	6,079,007,790
Gross profit		2,008,856,332	2,583,861,716	5,282,818,403
Operating expenses				
Staff costs	21	581,064,680	530,048,537	476,405,566
Taxes and licenses		182,533,606	182,712,177	209,219,439
Depreciation and amortization	12	39,113,187	38,416,213	33,625,702
Insurance		8,489,829	7,145,262	17,695,659
Other operating expenses	22	540,145,085	740,367,083	514,856,663
		1,351,346,387	1,498,689,272	1,251,803,029
Other income (charges)				
Foreign exchange gains (losses), net	3	4,524,986	(3,729,088)	(7,757,080)
Gain on fair value adjustment of investment properties, net	10	-	-	276,697,387
Other income, net	23	181,346,176	315,522,194	130,139,136
		185,871,162	311,793,106	399,079,443
Income from operations		843,381,107	1,396,965,550	4,430,094,817
Finance income, net				
Finance income	23	194,639,616	382,943,112	217,586,055
Finance costs	23	(120,052,078)	(139,646,572)	(272,338,911)
		74,587,538	243,296,540	(54,752,856)
Share in net income of associates and a joint venture	8	404,707,422	185,533,552	101,237,114
Income before income tax		1,322,676,067	1,825,795,642	4,476,579,075
Income tax benefit (expense)	25	867,600,077	(404,215,860)	(1,054,810,382)
Net income for the year		2,190,276,144	1,421,579,782	3,421,768,693
Other comprehensive income				
Items that will be subsequently reclassified to profit or loss				
Translation adjustments		208,393	(291,113)	(932,813)
Items that will not be subsequently reclassified to profit or loss				
(Decrease) increase in fair value of equity investments at fair value through other comprehensive income, net of tax	11	(1,425,004)	(4,460,505)	19,943,650
Remeasurement gain (loss) on retirement benefit obligation, net of tax		55,554,468	(12,699,757)	(2,815,335)
		54,337,857	(17,451,375)	16,195,502
Total comprehensive income for the year		2,244,614,001	1,404,128,407	3,437,964,195
Net income attributable to:				
Shareholders of the Parent Company		2,124,062,600	1,469,965,012	3,056,001,858
Non-controlling interests	9	66,213,544	(48,385,230)	365,766,835
		2,190,276,144	1,421,579,782	3,421,768,693
Total comprehensive income attributable to:				
Shareholders of the Parent Company		2,173,318,534	1,453,332,976	3,072,213,653
Non-controlling interests	9	71,295,467	(49,204,569)	365,750,542
		2,244,614,001	1,404,128,407	3,437,964,195
Basic and diluted earnings per share attributable to shareholders of the Parent Company	26	0.446	0.309	0.642

The notes on pages 1 to 71 are integral part of these consolidated financial statements.

Shang Properties, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2021
(All amounts in Philippine Peso)

	Shareholders of the Parent Company											
				Other comprehensive income								
	Share capital (Note 18)	Share premium (Note 18)	Treasury shares (Note 18)	Cumulative changes in fair value of financial assets at FVOCI (Note 11)	Cumulative translation adjustments	Remeasurement loss on defined benefit plan (Note 24)	Total Other comprehensive income	Equity reserves	Retained earnings	Parent's Total Equity	Non-controlling interests (Note 9)	Total equity
Balances at January 1, 2019	4,764,058,982	834,439,607	(6,850,064)	243,226,016	(612,424)	(22,642,603)	219,970,989	(141,132,606)	27,108,948,851	32,779,435,759	6,286,923,473	39,066,359,232
Comprehensive income												
Net income for the year	-	-	-	-	-	-	-	-	3,056,001,858	3,056,001,858	365,766,835	3,421,768,693
Other comprehensive income (loss)	-	-	-	19,943,650	(932,813)	(2,799,042)	16,211,795	-	-	16,211,795	(16,293)	16,195,502
Total comprehensive income (loss)	-	-	-	19,943,650	(932,813)	(2,799,042)	16,211,795	-	3,056,001,858	3,072,213,653	365,750,542	3,437,964,195
Transaction with owners												
Cash dividends declared (Note 19)	-	-	-	-	-	-	-	-	(835,716,549)	(835,716,549)	(398,468,000)	(1,234,184,549)
Balances at December 31, 2019	4,764,058,982	834,439,607	(6,850,064)	263,169,666	(1,545,237)	(25,441,645)	236,182,784	(141,132,606)	29,329,234,160	35,015,932,863	6,254,206,015	41,270,138,878
Comprehensive income												
Net income for the year	-	-	-	-	-	-	-	-	1,469,965,012	1,469,965,012	(48,385,230)	1,421,579,782
Other comprehensive income (loss)	-	-	-	(4,460,505)	(291,113)	(11,880,418)	(16,632,036)	-	-	(16,632,036)	(819,339)	(17,451,375)
Total comprehensive income (loss)	-	-	-	(4,460,505)	(291,113)	(11,880,418)	(16,632,036)	-	1,469,965,012	1,453,332,976	(49,204,569)	1,404,128,407
Transaction with owners												
Cash dividends declared (Note 19)	-	-	-	-	-	-	-	-	(745,240,118)	(745,240,118)	(254,660,000)	(999,900,118)
Balances at December 31, 2020	4,764,058,982	834,439,607	(6,850,064)	258,709,161	(1,836,350)	(37,322,063)	219,550,748	(141,132,606)	30,053,959,054	35,724,025,721	5,950,341,446	41,674,367,167
Comprehensive income												
Net income for the year	-	-	-	-	-	-	-	-	2,124,062,600	2,124,062,600	66,213,544	2,190,276,144
Other comprehensive income (loss)	-	-	-	(1,425,004)	208,393	50,472,545	49,255,934	-	-	49,255,934	5,081,923	54,337,857
Total comprehensive income (loss)	-	-	-	(1,425,004)	208,393	50,472,545	49,255,934	-	2,124,062,600	2,173,318,534	71,295,467	2,244,614,001
Transaction with owners												
Cash dividends declared (Note 19)	-	-	-	-	-	-	-	-	(590,477,874)	(590,477,874)	(369,480,000)	(979,957,874)
Balances at December 31, 2021	4,764,058,982	834,439,607	(6,850,064)	257,284,157	(1,627,957)	13,150,482	288,806,682	(141,132,606)	31,587,543,780	37,306,866,381	5,632,156,913	42,939,023,294

The notes on pages 1 to 71 are integral part of these consolidated financial statements.

Shang Properties, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2021
(All amounts in Philippine Peso)

	Notes	2021	2020	2019
Cash flows from operating activities				
Income before income tax		1,322,676,067	1,825,795,642	4,476,579,075
Adjustments for:				
Depreciation and amortization	12	995,486,575	1,112,674,834	1,115,107,861
Finance costs	23	119,436,253	138,903,721	271,398,458
Provision for probable losses	22	-	100,150,239	-
Retirement benefit expense	24	42,045,731	38,105,630	37,765,035
Provision for restructuring	22	-	33,985,773	-
Loss on fair value adjustment of financial assets at fair value through profit or loss	4, 23	2,810,236	2,652,634	5,145,472
Provision for doubtful accounts	5, 22	322,003	9,113,149	170,000
Unrealized foreign exchange (gain) loss	3	(6,359,609)	2,522,490	4,958,704
Gain on sale of property and equipment	23	(7,885,500)	(357,806)	(1,050,728)
Amortization of deferred lease income	17	(34,403,409)	(40,478,445)	(37,686,644)
Dividend income	23	(11,658,709)	(13,002,470)	(55,541,739)
Share in net income of associates and a joint venture	8	(404,707,422)	(185,533,552)	(101,237,114)
Finance income	23	(194,639,616)	(382,943,112)	(217,586,055)
Gain on fair value adjustment of investment properties	10	-	-	(276,697,387)
Operating income before working capital changes		1,823,122,600	2,641,588,727	5,221,324,938
Changes in working capital:				
Trade and other receivables		(89,825,102)	208,110,388	(1,937,313,040)
Properties held for sale		(265,507,980)	(692,236,187)	800,401,309
Prepaid taxes and other current assets		(284,217,405)	(349,195,707)	60,990,622
Real estate development projects		-	-	(45,181,174)
Other non-current assets		118,248	44,140,926	(90,602,627)
Accounts payable and other current liabilities		(825,476,317)	(340,014,434)	516,712,135
Accrued employee benefits		(27,372,387)	(12,725,357)	51,116
Installment payable		(94,867,844)	(301,166,892)	(97,243,761)
Advance rentals		(175,879,730)	13,829,918	217,340,128
Deposits from tenants		(134,201,119)	45,149,228	32,156,643
Net cash generated from operations		(74,107,036)	1,257,480,610	4,678,636,289
Income tax paid		(468,119,089)	(609,634,380)	(722,631,847)
Interest received		196,824,969	381,526,486	218,510,740
Contributions paid to retirement plan	24	-	-	(52,653,236)
Retirement benefits paid directly by the Group		(8,225,271)	(1,333,401)	(3,617,203)
Net cash (used in) provided by operating activities		(353,626,427)	1,028,039,315	4,118,244,743
Cash flows from investing activities				
Additions to:				
Property and equipment	12	(126,722,430)	(152,201,324)	(125,092,093)
Other non-current assets	14	-	(465,888,000)	(171,705,000)
Advances to a joint venture	8	(5,409,091)	(10,762,246)	(1,019,989,374)
Investment properties	10	(457,743,557)	(367,685,862)	(1,109,209,440)
Financial assets at fair value through other comprehensive income	11	-	-	1,966,500
Dividends received	23	11,658,709	13,002,470	55,541,739
Proceeds from sale of property and equipment	12, 23	9,775,500	703,857	2,341,134
Net cash used in investing activities		(568,440,869)	(982,831,105)	(2,366,146,534)
Cash flows from financing activities				
Payments of:				
Loan principal	16	(1,433,333,333)	(2,603,333,333)	(3,208,333,333)
Interest	16	(88,357,516)	(106,057,131)	(246,490,921)
Cash dividends paid to:				
Shareholders	19	(602,612,211)	(718,753,242)	(830,855,683)
Non-controlling shareholders of subsidiaries	9	(389,480,000)	(254,660,000)	(398,468,000)
Proceeds from loan availment	16	3,255,999,987	2,550,000,000	3,145,000,000
Net cash provided by (used in) financing activities		742,216,927	(1,132,803,706)	(1,539,147,937)
Net (decrease) increase in cash and cash equivalents for the year		(179,850,369)	(1,087,595,496)	212,950,272
Cash and cash equivalents at January 1	3	1,549,970,914	2,640,088,900	2,432,097,332
Effects of exchange rate changes on cash and cash equivalents	3	6,359,609	(2,522,490)	(4,958,704)
Cash and cash equivalents at December 31	3	1,376,480,154	1,549,970,914	2,640,088,900

The notes on pages 1 to 71 are integral part of these consolidated financial statements.

Shang Properties, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements
As at December 31, 2021 and 2020
and for each of the three years in the period ended December 31, 2021
(All amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

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

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

The Parent Company and its subsidiaries' (together, the "Group") businesses include property investment and development, hotel operation, real estate management, leasing, mall and carpark operations, and other supplementary businesses.

COVID-19 Pandemic

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 Group however remains confident on its ability to absorb some conceivable financial shocks that may arise due to volatile economic conditions.

The consolidated 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 - Segment information

The Group's operating businesses are organized and managed according to the nature of the products and services marketed. Each segment represents a strategic business unit that offers different products and serves different markets. The Group has operations only in the Philippines. The Group derives revenues from three (3) main segments as follows:

(a) Property development

This business segment pertains to the development and sale of condominium units. The subsidiaries operating in this segment are as follows:

- Shang Properties Realty Corporation ("SPRC") is the developer of The Shang Grand Tower Project (TSGT), located in Makati City, The St. Francis Shangri-La Place Project (TSFSP) and the One Shangri-La Place Project (OSP), both located in Mandaluyong City.
- Shang Property Developers, Inc. ("SPDI") is the developer of Shang Salcedo Place Project (SSP), located in Makati City.
- The Rise Development Company Inc. ("TRDCI") is the developer of The Rise Makati Project, located in Makati City.
- Shang Wack Wack Properties, Inc. ("SWWPI") is the developer of Shang Residences at Wack Wack Project, located in Mandaluyong City.
- SPI Property Holdings, Inc. ("SPI-PHI"), and SPI Land Development, Inc. ("SPI-LDI") are new subsidiaries in which the Group will develop its upcoming projects.

(b) Hotel operations

This business segment pertains to the operations of Shangri-La at the Fort's hotel and residences. Shang Global City Properties, Inc. ("SGCPI") is the developer of Shangri-La at the Fort Project, located in Taguig City. SGCPI's hotel and restaurant operations started commercial operations on March 1, 2016.

(c) Leasing

This business segment pertains to the rental operations of the Shangri-La Plaza Mall, The Enterprise Center ("TEC") and their related carpark operations as operated by Shangri-La Plaza Corporation ("SLPC"), KSA Realty Corporation ("KSA") and SPI Parking Services, Inc. ("SPSI"), respectively. It also includes rental of a portion of the Parent Company's land to EDSA Shangri-La Hotel and Resort, Inc. ("ESHRI") and cinema operations of Shangri-La Plaza Mall.

As disclosed in Note 10, in 2019, the Parent Company started construction of a project located in the City of Mandaluyong. The project is being constructed on a parcel of land registered in the Parent Company's name. The construction of the project is ongoing and is expected to be completed in 2024. Upon completion, the project will be subsequently leased out to third parties and related parties. In 2021, the Parent Company has transferred the construction-in-progress to SPI Property Developers, Inc. ("SPI-PDI"). The Parent Company intends to transfer the land where the project is being constructed to SPI-PDI in 2022.

(d) Other business segments

Other business segments pertain to property management services and operations of real estate entities and other subsidiaries.

Except for the rental revenue from ESHRI, all revenues come from transactions with third parties. There are no revenues derived from a single external customer above 10% of total revenue in 2021, 2020 and 2019. There is no need to present reconciliation since measure of segment assets, liabilities and results of operations are consistent with those of the consolidated financial statements.
All revenues are from domestic entities incorporated in the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

There are no changes in the Group's reportable segments and related strategies and policies in 2021, 2020, and 2019.

The segment assets, liabilities and results of operations of the reportable segments of the Group as at and for the year ended December 31, 2021 are as follows:

	Property development	Hotel operations	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues							
Condominium sales	1,951,230,634	-	-	-	1,951,230,634	-	1,951,230,634
Rental and cinema	29,414,034	-	1,870,556,047	-	1,899,970,081	(79,700,212)	1,820,269,869
Hotel operation	-	802,424,771	-	-	802,424,771	-	802,424,771
Cost of sales and services							
Condominium sales	(957,901,740)	-	-	-	(957,901,740)	-	(957,901,740)
Rental and cinema	(23,882,524)	-	(52,849,225)	-	(76,731,749)	(4,709,563)	(81,441,312)
Hotel operation	-	(1,525,725,890)	-	-	(1,525,725,890)	-	(1,525,725,890)
Gross profit (loss)	998,860,404	(723,301,119)	1,817,706,822	-	2,093,266,107	(84,409,775)	2,008,856,332
Operating expenses	(445,205,066)	(240,529,462)	(949,935,242)	(69,174,744)	(1,704,844,514)	353,498,127	(1,351,346,387)
Other income (expense)	146,573,347	5,179,028	1,836,217,534	533,710,293	2,521,680,202	(2,141,169,424)	380,510,778
Share in net income of associates and a joint venture	-	-	404,707,422	-	404,707,422	-	404,707,422
Interest expense and bank charges	(239,355)	(68,814,748)	(50,991,945)	(6,030)	(120,052,078)	-	(120,052,078)
Income before income tax	699,989,330	(1,027,466,301)	3,057,704,591	464,529,519	3,194,757,139	(1,872,081,072)	1,322,676,067
Income tax expense (benefit)	(75,835,979)	188,273,811	716,873,969	34,228,507	863,540,308	4,059,769	867,600,077
Net income for the year	624,153,351	(839,192,490)	3,774,578,560	498,758,026	4,058,297,447	(1,868,021,303)	2,190,276,144
Segment assets	13,790,274,492	9,013,578,399	50,775,921,997	5,813,004,665	79,392,779,553	(19,934,131,349)	59,458,648,204
Associate and joint venture companies (Note 8)	-	-	-	4,318,123,784	4,318,123,784	-	4,318,123,784
Total assets	13,790,274,492	9,013,578,399	50,775,921,997	10,131,128,449	83,710,903,337	(19,934,131,349)	63,776,771,988
Segment liabilities	8,219,642,381	2,981,522,863	16,324,221,031	7,422,369,764	34,947,756,039	(14,110,007,432)	20,837,748,607
Capital expenditures for the year (Notes 10 and 12)	360,702	116,036,030	468,006,247	63,008	584,465,987	-	584,465,987

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

	Property development	Hotel operations	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues							
Condominium sales	3,009,081,539	-	864,966	-	3,009,946,505	-	3,009,946,505
Rental and cinema	29,819,750	-	2,188,581,255	-	2,218,401,005	(89,620,954)	2,128,780,051
Hotel operation	-	1,081,762,155	-	-	1,081,762,155	-	1,081,762,155
Cost of sales and services				-			
Condominium sales	(1,683,687,995)	-	(1,312,500)	-	(1,685,000,495)	-	(1,685,000,495)
Rental and cinema	-	-	(95,573,669)	-	(95,573,669)	(4,674,713)	(100,248,382)
Hotel operation	-	(1,851,378,118)	-	-	(1,851,378,118)	-	(1,851,378,118)
Gross profit	1,355,213,294	(769,615,963)	2,092,560,052	-	2,678,157,383	(94,295,667)	2,583,861,716
Operating expenses	(375,549,074)	(488,814,726)	(968,701,023)	(63,512,466)	(1,896,577,289)	397,888,017	(1,498,689,272)
Other income (expense)	521,852,549	336,110	1,623,049,579	1,482,381,069	3,627,619,307	(2,932,883,089)	694,736,218
Share in net income of associates and a joint venture	-	-	185,533,552	-	185,533,552	-	185,533,552
Interest expense and bank charges	(382,615)	(54,598,512)	(84,664,886)	(559)	(139,646,572)	-	(139,646,572)
Income before income tax	1,501,134,154	(1,312,693,091)	2,847,777,274	1,418,868,044	4,455,086,381	(2,629,290,739)	1,825,795,642
Income tax expense	(447,929,063)	366,508,509	(330,694,493)	(6,915,883)	(419,030,930)	14,815,070	(404,215,860)
Net income for the year	1,053,205,091	(946,184,582)	2,517,082,781	1,411,952,161	4,036,055,451	(2,614,475,669)	1,421,579,782
Segment assets	13,068,010,430	9,634,940,936	46,277,865,491	11,016,135,980	79,996,952,837	(18,144,906,407)	61,852,046,430
Associate and joint venture companies (Note 8)	-	-	-	1,317,911,271	1,317,911,271	-	1,317,911,271
Total assets	13,068,010,430	9,634,940,936	46,277,865,491	12,334,047,251	81,314,864,108	(18,144,906,407)	63,169,957,701
Segment liabilities	7,442,505,419	2,776,383,880	15,062,265,919	8,323,004,905	33,604,160,123	(12,108,569,589)	21,495,590,534
Capital expenditures for the year (Notes 10 and 12)	2,676,259	136,712,429	380,212,784	285,714	519,887,186	-	519,887,186

The segment assets, liabilities and results of operations of the reportable segments of the Group as at and for the year ended December 31, 2019 are as follows:

	Property development	Hotel operations	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues							
Condominium sales	4,426,678,935	-	1,660,714	-	4,428,339,649	-	4,428,339,649
Rental and cinema	-	-	3,597,477,911	-	3,597,477,911	(244,211,871)	3,353,266,040
Hotel operation	-	3,580,220,504	-	-	3,580,220,504	-	3,580,220,504
Cost of sales and services							
Condominium sales	(2,694,470,881)	-	(2,467,500)	-	(2,696,938,381)	-	(2,696,938,381)
Rental and cinema	-	-	(164,670,882)	-	(164,670,882)	(4,722,185)	(169,393,067)
Hotel operation	-	(3,212,676,342)	-	-	(3,212,676,342)	-	(3,212,676,342)
Gross profit	1,732,208,054	367,544,162	3,432,000,243	-	5,531,752,459	(248,934,056)	5,282,818,403
Operating expenses	(287,086,761)	(299,765,477)	(1,257,069,298)	(64,447,857)	(1,908,369,393)	656,566,364	(1,251,803,029)
Other income (expense)	(192,924,659)	7,210,175	2,669,571,077	688,023,259	3,171,879,852	(2,555,214,354)	616,665,498
Share in net income of associates and a joint venture		-	101,237,114	-	101,237,114		101,237,114
Interest expense and bank charges	(409,593)	(130,105,616)	(141,818,458)	(5,244)	(272,338,911)	-	(272,338,911)
Income before income tax	1,251,787,041	(55,116,756)	4,803,920,678	623,570,158	6,624,161,121	(2,147,582,046)	4,476,579,075
Income tax expense	(408,668,551)	(25,143,078)	(848,064,622)	(5,489,604)	(1,287,365,855)	232,555,473	(1,054,810,382)
Net income for the year	843,118,490	(80,259,834)	3,955,856,056	618,080,554	5,336,795,266	(1,915,026,573)	3,421,768,693
Segment assets	14,518,918,845	10,683,758,292	44,877,200,970	10,548,633,457	80,628,511,564	(19,396,613,973)	61,231,897,591
Associate and joint venture companies (Note 8)	-	-	-	2,121,615,473	2,121,615,473	-	2,121,615,473
Total assets	14,518,918,845	10,683,758,292	44,877,200,970	12,670,248,930	82,750,127,037	(19,396,613,973)	63,353,513,064
Segment liabilities	8,494,443,981	2,877,048,916	15,144,127,410	8,721,768,663	35,237,388,970	(13,154,014,784)	22,083,374,186
Capital expenditures for the year (Notes 10 and 12)	8,835,831	87,584,563	144,081,584	193,448	240,695,426	-	240,695,426

Note 3 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2021	2020
Cash on hand	15,431,046	7,086,224
Cash in banks	817,622,712	817,325,094
Cash equivalents	543,426,396	725,559,596
	1,376,480,154	1,549,970,914

Cash in banks earned interest at prevailing bank deposit rates.

Cash equivalents are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term deposit rates.

Interest income earned for the year ended December 31, 2021 amounted to P2,334,180 (2020 – P12,956,641; 2019 – P44,045,396) (Note 23).

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

	2021			2020		
	Foreign currency	Exchange rate	Peso equivalent	Foreign currency	Exchange rate	Peso equivalent
US Dollar	1,647,584	50.77	83,647,840	1,949,160	48.04	93,637,646
HK Dollar	-	6.51	-	2,062	6.19	12,764

The realized and unrealized exchange losses for the years ended December 31 included within Other income in the consolidated statement of total comprehensive income are as follows:

	2021	2020	2019
Foreign exchange gains (losses)			
Realized	(1,834,623)	(1,206,598)	(2,798,376)
Unrealized	6,359,609	(2,522,490)	(4,958,704)
Total	4,524,986	(3,729,088)	(7,757,080)

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

This account represents equities that are listed in the Philippine Stock Exchange (PSE). Movements in the account for the years ended December 31 are as follows:

	Note	2021	2020
At January 1		33,626,210	36,278,844
Loss on fair value adjustment (Included in Other income)	23	(2,810,236)	(2,652,634)
At December 31		30,815,974	33,626,210

The fair values have been derived based on current bid prices in the PSE (Level 1 valuation).

Note 5 - Trade and other receivables, net

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

	Note	2021	2020
Trade			
Installment contracts receivable		2,193,098,452	3,044,359,832
Rent receivables		214,920,610	249,776,897
Receivables from guests and concessionaires		158,365,411	53,866,187
Non-trade			
Related parties	27	1,750,160,781	1,604,238,974
Advances to officers and employees		6,027,757	4,225,928
Interest		2,131,372	4,316,725
Others		77,077,346	58,574,091
		4,401,781,729	5,019,358,634
Allowance for impairment of receivables		(21,040,280)	(23,020,320)
		4,380,741,449	4,996,338,314

Installment contracts receivable arises from sale of condominium units in the Group's ordinary course of business. Contract receivables are collectible within a period based on the payment schedule agreed with the buyers. Interest income earned from installment contracts receivable for the year ended December 31, 2021 amounted to P111,642,591 (2020 - P299,782,769; 2019 - P166,691,384) (Note 23).

Rent receivables are non-interest bearing and pertain to rental fees charged to tenants. The normal credit terms range from 30 to 60 days.

Receivables from guests and concessionaires pertain to receivables arising from hotel, restaurant and rental services. These are usually due within 30 days and do not bear any interest.

Advances to officers and employees are normally settled within the next financial year.

Other receivables are non-interest bearing and consist of income from banner and non-tenant related receivables.

Movements in allowance for impairment of receivables for the years ended December 31 are as follows:

	Note	2021	2020
At January 1		23,020,320	14,498,427
Provision	22	322,003	9,113,149
Write-off		(2,302,043)	(591,256)
At December 31		21,040,280	23,020,320

The Group's trade and other receivables are all denominated in Philippine Peso.

There were no trade and other receivables pledged as collaterals as at December 31, 2021 and 2020.

Note 6 - Properties held for sale

Properties held for sale as at December 31 consist of:

	2021	2020
Condominium units held for sale	422,129,541	497,742,705
Construction in progress	3,242,856,619	2,915,322,511
	3,664,986,160	3,413,065,216

The cost of condominium sales recognized as expense and presented as part of Cost of sales and services in the Consolidated statements of comprehensive income amounted to P957,901,740 in 2021 (2020 - P1,685,000,495; 2019 - P2,696,938,381) (Note 20).

(a) Condominium units held for sale

This account represents the accumulated actual construction costs of unsold units of completed condominium projects.

The movements in condominium units held for sale as at December 31 are as follows:

	2021	2020
At January 1	497,742,705	486,168,462
Additional development costs for the year	29,873,621	50,634,884
Cost of condominium units sold (excluding commissions)	(105,486,785)	(39,060,641)
At December 31	422,129,541	497,742,705

The additional development costs presented above pertain to the Shang Salcedo Place and Horizon Homes.

(b) Construction in progress

This account represents the accumulated actual construction costs of unsold units of ongoing condominium projects. The movements in this account as at December 31 are as follows:

	Note	2021	2020
At January 1		2,915,322,511	2,390,076,899
Construction and development costs incurred:			
Construction cost		544,966,951	1,086,872,457
Project management expenses		167,632,766	155,661,123
Professional and consultancy fees		28,740,593	24,953,404
Insurance and bonds		5,603,839	11,296
Land cost		452,138,727	842,750,537
Taxes, permits and licenses		19,781,405	72,208,236
Others		17,391,932	27,848,398
Transfer to investment property	10	(13,377,018)	(155,196,774)
Allocated cost of condominium sold (excluding commissions)		(895,345,087)	(1,529,863,065)
At December 31		3,242,856,619	2,915,322,511

Transfers in 2021 and 2020 relate to construction and development costs incurred during the period attributable to the retail portion of The Rise Makati condominium (Note 10).

As at December 31, 2021, the estimated costs to complete the Group's on-going projects follow:

	2021	2020
The Rise Makati	690,336,332	1,076,089,884
Shang Residences at Wack Wack	3,101,382,539	3,625,240,249
	3,791,718,871	4,701,330,133

Critical accounting judgment - Estimation of net realizable value of properties held for sale

Properties held for sale are carried at the lower of cost and net realizable value. The net realizable value of completed condominium units is the estimated selling price of a condominium unit less estimated costs necessary to make the sale. While the net realizable value of condominium units under construction is the estimated selling price of a condominium unit less estimated costs to complete the construction, estimated time value of money to the date of completion and estimated costs necessary to make the sale.

NRV has been assessed to be higher than cost based on circumstances or conditions as at December 31, 2021 and 2020. Accordingly, no write-down is deemed necessary.

Critical accounting estimates - Estimation of percentage-of-completion of the Group's projects

Revenue from condominium sales is recognized over time using the output method in accordance with the guidance set in PFRS 15, *Revenue from contracts with customers*, and Philippine Interpretations Committee Questions and Answers (PIC Q&A) 2016-04. Under the output method, revenue is calculated with reference to the PoC of the project. PoC is determined based on the actual physical completion of the project. Management believes that revenue from condominium sales reported in the statement of total comprehensive income best reflects the PoC of the projects as at reporting date.

The Group's on-going projects and their PoC as at December 31 are as follows:

Projects	2021	2020
The Rise Makati	99%	97%
Shang Residences at Wack Wack	33%	21%

Critical accounting judgment - Collectability of the transaction price

Identification of a "contract" for particular real estate sale transaction in the context of PFRS 15 requires certain judgments based on the collectability of the transaction price. Collectability of the transaction price is demonstrated by the buyer's commitment to pay which, in turn, is supported by substantial initial and continuing investments that gives the buyer a sufficient stake in the property that risk of loss through default motivates the buyer to honor his obligation. Collectability is also assessed by considering factors such as the credit standing of the buyer, age, and location of the property. For condominium sales, in determining whether the contract prices are collectible, the Company considers that initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay, based on historical data.

Note 7 - Prepaid taxes and other current assets

Prepaid taxes and other current assets as at December 31 consist of:

	2021	2020
Advances to contractors and suppliers	1,102,047,298	888,508,872
Creditable withholding tax (CWT)	473,399,458	420,217,281
Prepaid commission	112,295,828	119,207,410
Input value added tax (VAT)	89,830,102	93,813,135
Prepaid property tax	46,254,700	62,647,224
Prepaid insurance	9,763,998	13,486,737
Consumables and supplies	12,049,934	13,303,359
Deferred input VAT	6,644,408	6,031,092
Other prepaid expenses	95,145,901	45,999,112
	1,947,431,627	1,663,214,222

Advances to contractors and suppliers pertain to initial payments made by the Group for the construction and development of its condominium projects. These are applied as payments of progress billing by the contractors and suppliers based on milestones or percentage of accomplishment or delivery as stipulated in the contracts.

CWT is the tax withheld by withholding agents from payments to the Group which can be applied against the income tax payable.

Prepaid commission represents advance commission paid to property consultants and brokers based on the percentage of completion of the project sold. This account is treated as a fulfilment cost under PFRS 15, *Revenue from contracts with customers*, and therefore amortized as an expense.

Input VAT represents tax paid to suppliers that can be claimed as credit against the future output VAT liabilities and has no expiration.

Consumables and supplies consist of food, beverages and other recreational consumable items for the hotel operations.

Other prepaid expenses mainly consist of advance payments for rent, staff accommodation rentals, software support, refundable deposits, and other expenses which are normally utilized within the next financial year.

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

This account as at December 31 consist of:

	2021	2020
Investment in a joint venture		
At January 1	1,317,778,398	1,121,482,600
Additional investments	5,409,091	10,762,246
Share in net income for the year	404,707,422	185,533,552
At December 31	1,727,894,911	1,317,778,398
Advances to a joint venture	2,590,096,000	1,000,000,000
Investments in various associates	132,873	132,873
	4,318,123,784	2,317,911,271

(a) Investment in and advances to a joint venture

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

The 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, (ii) the marketing and sale of the residential condominium units in the project, (iii) and the lease of serviced apartment units and/or commercial units in the project.

SRPI commenced operations in 2019 and had since then presold 60% of its Aurelia Residences condominium units. As at December 31, 2021, the Aurelia Residences Project is 15% complete (2020 - 7%). In 2021, the Group'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 Parent 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) (Note 23).

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

	2021	2020
Summarized statements of financial position		
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

	2021	2020
Summarized statements of comprehensive income		
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

(b) Investments in various associates

The Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

<u>*Critical accounting judgment - Recoverability of investment and advances*</u>

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

<u>*Significant accounting judgment - joint control assessment*</u>

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

<u>Note 9 - Non-controlling interests</u>

The proportion of equity interest held by the non-controlling interest (NCI) of KSA and SGCPI, the Group's subsidiaries with NCI that are deemed material, are as follows:

	2021	2020
KSA	29.96%	29.96%
SGCPI	40.00%	40.00%

The summarized financial information of subsidiaries with material NCI are provided below. The information is based on amounts before inter-company eliminations.

(a) KSA Realty Corporation

	2021	2020
Summarized statements of financial position		
Current assets	218,308,408	820,027,926
Current liabilities	417,607,011	616,029,103
Non-current assets	10,664,109,117	10,668,871,953
Non-current liabilities	2,294,704,766	2,744,250,925
Equity	8,170,105,748	8,128,619,851
Equity attributable to:		
Equity holders of the Parent Company	5,722,342,066	5,693,285,344
NCI	2,447,763,682	2,435,334,507
	8,170,105,748	8,128,619,851
Dividends declared to NCI	389,480,000	254,660,000

	2021	2020	2019
Summarized statements of comprehensive income			
Revenues	1,247,331,349	1,435,989,656	1,429,812,199
Cost and expenses	(39,088,170)	(70,079,425)	(71,929,445)
Other income (expense), net	(59,171,269)	(1,081,116)	89,508,516
Income before income tax	1,149,071,910	1,364,829,115	1,447,391,270
Income tax benefit (expense)	192,395,507	(263,035,391)	(279,232,769)
Net income for the year	1,341,467,417	1,101,793,724	1,168,158,501
Other comprehensive income (loss)	18,479	(107,625)	(54,383)
Total comprehensive income	1,341,485,896	1,101,686,099	1,168,104,118
Net income attributable to:			
Equity holders of the Parent Company	939,563,779	771,696,324	818,178,214
NCI	401,903,638	330,097,400	349,980,287
	1,341,467,417	1,101,793,724	1,168,158,501
Total comprehensive income attributable to:			
Equity holders of the Parent Company	939,576,722	771,620,944	818,140,124
NCI	401,909,174	330,065,155	349,963,994
	1,341,485,896	1,101,686,099	1,168,104,118

	2021	2020	2019
Summarized statements of cash flows			
Operating activities	776,965,610	1,141,854,238	1,247,497,746
Investing activities	(22,642)	(671,663)	(2,369,718)
Financing activities	(1,321,422,305)	(828,577,695)	(1,330,000,000)

(b) *Shang Global City Properties, Inc.*

	2021	2020
Summarized statements of financial position		
Current assets	604,520,335	558,370,087
Current liabilities	1,734,370,736	1,486,150,528
Non-current assets	8,409,058,064	9,076,570,849
Non-current liabilities	1,247,152,126	1,290,233,352
Equity	6,032,055,537	6,858,557,056
Equity attributable to:		
Equity holders of the Parent Company	3,619,233,322	4,115,134,234
NCI	2,412,822,215	2,743,422,822
	6,032,055,537	6,858,557,056

	2021	2020	2019
Summarized statements of comprehensive income			
Revenues	802,424,771	1,081,762,155	3,701,852,718
Cost of sales and services	(1,525,725,890)	(1,797,344,447)	(2,696,734,646)
Operating expenses	(240,529,462)	(392,286,468)	(772,931,747)
Other expenses, net	(63,635,720)	(204,824,327)	(163,685,699)
Income before income tax	(1,027,466,301)	(1,312,693,087)	68,500,626
Income tax benefit (expense)	188,273,811	366,508,509	(25,143,078)
Net income (loss) for the year	(839,192,490)	(946,184,578)	43,357,548
Other comprehensive income (loss)	12,690,968	(1,967,738)	(3,892,437)
Total comprehensive income (loss)	(826,501,522)	(948,152,316)	39,465,111
Net income (loss) attributable to:			
Equity holders of the Parent Company	(503,515,494)	(567,710,747)	26,014,529
NCI	(335,676,996)	(378,473,831)	17,343,019
	(839,192,490)	(946,184,578)	43,357,548
Total comprehensive income attributable to:			
Equity holders of the Parent Company	(495,900,913)	(568,891,390)	23,679,067
NCI	(330,600,609)	(379,260,926)	15,786,044
	(826,501,522)	(948,152,316)	39,465,111

	2021	2020	2019
Summarized statements of cash flows			
Operating activities	(525,728,135)	(302,908,282)	979,260,721
Investing activities	(84,782,469)	(71,452,196)	(144,178,230)
Financing activities	608,193,062	146,159,927	(1,396,972,328)

No dividends were declared and paid by SGCPI in 2021 and 2020.

Note 10 - Investment properties; Real estate development projects

10.1 Investment properties

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

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

	Note	Land	Buildings	Total
At January 1, 2020		15,253,910,599	17,649,466,169	32,903,376,768
Transfers due to change in use				
From properties held for sale	6	-	155,196,774	155,196,774
From real estate development project	10.2	652,036,324	835,577,337	1,487,613,661
Capitalized subsequent expenditures		-	367,685,862	367,685,862
At December 31, 2020		15,905,946,923	19,007,926,142	34,913,873,065
Transfers due to change in use				
From properties held for sale	6	-	13,377,018	13,377,018
Capitalized subsequent expenditures		-	457,743,557	457,743,557
At December 31, 2021		15,905,946,923	19,479,046,717	35,384,993,640

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

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

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

	2021	2020	2019
Rental revenue	1,819,173,957	2,124,139,646	3,278,602,944
Cinema revenue	1,095,912	4,640,405	74,663,096
Total rental and cinema revenue	1,820,269,869	2,128,780,051	3,353,266,040
Direct operating expenses	(81,441,312)	(100,248,382)	(169,393,067)
Profit arising from investment properties carried at fair value	1,738,828,557	2,028,531,669	3,183,872,973

Direct operating expenses include share in common expenses, real property taxes and insurance expenses (Note 20).

The Group (as a lessor) has cancellable lease agreements with third parties covering the freehold buildings and their improvements. The lease arrangements are either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher.

Details of the future gross rental income related to these cancellable lease agreements for the years ended December 31 are as follows:

	2021	2020	2019
Percentage basis	209,086,469	318,932,966	988,628,467
Fixed monthly rental	1,610,087,488	1,805,206,680	2,289,974,477
	1,819,173,957	2,124,139,646	3,278,602,944

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:

	2021		
Fair value of hierarchy	Land	Buildings	Total
Level 2	10,034,573,023	2,455,826,617	12,490,399,640
Level 3	5,871,373,900	17,023,220,100	22,894,594,000
Total	15,905,946,923	19,479,046,717	35,384,993,640

	2020		
Fair value of hierarchy	Land	Buildings	Total
Level 2	10,034,573,023	1,984,706,042	12,019,279,065
Level 3	5,871,373,900	17,023,220,100	22,894,594,000
Total	15,905,946,923	19,007,926,142	34,913,873,065

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

The fair values of the Group'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 Group'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 following investment properties:

Investment property type	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
Building (The Enterprise Center (Office))	P10,662,565,000	Direct income capitalization	Rental value	P1,680 per square meter (2020 - P1,680)	The higher the rental value and occupancy rate, the higher the fair value.
			Occupancy rate	95% (2020 - 95%)	
			Expense-revenue ratio	5.55% (2020 - 5.55%)	The higher the expense- revenue ratio and discount rate, the lower the fair value.
			Discount rate	11.37% (2020 - 11.37%)	
Land and building (Main wing and east wing of Shangri-La Plaza mall (Retail), including the land where the property is located)	P12,232,029,000 (Land - P 5,871,373,900; Building – P6,360,655,100)	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	12.37% (2020 - 12.37%)	

The fair values of these properties are calculated using the direct income capitalization approach (Level 3). In applying the direct income capitalization approach, the stabilized net operating income (NOI) of each property is divided by an appropriate capitalization rate. 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 P349 million (2020 – P349 million).

Critical accounting judgments

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

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

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

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

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

(b) Classification of leases as operating lease

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

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

10.2 Real estate development projects

Real estate development projects account includes construction cost related to the Parent Company and TRDCI. Movements in this account as at December 31, 2020 is as follows:

	Note	2020
At January 1		1,487,613,661
Transfers to investment properties	10.1	(1,487,613,661)
At December 31		-

In 2020, capitalized costs from an ongoing project of the Parent Company amounting to P857,152,570 and construction costs allocated to the retail portion of The Rise Makati amounting to P630,461,091 that is intended for leasing were transferred from real estate development projects to "Investment properties".

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

This account consists of equity securities as follows:

	2021	2020
Unquoted securities	488,429,727	488,429,727
Quoted securities	9,101,515	9,101,515
Acquisition cost	497,531,242	497,531,242
Cumulative changes in fair value	299,437,253	300,037,254
Fair value	796,968,495	797,568,496

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 which are measured and carried at fair value of underlying assets. The fair value measurements have been categorized as Level 3. Estimated fair value of assets classified as Level 3 are considered immaterial relative to the overall size of the Group's total assets.

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

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

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

	2021	2020
At January 1	258,709,161	263,169,666
Loss on fair value adjustment	(600,000)	(6,100,000)
Deferred income tax effect	(825,004)	1,639,495
At December 31	257,284,157	258,709,161

Note 12 - Property and equipment, net

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

	Building and building improvements	Transportation equipment	Furniture, fixtures and other equipment	Total
Cost				
At January 1, 2021	9,434,803,085	48,693,212	6,982,848,189	16,466,344,486
Additions	99,483,338	1,897,857	25,341,235	126,722,430
Adjustment	-	-	(78,251)	(78,251)
Disposals	(1,890,000)	-	-	(1,890,000)
At December 31, 2021	9,532,396,423	50,591,069	7,008,111,173	16,591,098,665
Accumulated depreciation and amortization				
At January 1, 2021	1,336,454,869	34,335,012	3,410,962,045	4,781,751,926
Depreciation and amortization	129,586,141	5,175,824	860,724,610	995,486,575
Disposals	-	-	-	-
At December 31, 2021	1,466,041,010	39,510,836	4,271,686,655	5,777,238,501
Cost				
At January 1, 2020	9,455,442,784	54,141,601	6,978,260,203	16,487,844,588
Additions	48,499,753	12,500	103,689,071	152,201,324
Disposals and other adjustments	(69,139,452)	(5,460,889)	(99,101,085)	(173,701,426)
At December 31, 2020	9,434,803,085	48,693,212	6,982,848,189	16,466,344,486
Accumulated depreciation and amortization				
At January 1, 2020	1,210,331,138	32,686,558	2,433,337,312	3,676,355,008
Depreciation and amortization	126,123,731	6,755,274	979,795,829	1,112,674,834
Disposals	-	(5,106,820)	(2,171,096)	(7,277,916)
At December 31, 2020	1,336,454,869	34,335,012	3,410,962,045	4,781,751,926
Net book values at				
At December 31, 2021	8,066,355,413	11,080,233	2,736,424,518	10,813,860,164
At December 31, 2020	8,098,348,216	14,358,200	3,571,886,144	11,684,592,560

Building and building improvements include land rights which pertain to the share of SGCPI in the land where the construction project was constructed after deducting the rights allocated to condominium unit owners.

Depreciation and amortization were allocated as follows:

	Notes	2021	2020	2019
Cost of sales and services	20	956,163,370	1,074,039,063	1,080,551,476
Operating expenses		39,113,187	38,416,213	33,625,702
Capitalized under property held for sale		210,018	219,558	930,683
		995,486,575	1,112,674,834	1,115,107,861

There are no restrictions imposed on the Group's property and equipment and no property and equipment were pledged as security for bank loans (Note 16).

Critical accounting estimate - Useful lives of property and equipment

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

If the actual useful lives of the property and equipment differ by 10% (assessment threshold used by management), the carrying amount of property and equipment would have been P641.91 million higher or P525.23 million lower (2020 - P531.33 million higher or P434.70 million lower).

Critical accounting judgment - Impairment of non-financial assets

The Group reviews its non-financial assets, such as investments in associates and in a joint venture (Note 8) and property and equipment (Note 12), for any indicator of impairment in value. This includes considering certain factors such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. If indicators of impairment have been identified, the Group determines the recoverable amount of the asset, which is the higher of the asset's fair value less costs to sell and value in use.

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

Note 13 - Goodwill

Goodwill acquired through business combinations has been allocated to SGCPI, the CGU, for impairment testing purposes.

The recoverable amount of the CGU has been based on value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to cash flow is 6.69% (2020 - 12.89%). Cash flows beyond the five-year period are extrapolated using a steady growth rate of 2.86% (2020 - 3.14%), which does not exceed the compounded annual growth rate for the real estate industry. As a result of the analysis, management did not identify impairment for this CGU.

Note 14 - Other non-current assets

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

	Note	2021	2020
Refundable deposits		158,464,474	136,967,397
Retirement benefit asset	24	17,350,712	9,721,578
Deferred input VAT		954,363	30,198,822
Restricted fund		-	887,888,000
		176,769,549	1,064,775,797

Refundable deposits

Refundable deposits include cash required from the Group for the on-going construction and utilities maintenance. This is refundable at the end of the lease term. Refundable deposits are reflected at their carrying amounts which are assumed to approximate their fair values.

Restricted fund

In 2020, restricted fund represents fund set aside for future advances to SRPI. In 2021, Parent Company extended an amount of P1.59 billion as advances to SRPI. Of this amount, P888 million came from this restricted fund (Note 9).

Note 15 - Accounts payable and other current liabilities

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

	Notes	2021	2020
Trade:			
Accounts payable		338,967,230	575,234,991
Advance rentals	29	90,958,156	168,788,961
Accrued expenses:			
Construction		1,093,827,411	1,251,984,917
Taxes		222,399,022	222,496,692
Employee benefits		64,029,894	100,588,580
Titling cost		96,439,358	95,685,587
Utilities		30,707,663	52,458,386
Outside services		48,829,610	49,383,279
Commission		32,392,473	39,634,928
Provision for restructuring	22	-	33,985,773
Repairs and maintenance		56,257,535	24,330,118
Interest	16	14,278,005	17,570,659
Professional fees		13,831,221	12,463,758
Advertising and promotion		6,635,632	8,981,834
Others		76,828,279	24,140,253
Customers' deposits from:			
Condominium buyers		443,028,805	460,174,363
Hotel guests		129,095,127	149,627,017
Retention payables		527,518,845	596,429,280
Reservation payables		23,101,979	14,424,466
Advances from condominium unit buyers		246,628,625	302,158,966
Contract liabilities		86,799,375	22,428,105
Payable to contractors and suppliers		13,430,725	58,088,116
Construction bonds		60,161,848	62,695,015
Non-trade:			
Payable to related parties	27	125,638,746	172,556,667
Deferred output VAT		749,896,596	801,945,912
Payable to government agencies		24,682,604	43,852,775
Output VAT		60,829,668	53,347,319
Others	28	96,879,418	268,537,889
		4,774,073,850	5,683,994,606

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

Advance rentals pertain to the three-month rent collected from tenants to be applied to the last three (3) months of the lease term.

In December 2020, SGCPI started to implement a restructuring program and a provision for restructuring amounting to P33.99 million was recognized for the termination benefits of redundated employees. The related provision was recognized under operating expenses in the statements of total comprehensive income (Note 22). In 2021, SGCPI reversed the excess provision for restructuring amounting to P6.4 million.

Customers' deposits from condominium buyers represent initial collections (e.g. down payments) received from the buyers which shall be applied as payment of the transaction price when the sales contract meets the requirements of PFRS 15 for revenue recognition purposes while deposits from hotel guests are advances made by guests in relation to their stay in the hotel and will be applied against the guests' hotel charges upon their check-out.

Retention payables represent the portion of contractor billings which will be paid upon satisfaction by the contractors of the conditions specified in the contracts or until the defects have been corrected.

Reservation payables pertain to cash paid by the buyers of condominium units for the reservation of the units purchased. These shall be considered as part of the down payment on the units purchased upon execution of the contracts or income if the reservation is forfeited when the buyer did not push through with the purchase.

Advances from condominium unit buyers mainly pertain to amounts collected from buyers upon unit turnover, which are intended to pay for expenses incurred in process of transferring title to the buyers, utility deposits and real property taxes during titling period. These amounts are liquidated after title has been transferred to the buyer and any excess is refunded to the buyer.

Contract liabilities represent any excess collections received from buyers over the revenue recognized based on the percentage of completion method. The amount is expected to be applied against revenue in the following year.

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

Construction bonds pertain to cash deposits posted by tenants as security for any expenses or damages that may be incurred by SLPC to the leased premises or common areas that may be sustained in relation to construction activities conducted by the tenants during fit-out, as well as during renovation period of the lease. It is normally returned to the tenants within six months after completion of their construction activities.

Deferred output VAT is the result of the difference in the application of installment method between the accounting policy of the Group and the tax regulations. It will be reclassified to output VAT payable when the collections from condominium unit buyers warrant recognition of revenue.

Payable to government agencies are expected to be settled within the next financial year.

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

Other accrued expenses consist of accruals for advertising and promotions, insurance, other employee related costs and other general and administrative expenses. Other current liabilities pertain mainly to taxes and insurance.

Note 16 - Bank loans; Installment payable

16.1 Bank loans

Bank loans, net of debt issue costs, as at December 31 consist of:

	2021	2020
Current portion		
Parent Company	5,390,000,000	3,833,333,333
SGCPI	1,220,111,377	450,000,000
	6,610,111,377	4,283,333,333
Non-current portion		
Parent Company	-	400,000,001
SGCPI	1,095,786,300	1,196,172,130
	1,095,786,300	1,596,172,131
	7,705,897,677	5,879,505,464

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

	2021	2020
At January 1	5,879,505,464	5,927,961,091
Amortized debt issue cost	3,725,559	4,877,706
Proceeds from loan availments, net of unamortized debt issue costs	3,255,999,987	2,550,000,000
Payments	(1,433,333,333)	(2,603,333,333)
At December 31	7,705,897,677	5,879,505,464

The repayments of the above bank loans are scheduled as follows:

Year	2021	2020
2021	-	4,283,333,333
2022	6,615,000,000	1,600,000,001
2023	1,100,000,000	-
	7,715,000,000	5,883,333,334
Unamortized debt issue cost	(9,102,323)	(3,827,870)
	7,705,897,677	5,879,505,464

Total interest expense arising from these loans as shown in the consolidated statements of comprehensive income in 2021 amounted to P85,064,862 (2020 - P100,798,442; 2019 - P235,099,374) (Note 23). Total capitalized interest amounted to P70,313,479 in 2021 (2020 - P99,054,576) and was included as part of investment properties (Note 10). The capitalization rate used to determine the amount of capitalized interest which is the weighted average interest rate applicable to the Group's general borrowings during the year is 2.87% (2020 - 2.19%).

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

	Notes	2021	2020
At January 1		17,570,659	22,829,348
Interest expense	23	85,064,862	100,798,442
Payments		(88,357,516)	(106,057,131)
At December 31	15	14,278,005	17,570,659

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

	Note	2021	2020
Long-term loan, at January 1		5,879,505,464	5,927,961,091
Cash flows		1,826,392,213	(48,455,627)
Long-term loan, at December 31		7,705,897,677	5,879,505,464
Accrued interest		14,278,005	17,570,659
Cash and cash equivalents	3	(1,376,480,154)	(1,549,970,914)
Net debt		6,343,695,528	4,347,105,209

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

(a) Parent Company

Bank loans of the Parent Company as of December 31 consist of:

	2021	2020
Long term loan facility		
Current portion	400,000,000	533,333,333
Non-current portion	-	400,000,001
	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

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).

(b) SGCPI

Bank loans of SGCPI as of December 31 consist of:

	2021	2020
Long term loan facility		
Current portion	95,111,377	-
Non-current portion	1,095,786,300	1,196,172,130
	1,190,897,677	1,196,172,130
Short term loans	1,125,000,000	450,000,000
	2,315,897,677	1,646,172,130

Long term loan facility

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

On July 28, 2021, SGCPI and its lender-bank executed a loan restructuring agreement paving the way for the following changes in the loan's salient terms and conditions as follows:

Terms	From	To
Repayment date	Quarterly from 20th quarter to the 40th quarter after the date of the initial borrowing until June 2022	Quarterly from the 20th quarter to the 37th quarter and then from 42nd quarter to the 47th quarter after the date of initial borrowing until March 2024
Spread	Floating rate – the higher of (a) 3-month Bloomberg Valuation (BVAL) plus spread of 0.80% or (b) the Bangko Sentral ng Pilipinsas (BSP) overnight borrowing rate minus spread of 0.95% per annum	Floating rate – the higher of (a) 3-month BVAL plus spread of 1.60% or (b) BSP Overnight Reverse Repurchase Rate or Fixed rate – the interpolated BVAL plus spread of 0.75%
Collateral	Unconditional continuing suretyship of the sureties (Shangri-La Asia Limited and the Parent Company)	Unconditional continuing suretyship of the sureties (Shangri-La Asia Limited and the Parent Company) and an unregistered real estate mortgage over SGCPI's residential condominium unit

SGCPI is required to comply with certain covenants and maintain certain financial ratios until the loan is fully paid. As at December 31, 2021 and 2020, SGCPI has not reached the required debt-service coverage ratio specified in the loan agreement but has complied with all other terms and conditions. The bank, through a letter of advice, has provisionally allowed SGCPI's non-compliance with the debt-service coverage ratio (DSCR) for the years 2020 and 2021 provided that the loan remains current and that all other terms and conditions of the amended loan covenant are complied with.

Short term loans
Short term loans are composed of unsecured loans from various banks with an average interest rate of 4.25% (2020 – 4.75% to 5.15%). These loans have payment terms of 5 to 9 months (2020 – 3 to 12 months).

16.2 Installment payable

On November 2, 2015, TRDCI (a subsidiary) entered into a contract with Vivelya Development Company, Inc. (VDCI) (the land owner and seller) to purchase the land where TRDCI's project is currently being constructed. The consideration for the land is for a minimum base price of P1.10 billion, exclusive of 12% VAT. Payment term for the purchase price includes down payment of fifteen percent (15%) of base price amounting to P165 million, exclusive of 12% VAT, upon signing of the contract. The remaining balance of the purchase price is interest-free and payable on a quarterly installment basis. Accordingly, the Company determined the fair value of the remaining installments using an appropriate market rate which resulted in "Day 1 gain".

As at December 31, 2021, installment payable at amortized cost amounted to P47,883,236 (2020 - P142,751,080). Interest cost representing amortization of the Day 1 gain has been fully amortized in 2021 (2020 - P674,538 ; 2019 - P15,365,728) and has been capitalized as part of construction in-progress. There is no unamortized Day 1 gain on installment payable in 2021 and 2020 (2019 - P674,538).

Note 17 - Deposits from tenants

This account represents non-interest bearing rental deposits from tenants. Deposits from tenants is based on the present value of estimated future cash flows using applicable market rates at reporting date. The difference between the discounted and face value of the deposits is recognized as deferred lease income. Deferred lease income is amortized on a straight-line basis over the lease term and is recognized in profit or loss as additional rent income. Interest is accreted on the deposits from tenants using the effective interest rate method and is recognized as additional interest expense in profit or loss.

Details of deposits from tenants as at December 31 and their movements during the years are as follows:

	2021	2020
At January 1	1,154,772,931	1,118,744,931
Net additions (refunds)	(54,371,733)	138,326,427
Amortization of Day 1 difference	(61,425,211)	(102,298,427)
	1,038,975,987	1,154,772,931

	2021	2020
Current portion	845,472,994	614,727,181
Non-current portion	193,502,993	540,045,750
	1,038,975,987	1,154,772,931

Details of deferred lease income as at December 31 and its movement during the years are as follows:

	2021	2020
At January 1	95,397,448	92,655,255
Additions	(6,501,825)	43,220,638
Amortization	(34,403,409)	(40,478,445)
At December 31	54,492,214	95,397,448
Current portion	18,829,063	41,298,111
Non-current portion	35,663,151	54,099,337
	54,492,214	95,397,448

Note 18 - Equity

(a) Share capital, share premium and treasury shares

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

	2021	2020
Authorized, at P1 par value per share		
Common shares	8,000,000,000	8,000,000,000
Issued and outstanding shares		
Common shares	4,764,058,982	4,764,058,982
Share premium	834,439,607	834,439,607
	5,598,498,589	5,598,498,589

In 2007, the 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 consolidated statements of financial position.

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

There were no subsequent listings since the initial listing with PSE.

(b) Retained earnings

As at December 31, 2021, total unrestricted retained earnings of the Parent Company amounted to P19,859,180,161 (2020 - P18,048,427,321). The Parent Company's unrestricted retained earnings exceeded its share capital by P13,885,047,310 (2020 - P12,074,294,470). The excess retained earnings include accumulated fair value gain of P8,855,929,698 (2020 - P9,868,058,867) which are not considered available for dividend declaration. The management of the Parent Company plans to use the excess retained earnings to support the Parent Company's working capital requirements, planned business growth and expansion strategies. Further the Parent Company annually declares dividends in compliance with SEC Memorandum Circular No. 11, Series of 2008.

Note 19 - Dividends

The Parent Company annually declares dividends in compliance with SEC Memorandum Circular No. 11, Series of 2008. The Parent Company's Board of Directors approved the declaration of the following cash dividends for the years ended December 31 and until the approval of these financial statements.

Date of declaration	Shareholders of record as at	Payment date	Per share	Total
2022 (subsequent event)				
March 24	April 8	April 20	0.07	333,384,284
2021				
March 25	April 9	April 16	0.080	380,953,467
September 7	September 24	September 30	0.044	209,524,407
				590,477,874
2020				
April 1	April 7	April 24	0.113	535,715,813
August 20	September 8	September 18	0.044	209,524,305
			0.157	745,240,118
2019				
March 6	March 21	March 31	0.106	502,382,385
September 16	September 30	October 20	0.070	333,334,164
			0.176	835,716,549

Cash dividends paid during 2021 amount to P602,612,211 (2020 – P718,753,242). These include payments to non-controlling shareholders of subsidiaries amounting to P389,480,000 at P1,076.25 per share (2020 - P254,660,000 at P703.70 per share).

Note 20 - Cost of sales and services

The components of cost of sales and services for the years ended December 31 are as follows:

(a) Cost of condominium sales

	Note	2021	2020	2019
Construction cost		587,926,195	1,009,565,675	1,633,629,913
Land Cost		160,899,170	337,203,703	622,814,914
Commission expense		75,620,050	116,076,789	163,192,618
Project management		74,348,066	130,233,370	149,868,850
Design and professional fees		27,201,562	45,800,968	72,480,264
Permits and other expenses		13,835,204	17,420,837	18,839,484
Sales and marketing expense		9,595,707	12,919,280	16,861,242
Titling Cost		8,364,848	14,704,751	15,831,444
Makati Commercial Estate Association (MACEA) fees		62,789	844,264	2,688,229
Insurance		48,149	230,858	731,423
	6	957,901,740	1,685,000,495	2,696,938,381

(b) Cost of rental and cinema

	Note	2021	2020	2019
Real property taxes		60,274,988	71,448,462	55,170,244
Insurance		48,239,850	33,605,613	32,274,498
Share in common expenses		(27,073,526)	(4,805,693)	81,948,325
	10	81,441,312	100,248,382	169,393,067

(c) Cost of hotel operations

	Note	2021	2020	2019
Depreciation and amortization	12	956,163,370	1,074,039,063	1,080,551,476
Food and beverages		169,924,034	183,101,096	868,269,534
Staff costs		144,812,214	251,279,123	404,965,369
Utilities and maintenance		144,597,973	174,247,722	576,004,362
Supplies		62,240,385	40,026,659	74,127,536
Property tax and insurance		38,449,156	60,992,759	61,712,182
Others		9,538,758	67,691,696	147,045,883
		1,525,725,890	1,851,378,118	3,212,676,342

Others consist of telephone, fax, postage, subscriptions, publications, and hotel guest entertainment expenditures.

Note 21 - Staff costs

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

	Note	2021	2020	2019
Salaries and wages		491,124,222	433,298,536	336,984,080
Employee benefits		28,808,043	42,873,601	95,230,365
Retirement benefits costs	24	42,045,731	38,105,630	37,765,035
Others		19,086,684	15,770,770	6,426,086
		581,064,680	530,048,537	476,405,566

Note 22 - Other operating expenses

The components of other operating expenses for the years ended December 31 are as follows:

	Notes	2021	2020	2019
Advertising		141,116,254	204,292,722	254,459,024
Donations		128,211,642	104,137,294	5,561,050
Professional fees		72,720,360	109,342,141	115,578,591
Janitorial, security and other services		38,134,536	42,028,997	53,786,048
Systems license and maintenance		37,577,423	55,219,394	2,835,871
Condominium dues		25,564,983	7,932,018	3,624,674
Utilities		22,837,524	10,341,828	19,541,547
Telephone and communication		12,739,484	9,267,173	9,088,133
Repairs and maintenance		6,534,288	4,049,750	6,329,398
Gas and oil		4,290,650	2,517,564	2,252,390
Supplies		3,688,559	7,597,018	6,627,181
Carpark expense		3,309,898	6,112,036	6,542,921
Entertainment, amusement and recreation		2,114,485	1,305,347	2,553,423
Membership fees and dues		1,711,127	1,859,897	2,734,398
Rent		1,284,196	373,791	566,126
Transportation and travel		1,221,335	2,284,348	7,070,500
Reproduction charges		1,024,716	1,224,319	1,459,364
Provision for doubtful accounts	5	322,003	9,113,149	170,000
Commission		138,612	258,947	5,382,606
Subscriptions, books and manuals		39,862	252,883	-
Provision for probable losses	28	-	100,150,239	-
Provision for restructuring	15	-	33,985,773	-
Others		35,563,148	26,720,455	8,693,418
		540,145,085	740,367,083	514,856,663

Donations in 2021 and 2020 were made to accredited donor institutions to support various feeding programs, livelihood projects, and typhoon relief operations.

Systems license and maintenance in 2020 pertains to IT related management and license fees under the hotel operations.

Note 23 - Finance income, other income, and finance costs

The components of interest income, other income, and interest expense and bank charges for the years ended December 31 are as follows:

(a) Finance income

	Notes	2021	2020	2019
Interest arising from:				
Installment contracts receivable	5	111,642,591	299,782,769	166,691,384
Advances to a joint venture	8	73,918,875	64,322,935	-
Cash in banks and cash equivalents	3	2,334,180	12,956,641	44,045,396
Overdue accounts from tenants		6,092,033	5,880,767	6,849,275
Others		651,937	-	-
		194,639,616	382,943,112	217,586,055

(b) Other income, net

	Note	2021	2020	2019
Administration and management fee		127,688,032	89,259,775	24,785,736
Forfeited security deposits		14,996,441	14,275,842	6,830,401
Dividend income		11,658,709	13,002,470	55,541,739
Gain on sale of property and equipment		7,885,500	357,806	1,050,728
Signage fee		6,689,239	7,250,900	7,180,687
Other rental revenue		5,012,933	3,755,357	312,500
Income from back-out buyers		4,781,963	6,137,732	6,908,319
Income from ancillary services		2,750,012	4,359,118	8,057,028
Loss on fair value adjustments of financial assets at fair value through profit or loss	4	(2,810,236)	(2,652,634)	(5,145,472)
Insurance claims		-	9,380,998	-
Customer lounge fee		-	1,745,330	10,278,244
Banner income		-	494,732	3,679,732
Income from reversal of liabilities		-	159,523,441	-
Others		2,693,583	8,631,327	10,659,494
		181,346,176	315,522,194	130,139,136

Income from write-back of liabilities in 2020 pertains to reversal of outstanding accruals for various operating expenses of the Group.

(c) Finance costs

	Notes	2021	2020	2019
Interest expense on bank loans	16	85,064,862	100,798,442	235,099,374
Accretion of interest on deposits from tenants	17	34,371,391	38,105,279	36,299,084
Bank charges		615,825	742,851	940,453
		120,052,078	139,646,572	272,338,911

Note 24 - Accrued employee benefits

Accrued employee benefits as at December 31 consist of:

	2021	2020
Retirement benefit liability	64,676,831	85,328,539
Other employee benefits	-	4,469,520
	64,676,831	89,798,059

Retirement benefits

The Group, except SGCPI, has a funded, non-contributory defined benefit plan, providing death, disability and retirement benefits for all of its regular employees. Under this plan the normal retirement age is 60 years old and completion of at least five (5) years of service. Normal retirement benefit consists of a lump sum benefit equivalent to 100% of the employee's final pay for every year of service.

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

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

The actuarial present value of the retirement benefit obligation under the plan is measured in terms of actuarial assumptions for discount rate, salary increases, retirement rates and mortality using the 2017 Philippine Intercompany Mortality Table. The discount rates used is a single weighted average rate based on rates as published in the Bankers Association of the PHP BVAL at various tenors. 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 Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(a) Investment risk

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

(b) Interest rate risk

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

(c) Longevity risk

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

(d) Salary risk

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

The management performs an Asset-Liability Matching Study (ALM) annually. The overall investment policy and strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay retirement benefits as they fall due while also mitigating the various risk of the plans. The Group's current strategic investment strategy mainly consists of treasury notes and bonds accounting for 99% of the total plan assets.

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

The Group's plan assets consist of investment in debt instruments and cash in banks. The Group believes that equities offer the best returns over the long term with an acceptable level of risk.

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

	2021	2020	2019
Discount rate	4.89%	3.31%	4.63%
Salary increase rate	3.50%	3.00%	4.00%

The retirement benefit assets and liabilities recognized in the consolidated statements of financial position as part of "other non-current assets" and "accrued employee benefits" amount to P17,350,712 and P64,676,831, respectively (2020 - P9,721,578 and P85,328,539).

The summary of the total defined benefit obligation and fair value of plan assets as at December 31 are as follows:

	2021	2020
Fair value of plan assets	201,519,107	210,913,555
Present value of defined benefit obligations	(248,845,228)	(286,520,516)
	(47,326,121)	(75,606,961)

The components of retirement expense for the years ended December 31 recognized in the consolidated statements of total comprehensive income included under staff costs account are as follows:

	Note	2021	2020	2019
Current service cost		39,761,124	32,092,941	36,399,571
Past service cost		-	785,741	456,690
Net interest cost		2,284,607	5,677,615	896,734
Net acquired obligation arising from transfer of employees		-	(450,667)	12,040
Pension expense	21	42,045,731	38,105,630	37,765,035

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

	2021	2020
At January 1	286,520,516	254,859,693
Interest cost	8,925,939	10,373,503
Current service cost	40,286,707	36,498,332
Past service Cost	-	785,741
Net acquired (released) obligation	482,727	(450,667)
Benefits paid directly by the Group	(21,422,284)	(25,716,226)
Transfers	(47,337,186)	(1,545,157)
Remeasurement losses (gains) from:		
Experience adjustments	-	4,195,231
Change in demographic assumptions	(102,769)	(305,738)
Changes in financial assumptions	(18,508,422)	7,825,804
At December 31	248,845,228	286,520,516

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

	2021	2020
At January 1	210,913,555	225,085,966
Interest income	5,825,411	9,336,087
(Gains) Losses on return on plan assets	(2,839,220)	1,109,135
Benefits paid from plan assets	(12,380,639)	(24,617,633)
At December 31	201,519,107	210,913,555

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

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

	2021	2020
Cash in banks	157,429	2,613,797
Money market deposits and trust funds	17,291,681	16,356,944
Investments in equity	116,106,602	26,188,270
Investments in debt instruments:		
Treasury notes and bonds	54,487,450	139,513,715
Corporate notes and bonds	13,475,945	26,240,829
	201,519,107	210,913,555

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

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

Expected contribution to post-employment benefit plans for the year ending December 31, 2021 amounts to P33,728,576.

The weighted average duration of the defined benefit obligation is 14.70 years.

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

	2021	2020
Less than a year	45,680,104	56,185,350
Between one and five years	189,377,495	139,766,630
Over five years	723,824,559	779,773,075
	958,882,158	975,725,055

Critical accounting estimate - Determining retirement benefit obligation

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

Actual results that differ from assumptions are accumulated and amortized over future periods and, therefore, generally affect recognized expense and the recorded obligation in future periods. While the Group believes that the assumptions used are reasonable, differences in actual experience or changes in assumptions may materially affect the Group's retirement obligation and future expense.
In determining the long-term rates of return, the Group considers the nature of the plans' investments, an expectation for the plans' investment strategies, historical rates of return and current economic forecasts. The Group evaluates the expected long-term rate of return annually and adjusts such rate as necessary.

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

	Increase (decrease)	
	2021	2020
Discount rate		
Increase by 1.0%	(235,562,330)	(117,986,079)
Decrease by 1.0%	264,518,340	131,100,542
Salary increase rate		
Increase by 1.0%	226,382,983	130,735,717
Decrease by 1.0%	(203,380,296)	(114,906,838)

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

Note 25 - Income taxes

Corporate Recovery and Tax Incentives for Enterprises Act

On March 26, 2021, 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 changes to the Corporate Income Tax (CIT) rates as follows:

- Reduction of CIT rate to 20% applicable to domestic corporations with total net taxable income not exceeding P5 million and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated);
- Reduction of CIT rate to 25% shall be applicable to all other corporations subject to regular CIT; and
- Minimum corporate income tax (MCIT) rate shall also be amended to 1%, instead of 2%, for the period beginning July 1, 2020 until June 30, 2023.

The components of income tax (benefit) expense for the years ended December 31 follows:

	2021	2020	2019
Current	428,889,884	483,630,844	934,619,771
Deferred	(1,296,489,961)	(79,414,984)	120,190,611
	(867,600,077)	404,215,860	1,054,810,382

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

	2021	2020
Deferred income tax assets:		
Net operating loss carry over (NOLCO)	621,288,642	480,772,099
Advance rentals	61,911,753	120,525,165
Difference in profit, installment method versus PoC method	15,557,087	41,601,548
Deferred lease income	15,167,581	54,669,952
Accrued expenses	61,934,739	50,072,440
Accrued employee benefits	13,103,473	22,029,125
Unamortized funded past service cost	8,085,347	20,439,350
Guest and banquets prepayments and deposits	16,195,164	14,523,540
Minimum corporate income tax (MCIT)	1,795,825	9,213,894
Allowance for doubtful accounts	3,196,932	4,437,822
Unrealized loss on foreign exchange	-	732,285
Others	2,313,093	16,816,990
	820,549,636	835,834,210
Deferred income tax liabilities:		
Unrealized increase in fair value of investment property	(6,748,885,416)	(7,880,926,838)
Difference in profit, installment method versus PoC method	(217,568,458)	(415,560,246)
Difference between cost of condominium sales for accounting and income tax purposes	(33,780,439)	(40,321,738)
Unrealized increase in fair value of FVOCI	(37,731,829)	(14,969,103)
Day 1 difference on deposits from tenants	(1,814,323)	(8,618,386)
Rent income per PFRS 16/PAS 17	(7,341,373)	(8,855,258)
Interest income	(34,174,163)	(18,833,333)
Unrealized gain on foreign exchange	(2,048,612)	(640,099)
	(7,083,344,613)	(8,388,725,001)
Net deferred income tax liabilities	(6,262,794,977)	(7,552,890,791)

The balances of deferred income tax assets and liabilities presented in the consolidated statements of financial position are netted on a per entity basis as follows:

	2021	2020
Deferred income tax assets	615,730,128	465,150,772
Deferred income tax liabilities	(6,878,525,105)	(8,018,041,563)
	(6,262,794,977)	(7,552,890,791)

Realization of the future tax benefits related to the deferred income tax assets is dependent on many factors, including the Group's ability to generate taxable income in the future. The Group's management believes that the related future tax benefit will be realized.

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

	2021	2020
At January 1	(7,552,890,791)	(7,638,288,351)
Charged to profit or loss	1,296,489,961	79,414,984
(Charged) Credited to other comprehensive income	(6,394,147)	5,982,576
At December 31	(6,262,794,977)	(7,552,890,791)

The details of unrecognized deferred income tax assets on NOLCO at December 31 which could be carried over as deductible expense from taxable income for three (3) consecutive years following the year of incurrence are as follows:

Year incurred	Year of expiry	2021	2020
2018	2021	-	95,193,368
2019	2022	16,799,864	16,799,864
2020	2025	353,902,384	353,902,384
2021	2026	727,974,689	-
		1,098,676,937	465,895,616
Unrecognized DTA at 25% (2020 - 30%)		274,669,234	139,768,685

A reconciliation of the income tax expense computed at the statutory income tax rate and the effective income tax expense as shown in the consolidated statements of total comprehensive income for the years ended December 31 follows:

	2021	2020	2019
Tax at statutory rate of 25% (2020 and 2019 - 30%)	330,669,017	547,738,693	1,342,973,723
Additions (reductions) to income tax resulting from:			
Unrecognized NOLCO	181,993,672	106,170,715	22,368,423
Other non-deductible expenses	9,036,596	35,259,005	11,113,270
Expired MCIT	-	-	4,289,203
MCIT	413	-	1,092,499
Interest income subjected to final tax	(583,546)	(3,886,994)	(13,213,618)
Dividend income	(79,293,277)	(3,900,741)	(16,662,522)
Share in net losses of associates	(101,176,855)	(55,660,066)	(30,371,134)
Other non-taxable income	(80,537,145)	(79,024,949)	(57,516,306)
Difference between itemized and optional standard deductions (OSD)	50,160	(142,479,803)	(209,263,156)
Effects of changes in statutory income tax rate	(1,127,759,112)	-	-
Effective income tax expense	(867,600,077)	404,215,860	1,054,810,382

Income tax payable amounted to P54,637,882 as at December 31, 2021 (2020 - P124,336,401).

Critical accounting judgment - Income tax

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

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

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

Note 26 - Basic and diluted earnings per share

The computations of basic and diluted earnings per share for the years ended December 31 are as follows:

	2021	2020	2019
Net income attributable to the shareholders of Parent Company	2,124,062,600	1,469,965,012	3,056,001,858
Divided by the average number of outstanding common shares	4,761,918,337	4,761,918,337	4,761,918,337
Basic and diluted earnings per share	0.446	0.309	0.642

Basic and diluted earnings per share are the same due to the absence of dilutive potential common shares.

Note 27 - Related party transactions

In the normal course of business, the Group transacts with companies which are considered related parties. Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group.

The transactions and outstanding balances of the Group with its related parties as at and for the years ended December 31 are as follows:

	2021		2020		
	Transactions	Outstanding receivables (payables)	Transactions	Outstanding receivables (payables)	Terms and conditions
Affiliates					
Rental income (a) (Note 5)	23,633,642	15,194,664	29,072,896	6,420,241	Balances to be collected in cash and are due generally within 30 to 60 days. These are non-interest bearing and are not covered by any security.
Affiliates					
Management services (b)	32,602,756	32,078,702	25,284,920	26,540,621	Balances to be collected in cash and are due generally within 30 days. These are non-interest bearing and are not covered by any security.
Reimbursed expenses (f)	3,212,499	1,462,982	3,780,125	1,184,864	
Affiliates share in Group's expenses (f)	323,224,545	550,223,531	323,231,434	420,199,422	
Advances (d)	-	1,144,187,554	-	1,144,187,553	
Associates					
Associates' share in Group's expenses (g)	1,307,075	7,013,348	1,693	5,706,273	Balances to be collected in cash and are due generally within 30 days. These are non-interest bearing and are not covered by any security.
Total (Note 5)		1,750,160,781		1,604,238,974	
Affiliates					
Marketing, management and other service fees (c)	20,461,749	(14,160,762)	27,589,496	(27,589,256)	Balances are to be settled in cash and are generally due within 30 days. These balances are non-interest bearing and not covered by any guarantee.
Condominium dues (e)	28,284,356	(8,672,138)	9,041,815	(4,475,323)	
Group's share in affiliates' expenses (g)	119,468,158	(102,805,846)	170,934,662	(140,492,088)	
Total (Note 15)		(125,638,746)		(172,556,667)	

Affiliates pertain to entities that have common directors or key management personnel.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Board, with at least a majority of the independent directors voting to approve the material related party transaction. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Parent Company. For aggregate related party transactions within a twelve-month period which breaches the materiality threshold of ten percent (10%) of the Group's total assets, the same board approval shall be required for the transaction that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction shall abstain from participating in the discussions and voting for the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval. Significant agreements with related parties are as follows:

(a) A portion of the Parent Company's land is being leased by ESHRI, where the EDSA Shangri-La, Manila is located. The lease is for a period of 25 years commencing on August 28, 1992 and renewable for another 25 years at the option of ESHRI. On August 16, 2017, the agreement was renewed by ESHRI for another 25 years until August 27, 2042. Rental revenue is based on a fixed percentage of ESHRI's room, food and beverage, dry goods and other service revenue.

(b) Shang Property Management Services, Inc. (SPMSI) provides management services to The Enterprise Center Condominium Corporation (TECCC), St. Francis Shangri-La Place Condominium Corporation (TSFSPCC), The Shang Grand Tower Condominium Corporation (TSGTCC), and One Shangri-La Place Condominium Corporation (OSPCC) for a minimum period of five years starting January 7, 2009, April 1, 2010, January 7, 2007, and January 1, 2015 respectively. As consideration, SPMSI shall receive from TECCC, TSGTCC, TSFSPCC, and OSPCC monthly management fees of P400,000, P100,000, P100,000, and P250,000 respectively, inclusive of VAT, with an escalation rate of 5% to 10% per annum. The parties mutually agreed to renew the agreements for another 5 years upon expiration.

(c) SGCPI entered into a License Agreement with Shangri-La International Hotel Management Limited (SLIM-BV) for the use of intellectual property rights over Shangri-La's policies, practices, procedures, and guidelines affecting different aspects of operations of the Shangri-La chain of hotels. The agreement is for 10 years commencing on the opening date, March 1, 2016, renewable for another 10 years at the option of either parties and subject to the approval of the Bureau of Patents, Trademarks and Technology Transfer of the Republic of the Philippines and applicable authorities. In consideration for such access and use, SGCPI pays SLIM-BV license fees and royalties. License fees paid to SLIM-BV is equivalent to $100 per annum while royalties are computed at 3% of the gross operating revenue per annum payable within 30 days of the end of each calendar month.

Further, in 2016, SGCPI entered into a Marketing and Reservations Agreement with SLIM, whereby the related party acting as an independent contractor of SGCPI provides marketing, communication, and reservation services to promote SGCPI. The agreement is for a period of 10 years commencing on the opening date, March 1, 2016, renewable for another 10 years at the option of either parties. Under this agreement, SLIM shall act solely for the account of SGCPI and all expenses incurred shall be borne by SGCPI. As a consideration for such services, SGCPI shall pay SLIM an amount equivalent to certain percentage of gross operating revenue. Other charges include reservation, loyalty program, communication, and other group services fees. Basis of these various charges are stipulated in the Marketing and Reservations Agreement.

(d) The outstanding balance as at December 31, 2021 and 2020 amounting to P1,144,187,554 represents cash advances made by Classic Elite Holdings Limited from the Parent Company for working capital and project development.

(e) Condominium dues charged by TSFSPCC and TECCC to Parent Company, KSA, SPDI and SPRC.

(f) Reimbursement of expenses paid for by SLPC for ESHRI.

(g) Certain other general and administrative expenses are initially paid for by the Group/affiliate and are subsequently reimbursed by the affiliate/Group to whom such payment was intended for.

There were no write-offs or provisions made in relation to related party transactions and balances not eliminated during consolidation as at and for the years ended December 31, 2021 and 2020. The following are the significant transactions and outstanding balances with retirement fund and key management personnel as at and for the years ended December 31:

	2021		2020		
	Transactions	Outstanding receivables (payables)	Transactions	Outstanding receivables (payables)	Terms and conditions
Retirement fund					
Contributions			-	-	Refer to Note 24.
Advances	8,225,271	-	1,333,401	-	Balance pertains to claims from the retirement fund in relation to employee benefits directly paid by the Group.
Key management personnel:					
Salaries and other short-term employee benefits	86,443,736	-	79,387,790	-	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	7,918,421		5,063,313	-	Refer to Note 24.

The following related party transactions and balances were eliminated for the purpose of preparing the consolidated financial statements:

	2021	2020	2019
At December 31			
Trade and other receivables	15,222,871,310	13,221,433,467	12,770,869,974
Accounts payable and other current liabilities	15,222,871,310	13,221,433,467	12,770,869,974
For the years ended December 31			
Rental revenue	79,700,212	89,620,954	244,211,871
Cost of sales and services	4,709,563	4,674,713	4,722,185
Operating expenses	353,498,127	397,888,017	656,566,364
Other income	(47,550,576)	199,948,889	273,682,354
Dividend income	2,188,720,000	2,732,934,200	2,281,532,000

The Parent Company and its subsidiaries are a party to significant agreements with related parties as follows:

(a) A portion of the Parent Company's land where the Shangri-La Plaza Mall is located is being leased to SLPC. The lease is for a period of 25 years from January 6, 1993. On September 19, 2017, the agreement was renewed by both parties to another 5 years until January 6, 2023. Rental revenue is based on a certain percentage of SLPC's annual rental revenue from mall operations and certain percentage of the carpark's net income. Rental revenue of the Parent Company amounted to P68,587,143 in 2021 (2020 - P47,381,177 ; 2019 - P113,770,373).

    On January 16, 2002, SPSI entered into an agreement with the Company and SLPC. Under the agreement, SPSI is granted limited usufructuary rights over the parking spaces of the Company and SLPC for a consideration equivalent to 95% of SPSI's gross revenue less direct and indirect expenses relating to the Company's parking facilities. In 2009, the parties have revised the terms to reduce the consideration to 94%. The agreement is effective until December 31, 2002 and shall be renewed automatically on a yearly basis.

(b) SPRC and SLPC entered into a memorandum of agreement whereby SLPC will operate the mall establishment and constitute it as the East Wing of the Shangri-La Plaza Mall. The lease is for a period of five years from October 1, 2013 and renewable upon mutual agreement by the parties. Rental revenue is based on a certain percentage of SLPC's annual rental revenue from the mall operations.

(c) On January 1, 2009, SPSI entered into an agreement with KSA, whereby SPSI is to manage and operate the parking slots of KSA. The agreement is renewable upon mutual agreement by the parties. The monthly gross parking revenue, less applicable VAT, is shared between KSA and SPSI at 75% and 25%, respectively.

(d)

(e) KSA entered into a management agreement with SPMSI for a monthly fee of P150,000 with 10% annual escalation for a period of five years starting March 2008. The parties agreed mutually on the renewal of the agreement. SPMSI shall provide on-site property leasing management including head office support services and periodic audit to ensure compliance with international practices; perform staff recruitment, training and performance evaluation; and perform financial management, including billing and collection and budget provisioning.

(f) In 2011, SPDI obtained an unsecured, noninterest-bearing loan from SHIL amounting to P2,317,500,000, payable on demand. As at December 31, 2021 and 2020, this loan is still outstanding.

(g) The Parent Company's dividend income from declarations of its subsidiaries are as follows:

	2021	2020	2019
KSA	910,520,000	595,340,000	931,532,000
SLPC	-	225,000,000	725,000,000
SPDI	-	-	70,000,000
NCRI	-	20,000,000	35,000,000
SWWPI	120,000,000	175,000,000	-
KRC	570,000,000	400,000,000	-
SPMSI	16,200,000	15,500,000	13,000,000
SPSI	2,000,000	2,500,000	7,000,000
SPRC	-	-	-
TRDCI	570,000,000	1,299,594,200	500,000,000
	2,188,720,000	2,732,934,200	2,281,532,000

In 2021, TRDCI declared cash dividends amounting to P570,000,000 (2020 -P1,299,594,200; 2019 – P500,000,000) to KRC. The declaration was eliminated under both dividend income in the statement of total comprehensive income and dividends declared under equity in the statement of financial position.

The receivables and payables between related parties, except for those arising from reimbursement of expenses and those that are unsecured and noninterest bearing which are payable on demand, have normal credit terms of 30 to 90 days, but may go beyond as agreed.

Note 28 - Provisions and contingencies

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

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

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

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

On January 10, 2020, the Parent Company, through counsel, received a copy of the Supreme Court decision that resolved both Petitions for Review. On January 24, 2020, the Parent Company filed in the Supreme Court a motion for partial reconsideration of said SC decision, which to this date has not been resolved.

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

Critical accounting estimate - Provision

As at December 31, 2021, the Group recognized provision for a certain tax assessment (Note 15 and 22). The estimate of the probable costs for the resolution has been developed in consultation with outside legal counsel handling the Group's defense in this matter. Disclosure of additional details beyond the present disclosures may seriously prejudice the Company's position. Thus, as allowed by PAS 37 "Provisions, Contingent Liabilities and Contingent Assets", only general disclosures were provided.

Critical accounting judgment - Contingencies

The Parent Company 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 Group's financial position and performance.

Note 29 - Advance rentals

Advance rentals are collected from all tenants depending on the agreed terms stated in the contracts which are usually equivalent to three months' rent and can be applied at the terminal months of the lease. The current portion is included as part of accounts payable and other current liabilities account (Note 15) and the non-current portion is shown separately in the consolidated statements of financial position. Movements in the account for the year ended December 31 are as follows:

	2021	2020
At January 1	401,750,551	383,914,764
Additions	12,992,923	56,566,473
Applications	(167,096,461)	(38,730,686)
At December 31	247,647,013	401,750,551

Advance rentals for the years ended December 31 are as follows:

	Note	2021	2020
Current	15	90,958,156	168,788,961
Non-current		156,688,857	232,961,590
		247,647,013	401,750,551

Note 30 - Financial risk and capital management

30.1 Financial risk management

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

30.1.1 Market risk

(a) Foreign exchange risk

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

The Group's foreign currency denominated cash in banks and cash equivalents as at and net foreign exchange gains for the years ended December 31, 2021 and 2020 are disclosed in Note 3.

(b) Price risk

The Group's exposure to price risk is minimal and limited only to financial assets at fair value through profit or loss (Note 4) and FVOCI (Note 11) presented in the consolidated statements of financial position. Changes in market prices of these financial assets are not expected to have a significant impact on the financial position or results of operations of the Group.

(c) Cash flow and fair value interest rate risk

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing financial instruments include bank loans (Note 16). Loans amounting to P1,190,897,677 as at December 31, 2021 (2020 - P1,196,172,130) have interest rates that are based on the higher between the PHP BVAL rate plus 1.60% per annum and the BSP overnight borrowing rate. A loan amounting to P6,515,000,000 as at December 31, 2021 (2020 - P4,683,333,334) has an interest rate subject to repricing every 30 to 180 days as agreed by the parties.

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

Interest on financial instruments with floating rates is repriced at intervals of less than one year. The other financial instruments of the Group are not subject to interest rate risk. The Group invests excess funds in short-term placements in order to mitigate any increase in interest rate on borrowings.

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 P77,058,977 (2020 - higher by/lower by P58,795,054) mainly as a result of lower/higher interest expense on floating-rate bank loans. Management uses 100 basis points as threshold in assessing the potential impact of interest rate in the operations.

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

30.1.2 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit risk arises from cash deposits with banks, as well as credit exposure to customers and suppliers.

Exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. The Group has no significant concentration on credit risk.

The Group's financial assets are categorized based on the Group's collection experience with the counterparties as follows:

a. Performing - settlements are obtained from counterparty following the terms of the contracts without history of default.
b. Underperforming - some reminder follow-ups are performed to collect accounts from counterparty.
c. Non-performing - evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the counterparty, a breach of contract such as a default or being more than 120 days past due; or it is probable that the borrower will enter bankruptcy or other financial reorganization.

The following tables summarize the credit quality of the Group's financial assets per category and aging analysis of financial assets as at December 31:

	Performing (Level 1)	Under performing (Level 2)	Non-performing (Level 3)	Total
2021				
Current assets				
Cash and cash equivalents	1,361,049,108	-	-	1,361,049,108
Trade and other receivables	4,359,701,169	-	21,040,280	4,380,741,449
Financial assets at fair value through profit or loss	30,815,974	-	-	30,815,974
Refundable deposits	2,187,822	-	-	2,187,822
Non-current assets				
Advances to a joint venture	2,590,096,000	-	-	2,590,096,000
Refundable deposits	158,464,474	-	-	158,464,474
Financial assets at FVOCI	796,968,495	-	-	796,968,495
	9,299,283,042	-	21,040,280	9,320,323,322

	Performing (Level 1)	Under performing (Level 2)	Non-performing (Level 3)	Total
2020				
Current assets				
Cash and cash equivalents	1,542,884,690	-	-	1,542,884,690
Trade and other receivables	4,996,338,314	-	23,020,320	5,019,358,634
Financial assets at fair value through profit or loss	33,626,210	-	-	33,626,210
Refundable deposits	2,187,822	-	-	2,187,822
Non-current assets				
Advances to a joint venture	1,000,000,000	-	-	1,000,000,000
Refundable deposits	137,088,235	-	-	137,088,235
Financial assets at FVOCI	797,568,496	-	-	797,568,496
	8,509,693,767	-	23,020,320	8,532,714,087

There are no collaterals held as security or other credit enhancements attached to the Group's financial assets.

Allowance for impairment of receivables as at December 31, 2021 amounted to P21,040,280 (2020 - P23,020,320). Apart from the financial assets covered by allowance, the remaining financial assets are classified as high performing.

The credit quality of the Group's financial assets is discussed below.

(a) Cash and cash equivalents

Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties to mitigate financial loss through the counterparty's potential failure to make payments.

As at December 31, the Group's cash and cash equivalents are deposited in the following types of financial institutions as approved by the Board of Directors:

	2021	2020
Universal banks	644,523,215	1,345,437,973
Thrift banks	130,525,796	131,661,552
Commercial banks	42,573,701	65,785,165
	817,622,712	1,542,884,690

Cash in banks and cash equivalents as at December 31, 2021 and 2020 are all considered high grade financial assets. The remaining cash in the consolidated statements of financial position pertains to cash on hand which is not exposed to credit risk (Note 3).

(b) Receivables

There is no concentration of credit risk with respect to receivables since the Group has a large number of counterparties involved.

Trade receivables

Sales of residential condominium units that are on installment basis are supported by post-dated checks from the buyers. Titles to properties sold are not released unless full payment is received. In case of leasing operation, tenants are subjected to credit evaluation and are required to put up security deposits and pay advance rentals, if necessary. For the hotel operation, hotel guests who wish to avail of a credit line are subjected to the normal credit investigation and checking. References are required including review of the customer's financial position and earnings. Approval of a credit line is performed by the Financial Controller and the General Manager. A guest may not be given a line, but special ad hoc arrangements are allowed. It usually requires deposits, prepayments or credit card guarantees as collaterals. Existing credit lines are reviewed annually. The balances due from customers are considered as high-grade financial assets.

The Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The loss allowance as at December 31, 2021 and 2020 was determined as follows for trade receivables:

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
December 31, 2021					
Expected loss rate	0%	0%	0%	100%	
Trade receivables	2,545,344,193	-	-	21,040,280	2,566,384,473
Loss allowance	-	-	-	21,040,280	21,040,280
December 31, 2020					
Expected loss rate	0%	0%	0%	100%	
Trade receivables	3,324,982,596	-	-	23,020,320	3,348,002,916
Loss allowance	-	-	-	23,020,320	23,020,320

The Group's receivables classified as current did not have history of loss arising from contract with customers as it is able to repossess the sold property consequent to customer's inability to pay the transaction price. The Group believes that this assessment is adequate and reasonable in view of the credit quality of contract receivables. Accordingly, the expected credit loss on these fully performing contract receivables is deemed insignificant for financial reporting purposes.

Non-trade receivables

The credit exposure on nontrade receivables is considered to be minimal as there is no history of defaults and collections are expected to be made within 30 to 60 days. In respect of balances due from related parties, management considered the credit quality of these receivables to be good based on financial condition of the related parties.

(c) Refundable deposits

Refundable deposits are considered as high performing financial assets. Considering the balance and average term of outstanding lease arrangements, management believes that the impact of discounting is not significant.

30.1.3 Liquidity risk

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

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

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

	0 - 90 days	91 - 180 days	181 - 360 days	Beyond 360 days	Total
At December 31, 2021					
Bank loans	5,440,000,000	941,666,666	228,444,711	1,095,786,300	7,705,897,677
Accounts payable and other current liabilities*	3,165,681,540	-	-	-	3,165,681,540
Deposits from tenants	-	-	845,472,994	193,502,993	1,038,975,987
Installment payable	-	47,883,235	-	-	47,883,235
Dividends payable	-	61,897,055	-	-	61,897,055
Future interest payable	50,108,735	46,392,593	45,167,794	32,740,619	174,409,741
	8,655,790,275	1,097,839,549	1,119,085,499	1,322,029,912	12,194,745,235
At December 31, 2020					
Bank loans	1,810,000,000	1,840,000,000	633,333,333	1,596,172,131	5,879,505,464
Accounts payable and other current liabilities*	3,935,419,915	-	-	-	3,935,419,915
Deposits from tenants	-	-	614,727,181	540,045,750	1,154,772,931
Installment payable	-	142,751,080	-	-	142,751,080
Dividends payable	-	74,031,392	-	-	74,031,392
Future interest payable	41,722,432	36,918,244	56,903,492	119,429,891	254,974,059
	5,787,142,347	2,093,700,716	1,304,964,006	2,255,647,772	11,441,454,841

**excluding advance rentals, contract liabilities, customers' deposits, reservation payable, output VAT, deferred output VAT and payable to government agencies and provision for restructuring*

30.2 Capital management

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

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

The Group monitors capital using a gearing ratio, which is net debt, including long-term loan less cash and cash equivalents, divided by capital. Capital pertains to total equity less non-controlling interest. The gearing ratio as at December 31 is presented below:

	2021	2020
Net debt		
Long-term loan	7,705,897,677	5,879,505,464
Less: cash and cash equivalents	1,376,480,154	1,549,970,914
	6,329,417,523	4,329,534,550
Capital		
Total equity	42,939,023,381	41,674,367,167
Less: Non-controlling interest	5,632,156,914	5,950,341,446
	37,306,866,467	35,724,025,721
Gearing ratio	16.97%	12.12%

The Group was able to meet its capital management objectives.

Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with certain financial covenants. Details of the Group's compliance with these covenants are disclosed in Note 16.

30.3 Fair value measurement

The Group follows the fair value measurement hierarchy to disclose the fair value measurements of its financial instruments. The table below summarizes the fair value measurement hierarchy of the Group's assets and liabilities at December 31:

		Fair value measurement using			
	Note	(Level 1)	(Level 2)	(Level 3)	Total
2021					
Assets measured at fair value					
Financial assets at fair value through profit or loss	4	30,815,974	-	-	30,815,974
Investment properties:	10				
Land		-	10,034,573,023	5,871,373,900	15,905,946,923
Buildings		-	2,455,826,617	17,023,220,100	19,479,046,717
Financial assets at FVOCI:	11				
Quoted		27,350,015	-	-	27,350,015
Unquoted		-	-	769,618,480	769,618,480
Assets for which fair values are disclosed					
Financial asset at amortized cost					
Refundable deposits	14	-	158,464,474	-	158,464,474
Liabilities for which fair values are disclosed					
Installment payable	16	-	47,883,236	-	47,883,236
Deposits from tenants	17	-	1,038,975,987	-	1,038,975,987
2020					
Assets measured at fair value					
Financial assets at fair value through profit or loss	4	33,626,210	-	-	33,626,210
Investment properties:	10				
Land		-	10,034,573,023	5,871,373,900	15,905,946,923
Buildings		-	1,984,706,042	17,023,220,100	19,007,926,142
Financial assets at FVOCI:	11				
Quoted		27,950,000	-	-	27,950,000
Unquoted		-	-	769,618,496	769,618,496
Assets for which fair values are disclosed					
Financial asset at amortized cost					
Refundable deposits	14	-	136,967,397	-	136,967,397
Liabilities for which fair values are disclosed					
Installment payable	16	-	142,751,080	-	142,751,080
Deposits from tenants	17	-	1,154,772,931	-	1,154,772,931

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

There have been no assets and liabilities transferred among Level 1, Level 2 and Level 3 during 2021 and 2020.

The methods and assumptions used to estimate the fair value of each class of financial instrument are disclosed in the referred notes in the table above.

Note 31 - Summary of significant accounting and financial reporting policies

31.1 Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards, as modified by the application of the following financial reporting reliefs for real estate companies issued by the Securities and Exchange Commission in response to the COVID19 pandemic:

- Assessing whether the transaction price includes significant financing component (SFC);
- Impact of implementing IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, *Borrowing Cost.*

The reliefs cover only current-year transactions and events and do not impact the comparative periods. The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by SEC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, investment properties and financial assets at FVOCI.

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

- Determination of fair values of investment properties (Note 10)
- Useful lives of property and equipment (Note 12)
- Determining retirement benefit obligation (Note 24)
- Estimation of percentage-of-completion of the Group's projects (Note 6)
- Recoverability of investment and advances (Note 8)
- Joint control assessment (Note 8)
- Distinction between properties held for sale, investment properties, and property and equipment (Note 10)
- Revenue Recognition (Note 6)
- Estimation of net realizable value of properties held for sale (Note 6)
- Impairment of non-financial assets (Note 12)
- Contingencies (Note 28)
- Classification of leases as operating lease (Note 10)
- Income tax (Note 25)

31.2 Changes in accounting policy and disclosures

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

The Group 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.

(b) Deferral of implementation of amendment to existing standard and interpretations

Deferral of the following provisions of PIC Q&A 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Good (PAS 23, Borrowing Costs) until December 31, 2023

On December 15, 2020, the SEC issued SEC Memorandum Circular No. 34 Series of 2020 to further extend the deferral provided under SEC under Memorandum Circular Nos. 14-2018, 3-2019 and 4-2020 for another period of three (3) years or until December 31, 2023, to afford the industry reasonable time to evaluate the impact thereto or as the SEC will later prescribe. This decision is pursuant to RA 11494, Bayanihan to Recover as One Act which allows the SEC to adopt measures to enable companies to cope with the impact of the Covid-19 pandemic. The Group availed the following reliefs:

i. *Assessing whether the transaction price includes SFC*

   There is SFC in the contracts to sell when there is a mismatch between the POC of real estate projects and schedule of payments. PIC, in its response to the industry dated November 11, 2020, allows the Real Estate Industry to provide support to their specific payments schemes that there is no SFC, if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than providing financing to the buyers.

   In the event of the existence of SFC, interest income would be recognized when the POC is ahead of the customer payments and interest expense would be recognized when the customer payments are ahead of the POC. The Group has initially assessed, however, that the timing difference arising from existing sales contracts does not necessarily result in a significant financing component.

ii. *Impact of implementing IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost*

   In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue will be recognized over time under par. 35(c) of PFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

   Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized as part of properties held for sale related to projects with pre-selling activities should have been expensed out in the period incurred. A restatement would have impact on interest expense and bank charges, cost of sales and services, income tax expense, properties held for sale, deferred income tax liabilities, net and opening balance of retained earnings.

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

A number of new standards, amendments to standards and interpretations to existing standards are effective for annual periods after January 1, 2021 and have not been early adopted nor applied by the Group in preparing these financial statements. None of these standards are expected to have significant effect on the consolidated financial statements of the Group. Those which may be relevant to the Group are set out below:

- Amendments to PAS 1, *Presentation of Financial Statements* and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments to PAS 1 and PFRS Practice Statement 2, effective January 1, 2023, require 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. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

31.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2021 and 2020. The subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies, any difference between subsidiaries and the Parent Company are adjusted properly.

The Group is composed of the subsidiaries listed below:

Nature and name of entity	Ownership % 2021	2020	2019
Property development:			
Shang Properties Realty Corporation (SPRC)	100	100	100
Shang Property Developers, Inc. (SPDI)	100	100	100
The Rise Development Corporation, Inc. (TRDCI)	100	100	100
Shang Wack Wack Properties, Inc. (SWWPI)	100	100	100
SPI Property Holdings, Inc. (SPI-PHI)	100	100	-
SPI Land Development, Inc. (SPI-LDI)	100	100	-
Hotel operation:			
Shang Global City Properties, Inc. (SGCPI)	60	60	60
Leasing:			
SPI Parking Services, Inc. (SPSI)	100	100	100
Shangri-la Plaza Corporation (SLPC)	100	100	100
KSA Realty Corporation (KSA)	70.04	70.04	70.04
SPI Property Developers, Inc. (SPI-PDI)	100	100	-
Real estate:			
Ivory Post Properties, Inc. (IPPI)	100	100	100
KPPI Realty Corporation (KRC)	100	100	100
Martin B Properties, Inc. (MBPI)	100	100	100
New Contour Realty, Inc. (NCRI)	100	100	100
Perfect Sites, Inc. (PSI)	100	100	100
Shang Fort Bonifacio Holdings, Inc. (SFBHI)	100	100	100
Shang Global City Holdings, Inc. (SGCHI)	100	100	100
Sky Leisure Properties, Inc. (SLPI)	100	100	100
Property management:			
KPPI Management Services Corporation (KMSC)	100	100	100
Shang Property Management Services, Inc. (SPMSI)	100	100	100
Other supplementary business:			
Gipsey, Ltd. (Gipsey)	100	100	100
Silver Hero Investments Limited (SHIL)	100	100	100
EPHI Logistics Holdings, Inc. (ELHI)	60	60	60

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

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company do not differ from the proportion of ordinary shares held.

The summarized financial information of subsidiaries with significant non-controlling interest as at and for the years ended December 31, 2021 and 2020 are disclosed in Note 9.

(a) Subsidiaries

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

The Group also assesses the existence of control where it does not have more than 50% of the voting power by virtue of de facto control. De facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group control over the investee.

Whenever the Group obtains control of one or more other entities, it assesses whether the acquired group of net assets constitutes a business. In assessing whether a transaction is an acquisition of a business or assets, the Group identifies the elements in the acquired group, assesses the capability of the acquired group to produce outputs, and assesses the capability of a market participant to produce outputs if missing elements exist. If the assets acquired are not a business, the Group accounts for the transaction or other event as an asset acquisition.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

If the excess of the consideration is transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of the consideration is transferred, and the difference of the non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

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

(d) Associates and joint ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

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

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

When the Group increases its stake in an existing associate and gains control in that investment, the investment becomes a subsidiary. When the entity obtains control of the investment (an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee) that was previously accounted for under equity method, the carrying amount of the investment in associate is derecognized and the assets and liabilities acquired are recognized in the Group's consolidated financial statements at acquisition date.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the ownership interest in an associate or a joint venture is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

The Group determines at each reporting date whether there is any objective evidence that the investment is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investments and its carrying value and recognizes the amount adjacent to 'share in net earnings of associates' in the consolidated statement of total comprehensive income. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 31.12.

Dilution gains and losses arising from investments are recognized in profit or loss. Investment in subsidiaries and associates are derecognized upon disposal. Gains and losses on disposals of these investments are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

31.4 Cash and cash equivalents

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

31.5 Financial instruments

31.5.1 Classification of financial assets

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

31.5.2 Measurement of financial assets

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

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

Debt instruments

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

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

  The Group's financial assets at amortized cost consist of cash and cash equivalents (Note 3), trade and other receivables (Note 5), refundable deposits under prepaid taxes and other current assets (Note 7) and other non-current assets (Note 14) in the consolidated statements of financial position.

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

  The Group does not have debt instruments at FVOCI as at December 31, 2021.

- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented within other income, net, in the period in which it arises.

  The Group does not have debt instruments at FVTPL as at December 31, 2021.

Equity instruments

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

The Group's financial assets measured at FVOCI represent unquoted shares of stock of related parties and quoted investments in various golf club shares and stocks. These are separately shown in the consolidated statements of financial position (Note 11).

Dividends are recognized when the Group's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognized in profit and loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in other comprehensive income. Changes in fair value are recognized in other comprehensive income and are never recycled to profit and loss, even if the asset is sold or impaired.

31.5.3 Impairment

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

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

The expected loss rates are based on the payment profiles of counterparties over a period of 36 months before January 1, 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has assessed that the impact of forward-looking information on the loss rates applied is immaterial.

Impairment losses on receivables are presented in other general and administrative expenses consolidated statement of total comprehensive income. Subsequent recoveries are credited to other income.

31.5.4 Classification and measurement of financial liabilities

Financial liabilities are classified in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value); and financial liabilities at amortized cost. The Group did not measure its financial liabilities at fair value through profit or loss as at December 31, 2021.

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost.

The Group's accounts payable and other current liabilities (excluding advanced rental, contract liabilities, customers' deposits, reservation payable, output VAT, deferred output VAT and payable to government agencies) (Note 15), installment payable (Note 16), deposits from tenants (Note 17), dividends payable (Note 19), accrued employee benefits (excluding retirement benefits) (Note 24) and bank loans (Note 16) are classified under financial liabilities at amortized cost.

31.5.5 Initial recognition

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

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

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

31.5.6 Day 1 difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in the profit or loss unless it qualifies for recognition as some other type of asset. In cases where the data used are not observable, the difference between the transaction price and model value is only recognized in the profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the Day 1 difference.

31.5.7 Derecognition

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

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

31.5.8 Offsetting of financial instruments

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

31.6 Trade and other receivables

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

The Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized within operating expenses in the consolidated statement of total comprehensive income. When a receivable remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written-off are credited against other general and administrative expenses in the consolidated statement of total comprehensive income.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before January 1, 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Refer to Note 31.5 for other relevant accounting policies on trade and other receivables.

31.7 Properties held for sale

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

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

Cost of construction in progress represents the accumulated costs for the construction and development of the ongoing projects. It includes those that are directly attributable to the construction of the projects such as cost of land, direct materials, borrowing costs, professional and consultancy fees, and project management costs.

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

31.8 Prepaid taxes and other assets

Input VAT, which represents taxes arising from purchases of goods and services, are carried at face amount or at nominal amount less allowance for impairment loss. This is derecognized when applied against output tax, when written off or when actual refund is received. When input VAT is derecognized, its cost and accumulated impairment losses, if any, are eliminated from the account.

Creditable withholding taxes are carried at face amount or at nominal amount. Creditable withholding taxes are included in current assets, except when these are expected to be utilized more than twelve months after the end of the reporting period, in which case these are classified as non-current assets. Creditable withholding taxes are derecognized when utilized or applied against income tax due.

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

Other current assets include assets that are realized as part of the normal operating cycle and are expected to be realized within 12 months after the reporting period.

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

31.9 Investment properties

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

The Group's investment property, principally comprising of properties in Mandaluyong and Makati City are held for capital appreciation and is not occupied by the Group. The Group has adopted the fair value model for its investment properties (Note 10).

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

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

Changes in fair values are recognized in the consolidated statement of total comprehensive income under gain on fair value adjustment of investment properties.

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

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment (Note 31.10), and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

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

Impairment of investment properties is discussed in Note 31.12.

31.10 Property and equipment

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

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

Land rights are not depreciated. Depreciation and amortization of property and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (in years), as follows:

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 31.12).

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

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

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

31.11 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any NCI in the acquired company and the acquisition-date fair value of any previously-held interest in the acquired company over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the entity sold.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

31.12 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that have definite useful lives are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use requires the Group to make estimates of future cash flows to be derived from the particular asset, and to discount them using a pre-tax market rate that reflect current assessments of the time value of money and the risks specific to the asset. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable CGUs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but the increase should not exceed the carrying amount that would have been determined had not the impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized as income immediately.

31.13 Accounts payable and other current liabilities

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

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

Relevant accounting policies for classification, recognition, measurement and derecognition of accounts payable and other current liabilities and financial liabilities at amortized cost are presented in Note 31.5.

31.14 Deposits from tenants

Deposits from tenants are carried at the present value of future cash flows using appropriate discount rates. The difference between the present value and the actual deposit received is treated as additional rental incentive which is recorded under "deferred lease income" in the consolidated statement of financial position and are recognized as rental income using the straight-line method over the term of the lease.

31.15 Borrowings and borrowing costs

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non- cash assets transferred or liabilities assumed, is recognised within interest expense and bank charges in the consolidated statement of total comprehensive income.

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

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized and charged to profit or loss in the year in which they are incurred. The Group decided to avail relief issued by the SEC per Memorandum Circular No. 4-2020. The SEC provided for the relief to the real estate industry by deferring the implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) until December 31, 2023 (Note 31.2).

31.16 Fair value measurement

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

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

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

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

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

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

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

31.17 Current and deferred income tax

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

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

In the sale of condominium units resulting in recognition of installments contracts receivable, full recognition for income tax purposes is applied when more than 25% of the selling price has been collected in the year of sale. Otherwise, the installment method is applied.

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

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

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

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

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

31.18 Provisions

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

Provisions are derecognized when the obligation is paid, cancelled or has expired.

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

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

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

31.19 Equity

(a) Share capital

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

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

(b) Treasury shares

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

(c) Retained earnings

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

(d) Dividend distribution

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

31.20 Earnings per share

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

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

31.21 Employee benefits

(a) Retirement benefits

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

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

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

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

(b) Termination benefits

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

(c) Short-term employee benefits

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

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

31.22 Income and expense recognition

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or as an agent. The Group has concluded that it is acting as the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has inventory risk and pricing latitude.

The following specific recognition criteria must be met before revenue and expenses are recognized;

Revenue

(a) Revenue from condominium sales

The Group develops and sells condominium units. Under a contract to sell a condominium unit, the object is the property itself, which is the normal output of a real estate business. In addition, this contract contains information such as the contracting parties' rights and payment terms, which are essential elements for a valid revenue contract. The Group assesses that contract must be signed by the contracting parties to make it enforceable prior to revenue recognition. Also, the developer assesses the commercial substance of the contract and the probability that it will collect the consideration. Collectability of the contract price is demonstrated by the buyer's commitment to pay, which is supported by the buyer's initial and continuous investments that motivates the buyer to honor its obligation.

Contracts to sell condominium units are written on a lump sum payment basis or installment basis which include 10-20% reservation, down payments with installment terms ranging from 1-5 years.

The Group satisfies its performance obligation as it develops the property. In accordance with PFRS 15 and Philippine Interpretations Committee (PIC) 2016-04, the Group considers that the Group's performance does not create the asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date. Therefore, revenue is recognized over time, i.e. as the related obligations are fulfilled, measured principally using the output method on the basis of the estimated completion of a physical proportion of the contract work. Land and materials delivered on site, such as steels, rebars and elevators, which are yet to be installed/attached to the main structure, are excluded from the percentage-of-completion.

Revenue is measured at the transaction price agreed under the contract, except for contracts where the timing difference between the construction period and payment by the customer exceeds one year. In such contracts, the Group assessed that it is necessary to adjust the transaction price for the effects of a significant financing component as required by PIC Q&A 2018-12, but the Group decided not to adjust the transaction price and availed the relief issued by the SEC per Memorandum Circular No. 34-2020 dated December 15, 2020. The SEC provided relief to the real estate industry by deferring the application of the provisions of PIC Q&A 2018-12 for a period of three (3) years until January 1, 2024 or completed projects, revenue from condominium sales are recognized in full (ie. point in time) once the Group assessed that the contract meets all criteria for revenue recognition.

Under the sales contract, customers are required to pay the transaction price (in the form of progress billings) over a certain period of time. Any excess (deficit) of collections over the recognized revenue are recognized as contract liabilities under accounts payable and other current liabilities (installment contracts receivable under Trade and other receivables, net) as shown in the consolidated statement of financial position.

Payments received from potential buyer to provide exclusive rights to buy a specific condominium unit under certain conditions and up to specified period are treated initially as a liability and are recognized as part of "customers' deposits" under accounts payable and other liabilities. These deposits are applied as payment of the transaction price as soon as the revenue recognition criteria are met.

Cost of condominium sales include upfront costs such as land costs and connection fees, which are accounted for as fulfillment costs, and development costs which contribute to the construction progress of the development project. Fulfillment costs are recognized as contract assets arising from fulfillment costs to the extent that such costs give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered. These costs are included in properties held for sale in the consolidated statement of financial position. Such contract assets are amortized as cost of condominium sales consistent with the revenue recognition method applied, subject to impairment up to the extent that the carrying amount of the asset exceeds (a) the remaining amount of consideration that the Group expects to receive; less (b) direct costs that have not been recognized as expenses. Development costs are recognized as expense as the work to which they relate is performed.

Incremental costs of obtaining a contract to sell condominium units include commissions paid to sales or marketing agents. Fixed monthly living allowance, transportation allowance provided to real estate agents and commissions paid prior to signing of contracts to sell are expensed outright. Commissions paid after signing of contracts are recognized as contract assets arising from costs to obtain a contract presented as 'prepaid commission' under prepaid expenses and other current assets in the consolidated statement of financial position. These are amortized as cost of condominium sales consistent with the revenue recognition method applied.

The cost of inventory recognized in profit or loss on disposal (cost of condominium sales) is determined with reference to the specific and allocated costs incurred on the sold property taking into account the POC. The cost of condominium sales also includes the estimated development costs to complete the condominium, as determined by the Group's in-house technical staff, and taking into account the POC. The accrued development costs account is presented under "accounts payable and other current liabilities" in the consolidated statement of financial position.

Estimated loss on unsold units is recognized in profit or loss immediately when it is probable that total project costs will exceed total contract revenue.

Condominium units arising from cancellation of contracts to sell are initially measured by the Group based on its original carrying amount at the time it was sold.

(b) Rental

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

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

(c) Hotel operations

Hotel revenue from room rentals, food and beverage sales, and other ancillary services are recognized when the services are rendered. Revenue from other ancillary services include, among others, business center and car rental, laundry service, telephone service and health club services. The services rendered are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, that is over the stay within the hotel, at a point in time for other goods or services, when they have been delivered or rendered.

Costs of hotel operations are expensed as incurred. These include expenses incurred for the generation of revenue from food and beverage sales, room rentals, and other ancillary services.

(d) Interest income and expense

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

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

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

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

(e) Dividend income

Dividend income is recognized when the Group's right to receive payment is established, which is generally when the Board of the investee company approved the dividend.

(f) Other income

Administration and management services, customer lounge fees, banner income, income from cinema operations and other service income are recognized when the related services have been rendered. Revenues from auxiliary services such as handling, sale of scrap materials, import break bulk and brokerage are recognized when services are provided or when goods are delivered. Money received or amounts billed in advance for rendering of services or delivery of goods are recorded as unearned income until the earning process is complete.

(g) Cost and expenses

Cost and expenses are recognized when these are incurred.

CUSA charges to mall tenants are presented as a reduction to costs and expenses in the consolidated statement of total comprehensive income.

31.23 Leases

(a) Group is the lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease or based on a certain percentage of gross revenue of the lessees, whichever is applicable. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Assets under these arrangements are classified as investment property in the consolidated statement of financial position (Note 31.9).

(b) Group is the lessee

The Group has adopted PFRS 16, *Leases* using the modified retrospective approach from January 1, 2019, as permitted under the specific transition provisions in the standard (Note 31.2).

Aside from exemptions in the standard for short-term and low-value leases which are recognized as operating leases under the provisions of PAS 17, lease payments are discounted using the interest rate implicit in the lease. Payments for leases of properties and office equipment are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

31.24 Foreign currency transactions and translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

On consolidation, the assets and liabilities of Gipsey and SHIL, foreign subsidiaries with functional and presentation currency of Hong Kong dollar, are translated into Philippine Peso at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other components of equity. On disposal of a foreign subsidiary, the component of other components of equity relating to that particular foreign subsidiary is recognized in profit or loss.

31.25 Related party relationships and transactions

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

31.26 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. These operating segments are the basis upon which the Group reports its segment information presented in Note 2 to the consolidated financial statements.

The accounting policies used to recognize and measure the segment's assets, liabilities and profit or loss is consistent with those of the consolidated financial statements.

31.27 Contingencies

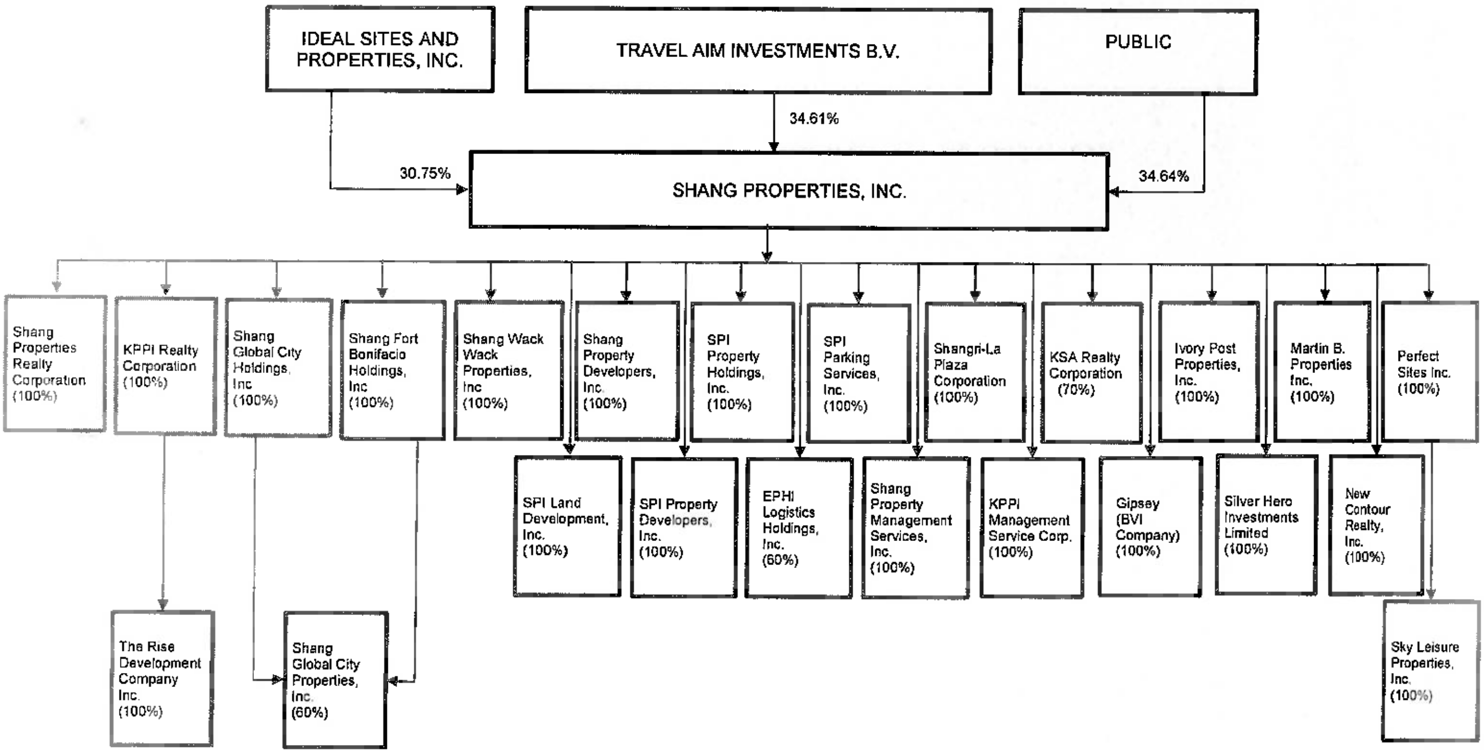
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of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

31.28 Events after the reporting period

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

Shang Properties, Inc. and Subsidiaries

Map of the Group of Companies within which the Reporting Entity Belongs
As at December 31, 2021



Shang Properties, Inc. and Subsidiaries

Financial Soundness Indicators
As at December 31, 2021, 2020 and 2019

Ratio	Formula		2021	2020	2019
A. Current and Liquidity Ratios					
1. Current ratio	Total current assets	11,400,455,364	0.92	1.06	1.11
	Divided by: Total current liabilities	12,412,905,457			
	Current ratio	0.92			
2. Acid test ratio	Total current assets	11,400,455,364	0.76	0.91	0.99
	Less: Prepaid taxes and other current assets	1,947,431,627			
	Quick assets	9,453,023,737			
	Divided by: Total current liabilities	12,412,905,457			
	Acid test ratio	0.76			
B. Solvency ratio	Net income	2,190,276,144	0.15	0.12	0.21
	Add: Depreciation*	995,276,557			
	Net income before depreciation	3,185,552,701			
	Divided by: Total liabilities	20,837,748,694			
	Solvency ratio	0.15			
C Debt to equity ratio	Total liabilities	20,837,748,694	0.49	0.52	0.54
	Divided by: Total equity	42,939,023,294			
	Debt to equity ratio	0.49			
D. Asset to equity ratio	Total assets	63,776,771,988	1.49	1.52	1.54
	Divided by: Total equity	42,939,023,294			
	Asset to equity ratio	1.49			
E. Debt ratio	Total liabilities	20,837,748,694	0.33	0.34	0.35
	Divided by: Total assets	63,776,771,988			
	Debt ratio	0.33			

Ratio	Formula		2021	2020	2019
F. Profitability ratios					
1. Return on assets (%)	Net income	2,190,276,144	3.43%	2.25	5.40
	Divided by: Total assets	63,776,771,988			
	Return on assets (%)	3.43%			
2. Return on equity (%)	Net income	2,190,276,144	5.10	3.41	8.29
	Divided by: Total equity	42,939,023,294			
	Return on equity (%)	5.10%			
3. Net profit margin	Net income	2,190,276,144	47.89	22.85	30.12
	Divided by: Total revenues	4,573,925,274			
	Net profit margin (%)	47.89%			
G. Earnings per share (EPS) attributable to equity holders of Parent	Net income after minority interest	2,124,062,600	0.45	0.31	0.64
	Divided by: Total shares outstanding	4,761,918,337			
	EPS attributable to equity holders of Parent	0.45			
H. Book value per share (BPS) attributable to equity holders of Parent	Total equity after minority interest	37,306,866,381	7.83	7.50	7.35
	Divided by: Total shares outstanding	4,761,918,337			
	BPS attributable to equity holders of Parent	7.83			

Shang Properties, Inc. and Subsidiaries

Schedule A - Financial Assets
As at December 31, 2021
(All amounts in Philippine Peso)

Description of each issue	Number of shares	Amount shown in the Consolidated Statement of Financial Position	Value based on market quotations at statement date	Income (loss) received and accrued
Cash and cash equivalents*		1,376,480,154	1,376,480,154	2,986,117
Trade and other receivables**		4,380,741,449	4,380,741,449	111,642,591
Financial assets at fair value through profit or loss***		30,815,974	30,815,974	(2,810,236)
Refundable deposits****		160,652,296	160,652,296	-
Financial assets at fair value through other comprehensive income*****				
Quoted shares	8	27,350,015	27,350,015	-
Unquoted shares	298,516	769,618,480	769,618,480	(600,000)
		796,968,495	796,968,495	(600,000)
		6,745,658,368	6,745,658,368	111,218,472

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

Shang Properties, Inc. and Subsidiaries

Schedule B - Amounts Receivable from Directors, Officers,
Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As at December 31, 2021
(All amounts in Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Deduction: Amount collected	Deduction: Amount written-off	Current	Non-current	Balance at end of period
Classic Elite Holdings Inc.	1,144,187,554	-	-	-	-	1,144,187,554	1,144,187,554
One Shangri-la Place Condominium Corp.	54,347,150	13,327,689	(14,229,330)		8,545,237	44,900,272	53,445,509
Shang Salcedo Place Condominium Corp.	57,050,054	10,843,077	(1,235,069)	-	50,374,939	16,283,123	66,658,062
EDSA Shangri-la Hotel & Resorts, Inc.	8,992,412	16,461,917	(7,003,949)	-	5,873,602	12,576,778	18,450,380
Makati Shangri-la Hotel	8,605,055	10,465,607	(6,776,611)		4,066,471	8,227,580	12,294,051
The St. Francis Shangri-la Place Condominium Corp.	33,007,237	15,646,411	(9,966,193)	-	11,370,887	27,316,568	38,687,455
The Shang Grand Tower Condominium Corp.	22,922,530	7,999,761	(9,594,139)		3,986,347	17,341,805	21,328,152
Ideal Sites Property, Inc.	5,706,273	1,307,075	-	-	1,307,075	5,706,273	7,013,348
Mactan Shangri-la Hotel	377,138	27,328,350	(41,447)	-	27,286,902	377,139	27,664,041
The Enterprise Centre Condominium Corp.	9,069,086	34,603,591	(28,109,892)	-	14,765,717	797,068	15,562,785
Shang Robinsons Properties, Inc.	187,016,373	108,584,047	(97,583,140)		110,518,056	87,499,224	198,017,280
Others	72,958,112	122,589,575	(48,695,523)	-	88,964,996	57,887,168	146,852,164
	1,604,238,974	369,157,100	(223,235,293)	-	327,060,229	1,423,100,552	1,750,160,781

See Notes 5 and 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule C - Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements
As at December 31, 2021
(All amounts in Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Shangri-la Plaza Corp.	28,404,087	15,399,150	(3,463,012)	-	1,593,332	38,746,893	40,340,225
Shang Property Management Services, Inc.	26,382,122	44,102,208	(27,597,125)	-	32,749,969	10,137,236	42,887,205
Shang Properties Realty Corporation	215,505,872	128,081,752	(164,414,658)	-	102,194,991	76,977,975	179,172,966
SPI Parking Services, Inc.	75,543	(4,400)	-	-	-	71,143	71,143
KPPI Management Services Corporation	-	-	-	-	-	-	-
Shang Global City Holdings, Inc.	-	-	-	-	-	-	-
Shang Fort Bonifacio Holdings, Inc.	-	-	-	-	-	-	-
KSA Realty Corporation	2,244,532	16,952,352	(18,170,186)	-	917,198	109,500	1,026,698
Shang Property Developers, Inc.	2,395,439,727	1,519,193	(28,926,016)	-	2,368,032,904	-	2,368,032,904
Silver Hero from SPDI	2,317,500,000	-	-	-	-	2,317,500,000	2,317,500,000
The Rise Development Company, Inc.	76,872,250	181,428,211	(34,048,510)	226,740	181,127,027	43,351,664	224,478,691
New Contour Realty Inc.	4,020,759	2,603	-	-	2,604	4,020,758	4,023,362
Shang Global City Properties, Inc.	783,230	1,652,534	(1,506,161)	-	929,603	-	929,603
Shang Wack Wack Properties, Inc.	2,992,050	51,704,387	-	-	51,704,450	2,991,987	54,696,437
Perfect Sites Inc.	105,008,696	11,100,000	-	-	11,100,000	105,008,696	116,108,696
KPPI Realty Corporation	50,003,612	-	(50,000,000)	-	-	3,612	3,612
Others	7,996,200,987	2,211,324,689	(333,925,909)	-	1,977,030,612	7,896,569,155	9,873,599,767
Total	13,221,433,467	2,663,262,679	(662,051,577)	226,740	4,727,382,690	10,495,488,619	15,222,871,309

See Note 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule D - Long-Term Debt
As at December 31, 2021
(All amounts in Philippine Peso)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related Statement of Financial Position	Amount shown under caption "Long-term debt" in related Statement of Financial Position
10-year loan with fixed interest rate of 4.00% per annum	400,000,000	400,000,000	-
10-year loan with interest based on the higher between the PHP BVAL rate plus spread of 0.75% per annum and the Bangko Sentral ng Pilipinas (BSP) overnight borrowing rate minus spread of 0.95% per annum	1,190,897,677	95,111,377	1,095,786,300
12-month loan with fixed interest rate of 3.00% per annum	1,100,000,000	1,100,000,000	-
9-month loan with fixed interest rate of 4.25% per annum	480,000,000	480,000,000	-
6-month loan with fixed interest rate of 6.00% per annum	1,100,000,000	1,100,000,000	-
6-month loan with fixed interest rate of 4.25% per annum	645,000,000	645,000,000	-
6-month loan with fixed interest rate of 3.00% per annum	580,000,000	580,000,000	-
6-month loan with fixed interest rate of 2.50% per annum	210,000,000	210,000,000	-
3-month loan with fixed interest rate of 4.50% per annum	200,000,000	200,000,000	-
3-month loan with fixed interest rate of 4.15% per annum	500,000,000	500,000,000	-
3-month loan with fixed interest rate of 3.75% per annum	200,000,000	200,000,000	-
3-month loan with fixed interest rate of 3.70% per annum	400,000,000	400,000,000	-
3-month loan with fixed interest rate of 2.50% per annum	700,000,000	700,000,000	-
	7,705,897,677	6,610,111,377	1,095,786,300

Shang Properties, Inc. and Subsidiaries

Schedule E - Indebtedness to Related Parties
As at December 31, 2021
(All amounts in Philippine Peso)

Name of related party	Balance at beginning of period	Balance at end of period
Shangri-La International Hotel Management Limited	80,774,467	34,820,808
St. Francis Shangri-La Place Condominium Corporation	316,967	316,967
The Enterprise Center Condominium Corporation	8,659,116	12,807,215
Others	82,806,117	77,693,756
	172,556,667	125,638,746

See Notes 15 and 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule F - Guarantees of Securities of Other Issuers
As at December 31, 2021
(All amounts in Philippine Peso)

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

Shang Properties, Inc. and Subsidiaries

Schedule G - Share Capital
As at December 31, 2021
(All amounts in Philippine Peso)

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

See Note 18 to the Consolidated Financial Statements.

Shang Properties, Inc.

Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2021
(All amounts in Philippine Peso)

Unappropriated Retained Earnings beginning		18,048,427,320
Fair value adjustment of investment properties in prior years, net of tax		(8,855,929,698)
Unappropriated Retained Earnings, as adjusted, beginning		9,192,497,622
Net income based on the face of audited financial statements	2,401,230,715	
Less: Non-actual/unrealized income net of tax	-	
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustment	(512,453)	
Fair value adjustment of investment property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP – gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted under the PFRS	-	
Add: Non-actual losses	-	
Depreciation on revaluation increment (after tax)	-	
Fair value adjustment	-	
Adjustment due to deviation from PFRS/GAAP – loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net income actually earned during the period	2,400,718,262	2,400,718,262
Add (Less):		
Realized remeasurement loss during the year		-
Dividends declarations during the year		(590,477,874)
Appropriations of retained earnings		-
Reversal of appropriateness		-
Other reserves from restatement due to PAS19 Revised		-
Treasury shares		(6,850,064)
TOTAL RETAINED EARNINGS ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY, END AVAILABLE FOR DIVIDEND		10,995,887,946

Michaela Mensalvas

From:	eafs@bir.gov.ph
Sent:	Monday, May 16, 2022 10:17 AM
To:	Elsie Cagalingan
Cc:	Michaela Mensalvas
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Hi SHANG PROPERTIES INC.,

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Transaction Code: **AFS-0-P2X1TVN30HDK9889N13RS2RR06HED9KKJ**
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SHANG PROPERTIES

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **SHANG PROPERTIES INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 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 MAY 12 2022 20__ affiant exhibiting to me his/her ___ as competent evidence of identity.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-21 UNTIL DECEMBER 31, 2022
IBP LIFETIME NO. [illegible] 12-26-12; RIZAL
[illegible] 53970
PTR NO. [illegible] 22; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
U603 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

Doc. No. 343;
Page No. 70;
Book No. 14;
Series of 2022

SHANG PROPERTIES

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-Controllership

Signed this 24th day of March, 2022

Level 5, Shangri-La Plaza, EDSA corner Shaw Boulevard, Mandaluyong City, Metro Manila, Philippines 1550
T: (632) 635-8300 F: (632) 635-8333 www.shangproperties.com

SECRETARY'S CERTIFICATE

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

JOVEN G. SEVILLANO
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

SecCerts: SPI-AFS [032422]
/belle 051122

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Shang Properties, Inc.

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

pwc

Isla Lipana & Co.

pwc

Isla Lipana & Co.

Independent Auditor's Report

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

Report on the Audits of the 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.

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.

- 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.

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Isla Lipana & Co.

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

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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
ASSETS			
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
LIABILITIES AND EQUITY			
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	25,898,295,619

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.

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:

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

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

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

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

(7)

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
Summarized statements of financial position		
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

	2021	2020
Summarized statements of comprehensive income		
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:

	2021		
Fair value of hierarchy	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

	2020		
Fair value of hierarchy	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	-
		987,148,729	881,760,923
Expired		(157,555,295)	(146,790,411)
Total		829,593,434	734,970,512
Unrecognized DTA at 25% (2020 - 30%)		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	
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	
Administrative recharges to the Company	8,915,092	(9,427,716)	174,792	(512,624)	Balances are to be settled in cash and are generally due within 30 days. These balances are non-interest bearing and not covered by any guarantee.
Condominium dues (e)	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:

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

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

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

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

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

Control No.:
Form Type: PHFS1

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

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

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

Table 1. Balance Sheet

FINANCIAL DATA	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.

Control No.:
Form Type: PHFS1

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

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

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	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		

Control No.:
Form Type: PHFS1

SPECIAL FORM FOR CONSOLIDATED FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC.
CURRENT ADDRESS: 5TH FLOOR SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 370-2700 **FAX NO.:** 370-2699
COMPANY TYPE : DEVELOPER **PSIC:** 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	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 valur 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	907,101
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		

Control No.:
Form Type: PHFS1

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES
NAME OF CORPORATION: SHANG PROPERTIES INC.
CURRENT ADDRESS: 5TH FLOOR SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 370-2700 FAX NO.: 370-2699
COMPANY TYPE : DEVELOPER PSIC: 7012
If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA		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**

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)
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 theMeasurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)			
J.1			
J.2			
K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST			
L PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**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			

Control No.:
Form Type: PHFS1

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC.
CURRENT ADDRESS: LEVEL 5 SHANGRI-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 370-2700 FAX NO.: 370-2699
COMPANY TYPE : DEVELOPER PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Cash Flow Statements

FINANCIAL DATA	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.*

Control No.:
Form Type: PHFS1

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SHANG PROPERTIES INC.
CURRENT ADDRESS: 5TH LEVEL SHANGR-LA PLAZA MALL, MANDALUYONG CITY
TEL. NO.: 370-2700 FAX NO.: 370-2699
COMPANY TYPE : DEVELOPER PSIC: 7012

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

FINANCIAL DATA	Capital Stock	Additional Paid-in Capital	Treasury Shares	Cummulative Changes in Fair Value	Retained Earnings	TOTAL
	(Amount in P'000)					
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

SHANG
PROPERTIES

ANNUAL SUSTAINABILITY REPORT 2021

EMBRACING THE NEW NORMAL

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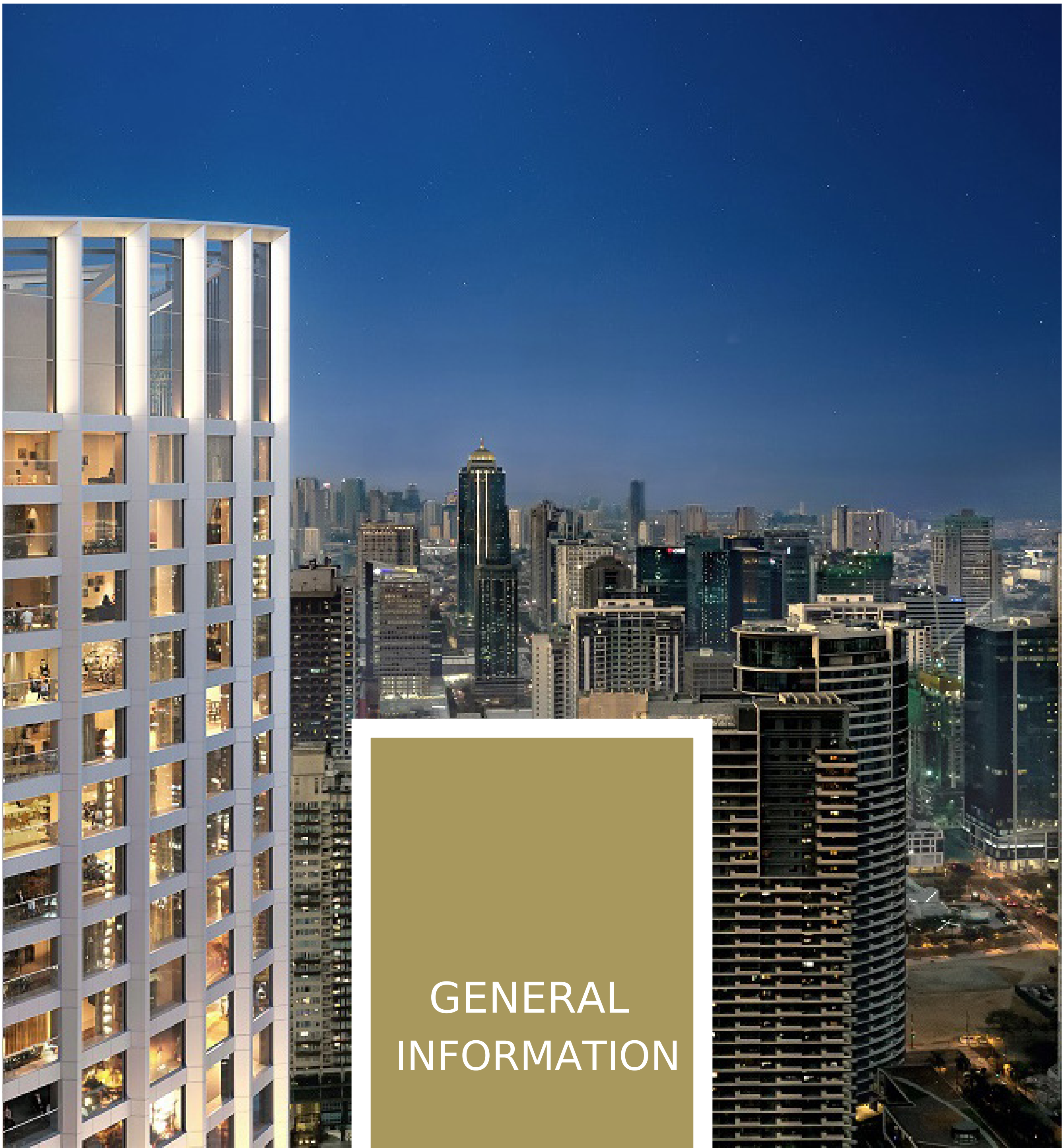


GENERAL INFORMATION

Contextual Information

COMPANY DETAILS	
Name of Organization:	Shang Properties, Inc. (SPI)
Location of Headquarters:	Administration Office Shangri – La Plaza EDSA corner Shaw Boulevard, Mandaluyong City
Report Boundary: *Legal Entities (e.g. Subsidiaries) included in this Report*	This annual sustainability performance report covers the holding company, Shang Properties, Inc. (SPI) and the following subsidiaries / affiliates: **SHANGRI – LA PLAZA CORPORATION (SLPC)** SLPC manages the Philippines' most established premier upscale shopping and lifestyle destination, Shangri – La Plaza Mall. **KSA REALTY CORPORATION (KSA)** KSA Realty Corporation is the majority owner of The Enterprise Center, an Information Technology (IT) building registered with the Philippine Economic Zone Authority (PEZA) that offers tax incentives to tenants. **SPI PARKING SERVICES, INC. (SPSI)** SPSI, formerly EDSA Parking Services, Inc., provides top of the line parking management services. **SHANG PROPERTIES REALTY CORPORATION (SPRC)** SPRC, formerly The Shang Grand Tower Corporation, is the developer of the following upscale projects: The Shang Grand Tower, which is built along Dela Rosa Street, Legaspi Village, Makati City, as well as St. Francis Shangri – La Place and One Shangri – La Place, which are both located at the Shangri – La Place in Ortigas, Central Business District at the corner of Shaw Boulevard, Internal Drive and EDSA in Mandaluyong City. **SHANG PROPERTY DEVELOPERS, INC. (SPDI)** SPDI is the developer of the upscale Makati development, Shang Salcedo Place located at Sen. Gil Puyat Avenue Corner Tordesillas Street, Salcedo Viillage, Makati City. **THE RISE DEVELOPMENT COMPANY, INC. (TRDCI)** TRDCI is a joint venture with VDCI and the developer of The Rise Makati, a mixed – use condominium project located at Malugay Street, San Antonio Village, Makati City **SHANG WACK WACK PROPERTIES, INC. (SWWPI)** SWWPI is a realty development company and the developer of Shang Residences Wack Wack located strategically close to the renown Wack Wack Golf and Country Club in Greenhills, Mandaluyong City

COMPANY DETAILS

SHANG GLOBAL CITY PROPERTIES, INC. (SGCPI)
SGCPI is the owner, developer, and operator of Shangri – La at the Fort, the country's premier and leading luxury hotel located at 3rd Avenue Corner 30th Street, Fort Bonifacio Global City, Taguig City and Horizon Homes at the Fort, the most luxurious condominium development project in the country situated at the top levels of the Shangri – La at the Fort hotel building.

SHANG PROPERTY MANAGEMENT SERVICES, INC. (SPMSI)
SPMSI, formerly EPHI Project Management Services Corporation, provides top of the line property management services.

SHANG ROBINSONS PROPERTIES, INC. (SRPI)
SRPI is a joint venture between Shang Properties, Inc. (SPI) and Robinsons Land Corporation (RLC) and the developer of the ultra – upscale and posh Aurelia Residences located at Mc Kinley Parkway Corner Fifth Avenue and 21st Drive, Fort Bonifacio Global City, Taguig City, as well as an upcoming posh condominium project located at Bridgetowne Estate, Pasig City.

Business Model, including Primary Activities, Brands, Products, and Services:	Shang Properties, Inc. (SPI) is engaged in property investment and development (residential development and condominium sales), real estate management, office and retail leasing, and mall, carpark, and hotel operations.
Reporting Period:	01 January 2021 – 31 December 2021
Highest Ranking Person Responsible for this Report:	**ATTY. ELMER G. PEDREGOSA** Compliance Officer / Deputy General Counsel

Materiality Process

Shang Properties, Inc. (SPI) has compiled its 2021 sustainability performance report in compliance with the Philippines Securities and Exchange Commission (SEC) Memorandum Circular No. 4, Series of 2019 and has referenced the GRI standards as applicable. The framework that SPI follows for materiality assessment has been consistent across the last three (3) years and continues to remain the same - providing the basis for priorities.

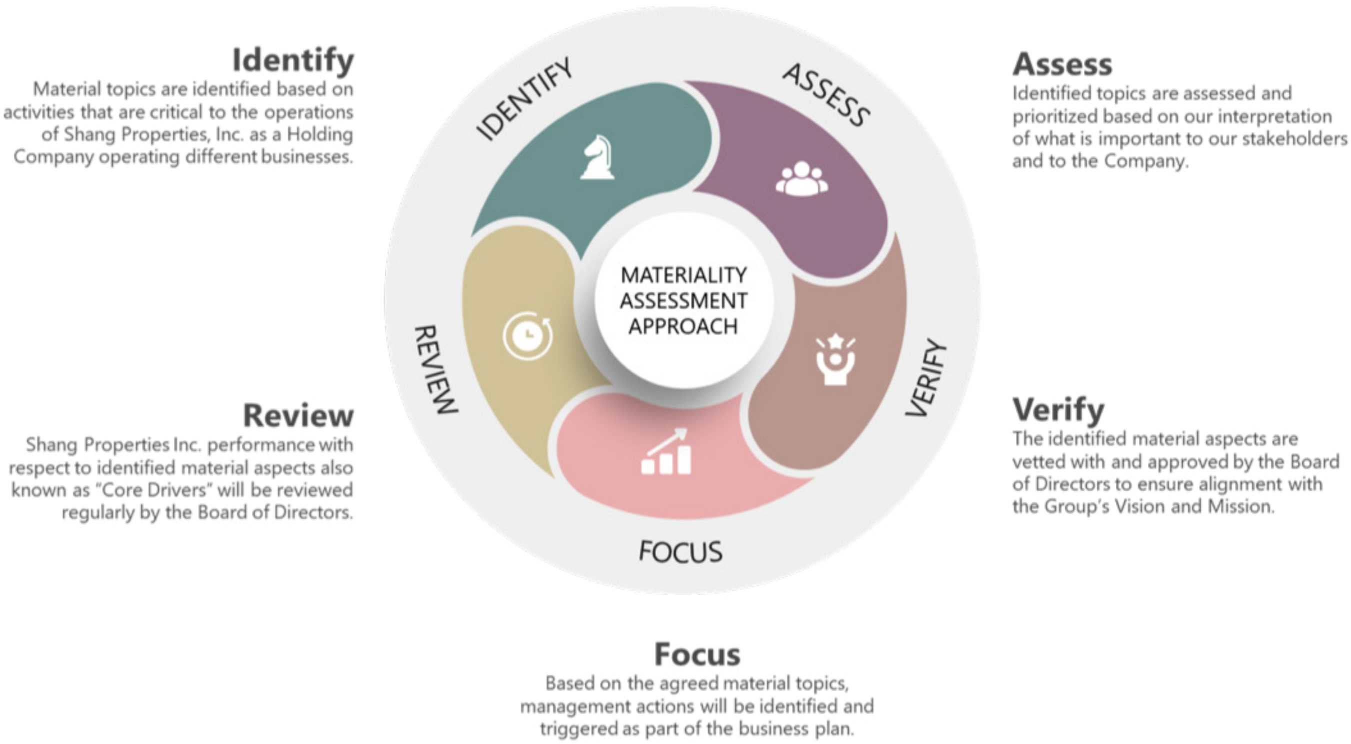


Figure 1 Materiality Assessment Approach

Sustainability Framework

Staying consistent with the materiality approach, the core drivers that form the Company's sustainability framework is reflected below. Employee Welfare and Responsible Business areas have come to the fore as evident in the reporting, keeping up with the current times of getting past the COVID-19 pandemic.

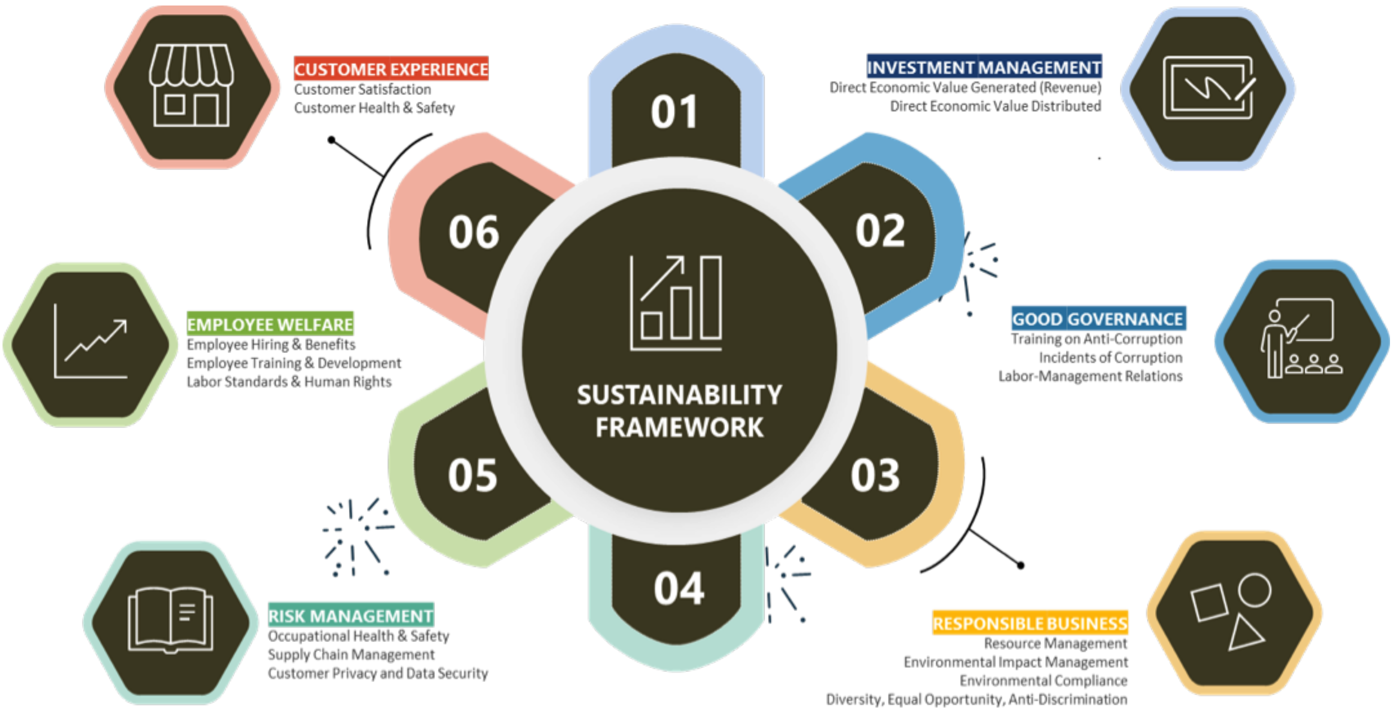
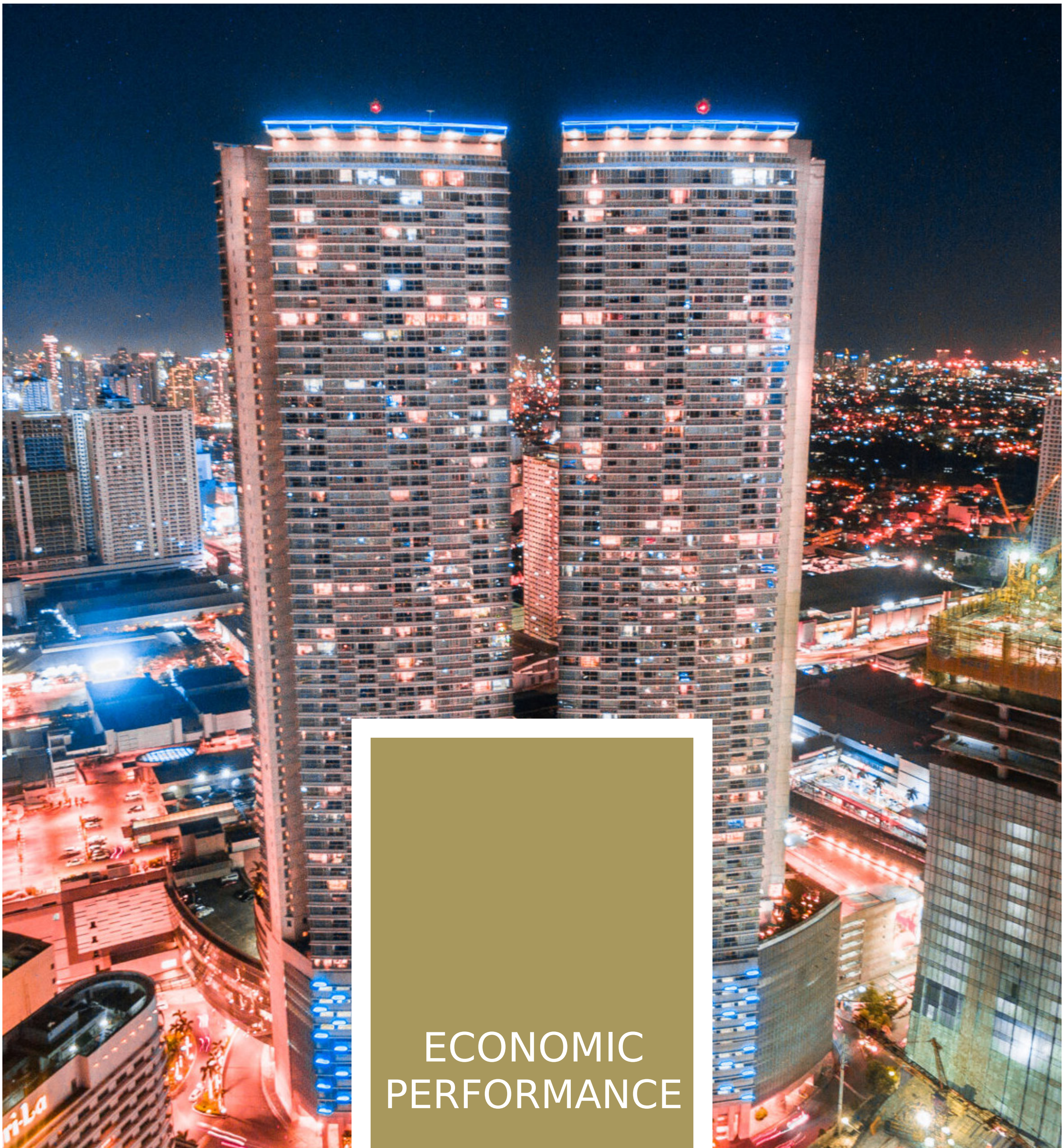


Figure 2 SPI Core Drivers



ECONOMIC PERFORMANCE

ECONOMIC PERFORMANCE

Direct Economic Value Generated & Distributed

DISCLOSURE		UNIT	QUANTITY	
			2020	2021
Direct Economic Value Generated (Revenue)		PHP	5,047,369,943.00	4,975,849,039.62
Direct Economic Value Distributed:				
a.	Operating Costs	PHP	2,987,374,564.00	2,839,145,483.59
b.	Employee Wages and Benefits	PHP	227,029,031.00	278,096,848.53
c.	Payments to Suppliers, Other Operating Costs	PHP	560,029,119.00	260,728,892.30
d.	Dividends given to Stockholders and Interest Payments to Loan Providers	PHP	2,380,108,478.00	1,670,720,544.98
e.	Taxes given to Government	PHP	99,547,506.00	151,153,258.77
f.	Investments to Community (e.g. Donations, CSR)	PHP	106,478,173.00	128,253,014.30

IMPACT

The economic performance has impacts at multiple levels such as influence on the shareholder value, budget spent to develop local businesses (suppliers), develop local community (CSR), and most importantly, the ability to support nation building through taxes.

In 2021, despite the effects of COVID-19 in the Philippine economy and property market, Shang Properties Inc. (SPI) was still able to cope and generated revenue that was only 1% short of the 2020 data. The total direct economic value generated mainly came from leasing, condo sales, hotel operations and management services. Through the Company's determination, it facilitated job and economic opportunities for its employees, retailers and/or food and beverage businesses, and the local community or government unit it operates in.

It is also notable that there is a 17%, (approx. P21.7 million) increase in the investment to community in comparison to 2020. SPI engages in programs to fulfil its social responsibility to the community. Thus, it regularly donates substantial amounts to victims of major calamities such as typhoons and earthquakes. Through its subsidiaries, the Company provides free venues for the hosting of events such as those sponsored by the Philippine Red Cross, World Wildlife Fund, UNICEF, UNESCO, Greenpeace, National Commission on Culture and Arts, etc.

2021 Donations and Corporate Social Responsibility (CSR) Activities

- Feeding and livelihood programs:
  - CARITAS DAMAYAN HUNGER PROJECT - in partnership with Caritas Manila Inc.
  - LZEPP (Lasallian Zero Extreme Poverty Program) - in partnership with De La Salle University Science Foundation Inc.
  - DLSU Foundation Hunger to Hope Project - in partnership with De La Salle University Science Foundation Inc.
  - Kababaihang Gabay ng Bayan - an integrated health and livelihood program amid Covid pandemic.
- COVID Vaccine Donation to the government - Philippine Center for Entrepreneurship Foundation Inc. (GO NEGOSYO) and ICTSI Foundation, Inc.
- Food packs donated to hospitals and local governments
- Typhoon Odette-related donations thru Gokongwei Brothers Foundation Inc.
- Linens, Towels, Toiletries Donation for Red Cross
- Hamper delivery to Kythe Foundation.

RISKS

Economic risks identified by the company:

- Interest rate risk - value will fluctuate due to changes in market interest rates
- Foreign exchange rate risk – possible currency fluctuations
- Credit risk - failure to repay a loan or meet contractual obligations
- Liquidity risk - inability to meet its financial obligations as they fall due

MANAGEMENT APPROACH

Shang Properties, Inc. (SPI) and its subsidiaries are being guided by an organizational culture that optimizes ability to achieve strategic objectives while ensuring management of evolving risks. Each year, the Board reviews the risks affecting the Company and evaluates the effectiveness of the internal control framework covering: (i) setting of objectives and budgets, (ii) the establishment of regular reporting of financial information; (iii) the delegation of authority; and (iv) the establishment of clear lines of accountability.

As part of the Company's financial risk management, periodic financial information is provided to the Executive Directors. Variance analysis between actual performances and targets are prepared and documented for discussion at Board meetings, with explanations noted for any material variances and deviations between actual performances and budgets. This helps the Board and management to monitor the Company's business operations and to plan on a prudent and timely basis.

SPI continuously implements its established interest rate risk management policy that focuses on reducing the overall interest expense and exposure to changes in interest rates by closely monitoring its fluctuations and negotiating with banks to lower the rates. Interest on financial instruments with floating rates is repriced at intervals of less than one (1) year, while, interest on financial instruments with fixed rates is fixed maturity.

SPI also continues to strictly maintain sufficient cash and cash equivalents despite the prevailing COVID – 19 pandemic through the implementation of the following stricter cash flow monitoring and management:

- Prioritizing urgent and critical expenditures;
- Stricter monitoring of Accounts Receivables (ARs) to speed up cash collection;
- Ensuring continuous cash flow forecasting;
- Close monitoring of signs of financial distress;
- Ensuring collection follow ups are done regularly for late paying tenants;

Furthermore, SPI continuously implements its requirements for leasing tenants, whenever necessary, to put up security deposits and pay advance rentals based on the credit evaluation results. Hotel guests may opt to avail and be provided with a credit line based on the credit evaluation results. Credit lines are approved by the Financial Controller and the General Manager and put through an annual review process. Special ad hoc arrangements that require deposits, pre – payments, or credit card guarantees as collaterals are allowed for hotel guests who do not have a credit line.

The policy of the Organization on economic performance is embedded in SPI's Manual on Corporate Governance.

OPPORTUNITIES

As changes in COVID-19 Alert Level are being implemented across the nation, more areas eased to the least restrictive status leading to a gradual recovery of the economy. In line with this, SPI sees opportunities to improve its economic contribution as demands in the real estate sector are also expected, increasing occupancies, leasing, sales, hotel operations and management services.

Another opportunity is for cash flow management, exploring other avenues that would generate revenue streams, including the utilization of SPI's borrowing capacity to further bolster its cash reserves.

Future opportunities include preparing growth plans and looking at new geographies with increasing prospects to acquire more properties for development in the future.

MANAGEMENT APPROACH

SPI will continue to implement its current strategies and adhere to the strict implementation of its Corporate Governance Manual and the Code of Business Conduct and Ethics. The company has stood strong for more than three decades mainly because of valuing the trust of its clients by delivering projects as committed.

SPI has also undertaken the initiative to launch stimulus plans and referral programs, as well as to provide flexible payment schemes and increased cash discounts to boost the sales velocity of its condominium projects.

Furthermore, the hotel operations of SPI remain optimistic on the recovery of the industry and focuses on strengthening SPI's value propositions by:

- Establishing market confidence in the implemented housekeeping and health & safety policies and procedures, leveraging on the hotel's various certifications;
- Creating flexible staycation packages that drive revenue opportunities; and
- Creating demands for virtual corporate events, outside catering, and meeting packages, targeting new and existing industries.

ANTI-CORRUPTION

Training on Anti-Corruption Policies & Procedures

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Percentage of employees to whom the organization's anti – corruption policies and procedures have been communicated to	%	100	100
Percentage of business partners to whom the organization's anti – corruption policies and procedures have been communicated to	%	100	100
Percentage of directors and management that have received anti – corruption training	%	50	50
Percentage of employees that have received anti – corruption training	%	50	50

Incidents of Corruption

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Number of incidents in which directors were removed or disciplined for corruption	#	0	0
Number of incidents in which employees were dismissed or disciplined for corruption	#	0	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	#	0	0

IMPACT

Corruption can occur across various functions in the Organization and has significant impact to reputation and can impair ability to provide equitable economic value to its key stakeholders. For this reason, SPI still maintained zero incidents of corruption within the Company in 2021; this was possible by ensuring that anti-corruption policies and procedures have been communicated to all of its employees and business partners. To date, 50% of the directors, management and employees have taken the actual anti-corruption training.

RISKS

Corruption is a critical risk and with it comes other associated legal, financial, and reputational risks. Lack of awareness, control and transparency in recording of transactions with suppliers and stakeholders may lead employees to commit fraud or corruption through:

- Conflict of interest
- Use of company assets, resources, and/or information
- Dealing with customers or suppliers
- Accepting of gifts and gratuities

Employees will be at risk of corruption as long as the opportunity to do so exists in the organization.

MANAGEMENT APPROACH

SPI strives to ensure the adequate and strict implementation of all existing anti-corruption policies, rules, regulations, and practices, as well as its supplier accreditation process. It continuously finds ways to reinforce the strict implementation of all existing anti-corruption policies, rules, regulations, and practices through related training programs, including supplier orientation.

The policy of the Organization on anti-corruption is embedded in SPI's Code of Business Ethics, Code of Conduct, Fraud Policy and on SPI's Whistle Blowing Policy.

OPPORTUNITIES

With an amplified reliance on technology and the reality of an economic uncertainty in the prevailing COVID – 19 pandemic that can possibly lead to fraud, SPI has identified the need to increase the number of Directors, Management, Employees, and Business Partners trained on the Organization's Anticorruption Policies and Practices.

MANAGEMENT APPROACH

SPI continuously undertakes initiatives to identify and select the most suitable training program for Directors, Management, Employees, and Business Partners, as well as explore alternative methods of learning i.e. online/virtual trainings, blended learning/training etc. However, implementation has been put on hold as a result of uncontrollable constraints during the prevailing COVID – 19 pandemic and has been re – planned for FY 2022.

PROCUREMENT PRACTICES

Proportion of Spending on Local Suppliers

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Percentage of Procurement Budget Used for Significant Locations of Operations that is Spent on Local Suppliers	%	100	100

IMPACT

SPI spent 100% of the procurement budget on local suppliers and service providers. These stakeholders hold significant control in the activities of its value chain, from property development, hotel operations to management services. Thus, their impact on the environment, society and the economy translates to SPI's own impact, with the Company being the project granter. The commitment towards sourcing supplies and services locally supports the growth of local businesses and reduces the environmental footprint of sourcing from abroad. It also builds local community trust in the business due to the knowledge of local brands.

RISKS

Risks may involve awarding contracts to non-compliant suppliers and service providers. Any non-compliance of the laws tampers SPI brand and reputation, causes delay or project extension and generates financial deficits. Other risks include inaccurate forecasting and monitoring of products, delay in delivery, and lack of capacity to check the quality of products and services.

MANAGEMENT APPROACH

SPI requires all suppliers and sub-contractors to uphold the SPI core values and adhere to ethically, socially and environmentally responsible practices when doing business with the Company. These requirements are set out in more detail in the SPI Supplier Code of Conduct (Code).

As a minimum, suppliers are required to comply with the Code. Failure to comply with any provision of the Code could result in termination of the business and/or contractual relationship with SPI. The company prefers to do business with Suppliers whose operations and business practices exceed the following requirements of the Code.

1. Compliance with Laws and Regulations
2. Product Quality and Safety
3. Business Integrity and Ethics
4. Labor Standards and Practices
5. Environment Laws and Regulations
6. Community Engagement
7. Anti-Corruption
8. Accurate Books and Records
9. Confidentiality
10. Data Protection
11. Intellectual Property Rights
12. Implementation of the Code

Suppliers shall report any violations or suspected violations of applicable laws, regulations and the Code.

OPPORTUNITIES

As the economy progresses to gradual recovery after COVID-19 restrictions, SPI sees many opportunities to engage more local suppliers and service providers in the coming year, as well as carry out more inclusive growth engagements with these stakeholders.

MANAGEMENT APPROACH

SPI will continue the strict implementation of the Supplier Code of Conduct and Vendor Accreditation Procedure in selecting reliable suppliers and service providers. To ensure stronger relationships and growth with the suppliers and service providers, assistance with the training and technology may be provided. This will also promote effective delivery of products and services.

ENVIRONMENT PERFORMANCE

RESOURCE MANAGEMENT

Energy Consumption within the Organization

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Renewable Resources	GJ	0	0
Gasoline	GJ	2,806.40	249.80
LPG	GJ	16,272.80	12,998.06
Diesel	GJ	4,419.00	11,910.32
Electricity	kWh	118,809,538.00	79,736,507.00

Energy Reduction within the Organization

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Renewable Resources	GJ	0	0
Gasoline	GJ	0	2,556.60
LPG	GJ	0	3,274.74
Diesel	GJ	0	-7,491.32
Electricity	kWh	30,602,575.00	39,073,031.00

IMPACT

The impact of energy consumption materializes in both economic and environmental performance of the company. Based on recorded data for the year 2021, overall energy consumption has a significant reduction in gasoline, LPG and electricity while diesel consumption increased during this period, compared to 2020. The reduction in **gasoline** consumption is attributed to its restricted use only in construction sites while **LPG** consumption dropped due to reduced operations of tenants (kitchens etc.). Drop in **electricity** consumption is reflective of reduced office operations during most part of 2021 when compared to 2020 which had a full quarter of regular operations. While there was a semblance of normalcy returning in the last quarter of 2021, it did not contribute to a spike significant enough to reach the consumption pattern in 2020. The rise in **diesel** consumption is owing to the use of gensets in one of the construction sites under Shang Robinsons Properties Inc (SRPI) throughout the year.

RISKS

Energy and environmental problems are closely related, since it is nearly impossible to produce, transport, or consume energy without an impact to the environment. The environmental problems directly related to energy production and consumption includes air pollution, climate change, water pollution, thermal pollution and risk for wastage or improper usage of energy resources leading to depletion or scarcity. Furthermore, the immediate risk of high energy consumption would be the increase in SPI Greenhouse Gas (GHG) Emissions, as these are directly proportional.

MANAGEMENT APPROACH

SPI has undertaken the initiative to identify and implement the most feasible and relevant energy conservation initiatives such as:

- Installation of LED lights in offices;
- Reduction of operational hours of air conditioning units in public areas and other similar energy users;
- Closure of vacant guest floors; and

Additionally, SPI has instituted efforts to establish guidelines for the efficient management of resources such as electricity, water and paper. Below are some notable efforts and recognitions that the operating companies have received for their environmental programs.

- KSA Realty Corporation has been awarded by internationally prestigious bodies for its energy conservation programs for its facility The Enterprise Center which is located at the heart of Makati City (i.e., the Asean Energy Awards, Asean Energy Efficient Building.
- Shangri – La at the Fort owned, developed and operated by Shang Global City Properties Inc (SGCPI) is among the few pioneer developments in the Philippines which conform with the very stringent Leadership in Energy and Environmental Design (LEED standards). Leaders across the globe have made LEED the most widely used green building rating system. LEED certification provides independent verification of a building or neighborhood's green features, allowing for the design, construction, operations and maintenance of resource-efficient, high-performing, healthy, cost-effective buildings. LEED certification means healthier, more productive places, reduced stress on the environment by encouraging energy and resource-efficient buildings.

OPPORTUNITIES

SPI shall continue to explore opportunities to optimize its energy resources by enhancing energy conservation programs and might take into account using renewable energy technologies in the future. This will further minimize the associated environmental footprint. Maintaining lower rate of energy consumption is essential for SPI to sustain its green building marks and attract more environmentally- conscious tenants to the building.

MANAGEMENT APPROACH

SPI proactively plans and sets strict energy reduction targets, implements measures to reduce energy consumption in the chiller operations while ensuring the comfort of customers/guests and has installed LED lights in offices for better environment, energy efficiency and reduced energy cost. SPI further conducts energy usage inspections and audits to identify potential areas for further energy reduction.

Water Consumption

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Water Consumption	m^3	878,578.00	1,166,734.16
Water Recycled and Reused	m^3	252,362	181,886.00

IMPACT

Similar to energy, improper utilization of water resources has an impact in the economic and environmental aspects of the company and the community. In 2021, SPI's water consumption increased by 25% compared to 2020. In addition to the lessening of community restrictions which lead to increase in operations and occupancy, another main contributor is the progress made in the construction activities of 2 of its subsidiaries. In the contrary, the water being recycled and reused reduced by about 28% this year, as most of the subsidiaries do not yet have the capacity to recycle water. This recycled water is being used in landscape maintenance of SPI.

RISKS

Risk for uncontrolled water consumption may contribute to water shortages or scarcity and will cause inconvenience and interruptions to the Company's operations as well as in the host Community where it operates leading to limited access to clean and safe water.

MANAGEMENT APPROACH

SPI ensures its compliance to all applicable environmental laws, rules, and regulations through the designation of a dedicated Pollution Control Officer (PCO) - with necessary training and credentials, the PCO fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations. The dedicated PCO monitors the water consumption and wastewater discharges of SPI, ensuring the consistent implementation of good environmental practices and identifying areas for water conservation.

OPPORTUNITIES

Adoption of more water recycling, reuse and conservation initiatives in the future can help SPI optimize water use in the long run.

MANAGEMENT APPROACH

SPI further implements water saving initiatives such as adjusting water supply valves, as well as shutting off water supply valves in unoccupied areas while some of the subsidiaries are also using rainwater for toilets, water closet in public areas and guest rooms.

Materials used by the Organization

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Materials Used by Weight/Volume			
Renewable	Kg or L	0	287,731
Non-Renewable	Kg or L	8,182,068.46	15,382,070.78
Percentage of Recycled Input Materials Used to Manufacture the Organization's Primary Products and Services	%	0	0

IMPACT

Materials management plays a key role in the transition of our society toward future sustainability. Materials production requires a large amount of energy and it produces large volumes of waste both in production and at end-of-life disposal. More efficient use of materials is important in achieving multiple environmental and economic benefits. SPI uses different materials in its operations – design, development and management of luxury property. There is almost 50% surge in the total volume of non-renewable materials used in 2021. This notable increase is mainly contributed by the ongoing construction of Shang Robinsons Properties Inc (SRPI).

RISKS

Risks associated with materials are increase in energy consumption and increase of waste generated for non-renewable materials, wastage and improper usage of materials leading to resource depletion or scarcity and lastly accidental release or spill of possible hazardous material that impacts the extended community where SPI operates and may result into long – term ill – health effects for exposed individuals and may eventually lead to limited access to decent life / livelihood.

MANAGEMENT APPROACH

In support of material efficiency practices, SPI initiated to use renewable materials as seen on the data table from 0 kg in previous year to 287,731 kg in 2021; this is an improvement in the Environmental Performance of the Company. SPI continuously ensures its compliance to all applicable environmental laws, rules, and regulations through the consistent implementation of good environmental practices through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations. SPI safeguards the effective and consistent implementation of best practices through the strict enforcement of Environmental, Occupational Health, and Safety (EHS) and security protocols and standards for loading, unloading, and transport of materials.

OPPORTUNITIES

SPI seeks enhancement in project management programs and initiatives to optimize its resource utilization and find ways on how to recycle and repurpose materials to be used in various services and products. The direction is to consider use of other renewable materials i.e. reclaimed/ recycled/ sustainable wood, recycled steel, recycled plastic, bamboo, clay brick, etc.

MANAGEMENT APPROACH

SPI to further invest in boosting its Organizational knowledge on sustainable economy and latest sustainability trends.

ENVIRONMENTAL IMPACT MANAGEMENT

Air Emission GHG

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Direct (Scope 1) GHG Emissions	Tonnes CO2e	292.39*	616.57
Indirect (Scope 2) GHG Emissions	Tonnes CO2e	75,087.63*	50,393.47
Emissions of ozone-depleting substances (ODS)	Tonnes	6.64	0

*Restatement of 2020 data: Direct (Scope 1) GHG Emissions – 292.39 Tonnes CO2e; Indirect (Scope 2) GHG Emissions 75,087.63Tonnes CO2e
Instead of previously reported: Direct (Scope 1) GHG Emissions – 0 Tonnes CO2e; Indirect (Scope 2) GHG Emissions 0 Tonnes CO2e
The restatement was made due to GHG computation update

IMPACT

Greenhouse gases (GHG) have far-ranging environmental and health effects. GHG causes climate change. Climate change encompasses not only rising average temperatures but also extreme weather events, shifting wildlife population and habitats, rising seas, and a range of other impacts. This will also have impact in stakeholders' behavior or shift in its preferences due to increasing awareness of the importance of sustainability.

Overall, the total SPI direct and indirect GHG Emissions for 2021 is 32% lower than the recorded emission in the same period in year 2020. This has a significant influence in the Environmental Impact Management aspect. These records were derived from Scope 1, which constitutes direct GHG emissions from stationary and mobile equipment owned or controlled by SPI such as genset; and Scope 2, the indirect GHG emissions from the company's purchased electricity. Scope 2 dropped considerably owing to the huge reduction in the energy consumption for electricity contrary to Scope 1 which doubled from year 2020 to year 2021 - this is attributed to the increase in genset utilization of SRPI.

RISKS

Environmental footprint is inevitable in the entire operations of SPI and its subsidiaries. Initial risk will be unaccounted GHG Emissions which leads to poor management and improper monitoring that will later contribute to the risk of global warming and will be a threat to human health and the surrounding communities.

MANAGEMENT APPROACH

SPI is committed to minimize its environmental footprint, as well as to ensure its compliance to all applicable environmental laws, rules, and regulations through the proactive accounting of its GHG emissions. SPI further ensures the consistent implementation of good environmental practices through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations.

OPPORTUNITIES

Use of renewable energy sources rather than fuel to generate electricity is being explored. The advances made in producing renewable energy at lower cost and evolution of refining technology can result in lower GHG emissions. Further, creating awareness among stakeholders regarding the sustainability features of the building including initiatives in energy conservation and environmental footprint reduction is recognized.

Opportunities for carbon-offsetting strategies and programs are looked at including carbon sequestration in soils or forests; tree-planting activities.

MANAGEMENT APPROACH

Review effectivity of existing programs in conserving energy and phase out obsolete equipment that directly contributes to GHG emissions.

Air Pollutants

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
NOX	kg	0.2984	0.02
SOX	kg	0.00012	0
Persistent Organic Pollutants (POPs)	kg	0	0
Volatile Organic Compounds (VOCs)	kg	0	0
Hazardous Air Pollutants (HAPs)	kg	0	0
Particulate Matter (PM)	kg	0	0

IMPACT

Air pollution has a detrimental impact on the health of SPI stakeholders, the community it operates in and the environment as a whole. Total air pollutants recorded in 2021 was drastically reduced by around 93%. The reduction was attributed to the regular preventive maintenance conducted and less operating hours of equipment. Generator sets, company service vehicles, boilers and other combustion equipment are some of the sources of air pollutants in the company.

RISKS

If inhaled in large amounts, air pollutants can cause respiratory ailments and other adverse health effects. Improperly managed emissions may further lead to negative health effects to the surrounding community. Air pollutants going beyond the compliance levels could lead to penalties from the regulators – ex: fugitive emissions that fail to meet the allowable limits set by the Department of Environment and Natural Resources (DENR).

MANAGEMENT APPROACH

SPI ensures its compliance to all applicable environmental laws, rules, and regulations through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations.

OPPORTUNITIES

Implement and maintain the reduction of Air Pollution across SPI and all its subsidiaries through efficient program and operation practices. Explore the need to further enhance SPI's air pollutants monitoring system and indoor air quality checking.

MANAGEMENT APPROACH

SPI further effectively ensures the reliability and optimum operations of its generator sets and boilers through its periodic servicing and maintenance being undertaken based on planned schedule.

Solid Waste

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Total Solid Waste Generated	kg	1,523,191.30	3,282,062.59
Reusable	kg	0	-
Recyclable	kg	325,127.00	384,883.64
Composted	kg	0	7,769.00
Incinerated	kg	0	-
Residuals / Landfilled	kg	1,198,064.30	2,893,111.32

Hazardous Waste

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Total Weight of Hazardous Waste Generated	kg	5,058.00	12,958.50
Total Weight of Hazardous Waste Transported	kg	560	7,012.50

IMPACT

There is more than 50% increase in the total generated solid waste in 2021; the sudden change was mainly due to two significant factors: 1.) Ongoing constructions and 2.) More defined and relaxed government restrictions compared to 2020 situation. The solid waste generated comes from the office spaces, retails F&B outlets, events, hotels, parking, malls, condominiums and mix-use complex. Hazardous waste accumulated from the previous year was part of this recording. More than half of it was transported, while the remaining will be hauled in 2022, due to delays in getting the Generators ID and required permits from DENR. The SPI hazardous waste is comprised of light bulbs, oils, batteries and some medical waste due to used PPEs.

RISKS

Improper management of solid waste and hazardous waste is a compliance risk that may lead to penalties from the government, DENR/EMB. If generated waste, especially biodegradable, infectious and hazardous waste will not be handled and disposed properly, it will produce unpleasant odor, bacterial growth and other toxic substances thus exposing employees, tenants, customers/clients, and the surrounding community to certain health risk.

MANAGEMENT APPROACH

SPI ensures its compliance to all applicable environmental laws, rules, and regulations through the consistent implementation of good Environmental practices such as the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations. The PCO ensures that all generated solid and hazardous wastes are appropriately transported by the Department of Environment and Natural Resources (DENR) – Environmental Management Bureau (EMB) accredited transporters, treated and disposed to DENR – EMB accredited facilities, consistently employing good environmental practices in the process.

OPPORTUNITIES

Exploring options to improve reusable, recyclable and compost to divert wastes away from the landfill hence supporting the aim of SPI to minimize its environmental footprint.

MANAGEMENT APPROACH

SPI strives to improve its waste reduction and further continues the development stage of its Waste Data Collection System (WDCS) to manage the various waste streams of SPI by properly implementing suitable waste segregation schemes based on the collected data. The hotel operations of SPI effectively implements paperless check-in through a mobile check-in platform, as well as the recycling of old printed collaterals in creating intricate flower arrangement decorations.

Effluents

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Total Volume of Water Discharges	m^3	438,366.00	789,430.20
Percent of Wastewater Recycled	%	0	7%

IMPACT

Improperly managed effluents affect the organization at multiple levels including:

- Potential loss in revenues due to imposition of monetary fines and non – monetary sanctions;
- Potential loss of reputation of the Organization due to potential revocation of Environmental Compliance Certificate (ECC) and License to Operate (LTO); and
- Potential impacts to the health and safety of the host Community where the Organization operates.

SPI increased its water discharges in 2021 by 44%, as it is related to the increase in water consumption that was caused by the increase in operations and occupancy and ongoing constructions. Percentage of wastewater recycled increased from the previous year.

RISKS

Failure to treat effluents violate the Clean Water Act and will lead to regulatory or compliance risks. This is a potential risk to the health and safety of the host community where SPI operates.

OPPORTUNITIES

SPI is exploring technologies to increase the percentage of wastewater recycled. This is also aligned with the management goal to reduce water consumption for the operations.

MANAGEMENT APPROACH

SPI ensures its compliance to all applicable environmental laws, rules, and regulations through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations.

The PCO monitors the water consumption and wastewater discharges of SPI, ensuring the consistent implementation of good environmental practices and identifying areas for wastewater recycling.

SPI further continues to conduct regular checks, maintenance, and cleaning of its wastewater tanks, as well as conduct quarterly wastewater sampling and analysis of SPI's effluents based on the requirements of the Department of Environment and Natural Resources (DENR).

ENVIRONMENTAL COMPLIANCE

Non-Compliance with Environmental Laws & Regulations

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Total Amount of Monetary Fines for Non – Compliance with Environmental Laws and / or Regulations	PHP	0	0
No. of Non – Monetary Sanctions for Non – Compliance with Environmental Laws and / or Regulations	#	0	0
No. of Cases Resolved through Dispute Resolution Mechanism	#	0	0

IMPACT

Environmental compliance has multiple impacts such as increase in the economic efficiency, promote health and safety to stakeholders, high productivity of employees, and protect the environment and its resources. For this reason, SPI firmly adheres 100% to all Environmental Laws, Regulations and Compliances which helps the company to maintain zero monetary fines, zero non-monetary sanctions and zero numbers of incidents or cases in 2021.

RISKS

Risk is primarily damage to environment and damage to the company's reputation. However, the current management approach of the organization can address current compliance obligations. Risks may arise should there be any new regulations that could have an impact on operations.

MANAGEMENT APPROACH

SPI effectively ensures its compliance to all applicable environmental laws, rules, and regulations and continuously undertakes cleaning and hauling of all wastewater tanks, as well as continuous quarterly effluent sampling and analysis to ensure compliance to the requirements of the Department of Environment and Natural Resources (DENR).

OPPORTUNITIES

Strategic incorporation of sustainable environmental practices in exploring opportunities for wastewater pre-treatment facility, as well as being proactive and going beyond compliance through Public-Private Partnerships with government to tackle various environmental issues are seriously being considered.

MANAGEMENT APPROACH

SPI continuously ensures its compliance to the conditions stipulated in the environmental permits and consistently implements good environmental practices through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations.

SOCIAL PERFORMANCE

EMPLOYEE MANAGEMENT

Employee Data Benefits

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Total Number of Employees	#	1080	916
a. Number of Female Employees	#	502	431
b. Number of Male Employees	#	578	485
Attrition Rate	Rate	4.60%	3%
Ratio of Lowest Paid Employee Against Minimum Wage	Ratio	1:1.35	1:1.29

Employee Benefits

DISCLOSURE	Y/N		Female Employees Who Availed for the Year (%)		Male Employees Who Availed for the Year (%)	
	2020	2021	2020	2021	2020	2021
SSS	Y	Y	55.87	58	53.18	57
PhilHealth	Y	Y	51.25	51.95	50.71	52.85
PAG - IBIG	Y	Y	53.38	53.5	51.94	53.5
Parental Leaves	Y	Y	5.78	5.1	4.24	3.885
Vacation Leaves	Y	Y	100	100	100	100
Sick Leaves	Y	Y	79.17	67.5	77.74	65
Medical Benefits (Aside from PhilHealth)	Y	Y	54	75.5	53	67.5
Housing Assistance (Aside from PAG-IBIG)	N	N	0	0	0	0
Retirement Fund (Aside from SSS)	Y	Y	1.6	0.2	1.4	0.2
Further Education Support	N	N	0	0	0	0
Company Stock Options	N	N	0	0	0	0
Telecommuting	N	N	0	0	0	0
Flexible – Working Hours	Y	Y	59.5	51.5	54	51.5

IMPACT

Employee management and benefits impacts their productivity and performance and influences the company's financial and non-financial outcomes. SPI ensures competitive benefits on top of a healthy and safe working environment to its employees. As a key participant in the Philippine property market for several years, it continues to employ around 900 employees excluding the contractors and service providers.

But like other companies in the business, SPI felt the impact of the COVID-19 pandemic in every aspect of its operations. In 2021, the total number of employees is 15% lower than the previous year. SPI implemented a freeze hire guideline while critical roles are still hired subject to management's approval. Some of its subsidiaries started organization restructuring as a measure to mitigate losses. The company ensures support to affected employees during this difficult transition by offering counselling and assistance in-job service. There is a minimal increase in the number of employees who availed the benefits in 2021, mostly in SSS and Medical Benefits, prioritizing health and wellness owing to the COVID-19 pandemic.

RISKS

Non – competitive employment benefits limit access to decent livelihood for the employees and may eventually result in a declining trend for the employment rate in the community. Other risks include risk for exposure of employees to COVID – 19 through the tenants, guests and other contractors, and employees' dissatisfaction and attrition / loss of employees to competition.

MANAGEMENT APPROACH

SPI effectively sustained its compliance to the requirements of all relevant and existing labor laws, rules, and regulations of the Department of Labor and Employment (DOLE) and all other appropriate government entities during the prevailing COVID – 19 pandemic. The company established and implemented its COVID – 19 protocol guidelines requiring all employees to strictly follow or face serious consequences. Sufficient budget was allocated to ensure the health, safety, and well-being of its employees. SPI management ensures continued payment of Employees' salaries and benefits, as well as streamlined its work processes by implementing flexible work arrangements. It continuously conducts its annual Performance Management Review and an annual review of Employees' compensation vis-a-vis industry standards.

OPPORTUNITIES

SPI promotes employee engagement programs and activities to further explore their needs and satisfaction. With the gradual resurgence in demand for the property market, SPI is steadily recovering; the company is starting to look forward to return to normal operations over time. This will stimulate hiring opportunities and fill up of essential positions.

MANAGEMENT APPROACH

To promote the health and wellness of employees, the company implemented several wellness programs in 2021 which includes wellness talks, virtual Zumba class, annual physical exam and Executive check-up and free COVID-19 vaccines for employees and dependents.

Employee Training and Development

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Total Training Hours Provided to Employees			
a. Female Employee	Hours	28,224.00	8,548
b. Male Employees	Hours	38,238.00	12,124
Average Training Hours Provided to Employees			
a. Female Employees	Hrs/Employee	56.22	7
b. Male Employees	Hrs/Employee	66.16	8

IMPACT

The impact of appropriately trained Employees happens at multiple levels, including influence on the ability of the organization to operate at the highest level of ethical standards, customer satisfaction, and career advancement of the workforce and promote a safe and healthy workplace. SPI as one of the leading employers in the hospitality industry provides numerous learning opportunities to support people's career growth. However, the employee training hours were lessened by 69% in 2021 compared to the previous years as the development programs were put on hold for a while due to the decrease of number of employees and most of its businesses were not fully operational during the year. Employees can still access Shangri-La Academy, an online course library which offers essential and leadership programs.

RISKS

The lack of commitment from Employees to proactively participate in the provided training due to stress and anxiety experienced, as well as technological challenges encountered are duly recognized.

MANAGEMENT APPROACH

SPI proactively sustained its provision for Employee learning and development opportunities during the prevailing COVID-19 pandemic through the adoption and implementation of online learning platforms. It also deferred several training programs and shifted focus to informational campaign and awareness on COVID-19. The hotel operations of SPI launched its Shangri-La Academy and introduced the program My SLFM Learning Journey to engage its Employees to upskill during the lockdown period. SPI, through the initiative of its management, allocates sufficient budget for Employee training and development. SPI further leverages on digital learning platforms and continues to develop relevant e-learning modules, as well as introduce coaching and mentoring.

OPPORTUNITIES

Enhance training program and refreshment courses to employees. Well trained employees improve the operations of the company through the establishment, implementation, and maintenance of innovative work processes. Additionally, proper trainings and development promotes interest and dedication among employees which may lead to lower absenteeism rates and higher productivity.

MANAGEMENT APPROACH

SPI developed a well-defined and strategic training plan aimed to address the post-pandemic training and development requirements of SPI Employees through an Employee feedback mechanism. SPI further established, implemented, and maintained relevant company policies for training and personnel development.

Labor - Management Relations

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
% of Employees Covered with Collective Bargaining Agreements	%	N/A	N/A
Number of Consultations Conducted with Employees Concerning Employee – Related Policies	#	21	6

IMPACT

Conflicts and deteriorating relations at workplace have an adverse impact on the overall productivity of the company. SPI encourages open communication between management and employees. In 2021, SPI conducted far fewer consultations compared to 2020 owing to remote working model on one hand and reasonable stability around policies during the COVID-influenced period.

RISKS

If not properly handled, labor relations may decrease employee productivity or lead to demotivation and dissatisfaction amongst the workforce contributing to higher attrition.

MANAGEMENT APPROACH

SPI effectively sustained its compliance to the requirements of all applicable relevant and existing labor laws, rules, and regulations of the Department of Labor and Employment (DOLE) and all other appropriate government entities during the prevailing COVID – 19 pandemic through the proactive implementation and maintenance of established relevant company policies. SPI continuously implements its established Employees' Grievance and Feedback Mechanism that enables the collection and analysis of data for work – related issues and concerns of SPI Employees.

OPPORTUNITIES

Improvement in employee engagement programs, workshop and activities i.e. employee appreciation, team building, values alignment, strategic planning etc.

MANAGEMENT APPROACH

SPI proactively conducts its annual Organizational Survey for the periodic assessment of Employee's satisfaction, designates a dedicated HR Account Specialist who remains the focal point for Employees consultation and takes necessary action based on feedback and plans.

SPI further considers the establishment and implementation of regular programmed Employee engagements, as well as to upskill its HR Account Specialists.

Diversity & Equal Opportunity

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
% of Female Workers in the Workforce	%	46.33	47.05
% Male Workers in the Workforce	%	53.67	52.95
Number of Employees from Indigenous Communities and/ or Vulnerable Sector	#	12	28

IMPACT

There is an increasing awareness that creating an inclusive workplace for all, regardless of gender, ethnicity, background, sexual orientation and beliefs, is not just a source of competitive advantage but plays a powerful role in shaping the views of stakeholders: shareholders, employees, suppliers and, probably most important of all, tenants and customers and community as a whole.

SPI regularly practices diversity and equal opportunity as evident on the employee statistics in 2021. The Company still maintains almost equal number of female and male workers. Notable as well is the increasing number of employees from indigenous communities and /or vulnerable sectors, which is around 57% higher than the previous year.

RISKS

Diversity and equal opportunity is a reputational risk, which will influence how stakeholders, including prospective investors, employees, customers and regulators, view the company.

MANAGEMENT APPROACH

SPI effectively ensures its compliance to all applicable relevant diversity and equal opportunity laws, rules, and regulations issued by the Department of Labor and Employment (DOLE) through the proactive implementation of the established anti – discrimination, anti – harassment, and human rights policies and procedures embedded in SPI's Code of Conduct and Business Ethics.

OPPORTUNITIES

Optimize employee awareness on the importance of Diversity and Equal Opportunity.

MANAGEMENT APPROACH

SPI further continuously conducts employees training and seminar programs on diversity and equal opportunity.

WORKPLACE CONDITIONS | LABOR STANDARDS | HUMAN RIGHTS

Occupational Health & Safety

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Safe Man-Hours	Man-Hours	743,189	579,103
No. of Work – Related Injuries	#	17	9
No. of Work – Related Fatalities	#	0	-
No. of Work – Related Ill-Health	#	18	8
No. of Safety Drills	#	372	254

IMPACT

The Occupational Health and Safety (OHS) performance impacts the organization at multiple levels including influence on employees' welfare, operational costs and quality of service it provides. SPI recognizes and accepts its duties for providing a safe and healthy working environment for all its workers and other interested parties under legal and other requirements to prevent work-related injuries and ill health. In 2021, the impact of COVID-19 affected SPI employment, as mentioned under Employee Management section; this decrease in manpower caused the decline in safe man-hours by 22% compared to 2020. Nevertheless, given the strong OHS policies and practices, in comparison with 2020, there was 50-55% reduction both in the number of work-related injuries and illnesses.

RISKS

Risk of exposing tenants, guests and other contractors to COVID-19. Fatality, serious injury, and / or damage to property resulting from:

- Fire;
- Vehicular accident;
- Chemicals exposure;
- Exposure to equipment / machine parts during maintenance and repair;

- Exposure to high voltage during equipment / machine maintenance and repair;
- Terrorist attack; and / or
- Illumination

This may result in the increase of operational costs and loss of confidence of the community where the company operates, which may eventually lead to a declining trend in the employment preference for the company.

MANAGEMENT APPROACH

SPI enhanced COVID-19 safety protocols for guests and employees by posting infographic posters in the workplace and performing weekly health checks for employees. The company also provided free vaccination to employees and their dependents. SPI has identified and controlled potential OHS hazards in the workplace through proactive implementation of SPI's Hazard Identification, Risk Assessment and Control (HIRAC) procedure, ensuring that no work shall be done without a proper work assessment conducted by a team who has direct knowledge of the work. SPI effectively sustained its compliance to the requirements of applicable international and local OHS laws, rules, and regulations during the prevailing COVID-19 pandemic through an established OHS Management System (OHSMS) in accordance with ISO 45001:2018 supported by a Zero Accident Vision. SPI, with the approval of its management, allocates sufficient budget for providing the required Personal Protective Equipment (PPE) for its employees and for the effective implementation of all Environmental, Health and Safety (EHS) related programs and activities. SPI also conducts EHS trainings and orientations based on the individual employees' training needs, as well as various emergency response and preparedness drills.

OPPORTUNITIES

Boost employees' morale through the allocation of sufficient resources to provide a safe and healthy work environment and reinforce incident reporting protocol.

MANAGEMENT APPROACH

SPI aims to remove, reduce or if possible eliminate risk to the health, safety and welfare of all workers and ensure work activities are done safely. SPI commits to actively pursue ever improving health and safety through programs that enable each employee to do their job right in a safe and healthy workplace. The company shall also consult and seek the cooperation of all workers, customers and other persons, and encourage suggestions for realizing our health and safety objectives to create a safe working environment with a zero accident rate through:

- Providing and maintaining facilities for the safe and healthy welfare;
- Acquisition of information, instruction, training and supervision that is reasonably necessary to ensure that each worker is safe from injury and risks to health; and
- Compliance to safe work practices, with the intent of avoiding injury and damage to machines and equipment.

Labor Standards and Human Rights

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
No. of Legal Actions or Employees Grievance involving Forced or Child Labor	#	0	0

IMPACT

The impact of non-compliance to all relevant and existing labor laws and human rights happen at multiple levels, including influence on the company's reputation and economic and social performance.

SPI ensures that all its directors, senior management, employees, and subsidiaries, shall be governed by the highest ethical standards in the performance of their duties, and in the conduct of their relationships with internal and external stakeholders through its policies of Code of Conduct and Code of Business Ethics. SPI continued to maintain zero grievances on Forced and Child Labor in 2021.

RISKS

Failure to comply with the relevant and existing labor laws, rules, and regulations may result in the loss of confidence of the extended community where the company operates and may eventually lead to the closure of the business.

MANAGEMENT APPROACH

SPI effectively sustained its compliance to all the requirements of labor standards and human rights of the Department of Labor and Employment (DOLE) through the proactive implementation of SPI's Code of Business Conduct and Ethics and relevant company policies. SPI established an Employees' Grievance and Feedback Mechanism that will enable SPI to collect and analyze data for work – related issues and concerns of the employees. SPI regularly conducts its periodic Employees' Satisfaction Survey.

OPPORTUNITIES

Proactively promote labor standards and human rights awareness among employees, subsidiaries and stakeholders

MANAGEMENT APPROACH

SPI conducts seminars and orientation to all employees on the Code of Business Ethics and Conduct. Copy of policies is being cascaded through electronic mail as well. Further planning for more engaging activities and workshops related to labor standards and human rights to encourage active participation of employees and stakeholders is also being undertaken.

SUPPLY CHAIN MANAGEMENT

TOPIC	Y/N	
	2020	2021
Environmental Performance	Y	Y
Forced Labor	Y	Y
Child Labor	Y	Y
Human Rights	Y	Y
Bribery and Corruption	Y	Y

IMPACT

The impact of supply chain management happens at multiple levels, including influence on the company reputation, economic and operational performance, as well as on the livelihood of Small and Medium Enterprise (SME) suppliers and the extended community where it operates. SPI ensures that all its suppliers comply with the SPI Supplier Code of Conduct and Vendor Accreditation Procedure. These policies include sustainability topics on Environmental Performance, Forced Labor, Child Labor, Human Rights and Bribery/Corruption.

RISKS

Several risks may be associated with Supply Chain Management such as compliance risk, demand and supply, environmental risk, risk of corruption, fraud, confidentiality and data privacy among others.

MANAGEMENT APPROACH

SPI required suppliers to strictly comply with the SPI Supplier Code of Conduct. Failure to comply with any provision of the Code could result in termination of the business and/or contractual relationship with SPI. The company selects Suppliers whose operations and business practices exceed the following requirements:

1. Compliance with Laws and Regulations
2. Product Quality and Safety
3. Business Integrity and Ethics
4. Labor Standards and Practices
5. Environment Laws and Regulations
6. Community Engagement
7. Anti-Corruption
8. Accurate Books and Records
9. Confidentiality
10. Data Protection
11. Intellectual Property Rights
12. Implementation of the Code

These requirements are set out in more detail in Annex 2 Supplier Code of Conduct.

OPPORTUNITIES

Enhance engagement and communication with supplier and service providers, and be able to build a rock-solid line of supply establishing business relationships that it can count on regardless of changing circumstances, including COVID-19.

MANAGEMENT APPROACH

SPI promotes communication with suppliers to know what to expect and understand what is needed to be delivered, most importantly in the quality aspect. Additionally, the company was able to build a mutually beneficial relationship with its venture partners that allows for open exchange of expertise.

SPI proactively ensures its continuous monitoring on compliance of its accredited Suppliers to all applicable relevant supply chain management laws, rules, and regulations through frequent Supplier communication and visitation as the need arises.

CUSTOMER MANAGEMENT

Customer Satisfaction

DISCLOSURE	SCORE		DID A THIRD PARTY CONDUCT THE CUSTOMER SATISFACTION STUDY? (Y / N)	
	2020	2021	2020	2021
Customer Satisfaction	91%	89.83%	Y	Y

IMPACT

Customer satisfaction provides a metric to assess SPI's quality of service from a customer perspective. It is crucial to understand what aspects are successful and where improvements need to be made. SPI subsidiary Shang Global City Properties Inc. (SGCPI) uses a third-party vendor who helps to monitor guest satisfaction in the hotels with internal post-stay or post-event surveys. The consolidated score for 2021 was marginally lower than the previous year. SGCPI accommodates Persons Under Quarantine (PUQ) including bookings from Overseas Workers Welfare Administration (OWWA).

RISKS

Disgruntled or angry customers results in discounts, additional service hours or in the worst-case scenario, customer churn and loss of reputation.

MANAGEMENT APPROACH

SPI effectively sustained the overall satisfaction of its customers despite the prevailing COVID-19 pandemic through proactive establishment of a dedicated Customer Relations Unit (CRU), which provides a single point of after-sales customer interface.

CRU is tasked to provide after sales services such as follow-ups on payments and monitoring and tracking customer's overall satisfaction. Every guest's query and complaint is handled by employees who are trained in problem recovery.

The hotel operations of SPI utilizes an independent comprehensive feedback measuring tool, TrustYou, to monitor and track Customer satisfaction, linking the results directly to the Balance Scorecard of the respective employee's regular performance review.

OPPORTUNITIES

Motivated and appropriately informed Employees manifest excellent customer service, as well as provide assurance that the company is operating at the highest standard of business ethics

MANAGEMENT APPROACH

SPI continuously establishes and implements a Customer service culture through the conduct of employee training and awareness programs on customer engagement and complaints management, as well as the conduct of continuous review of SPI's implemented Customer management systems and procedures.

Health & Safety

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
No. of Substantiated Complaints on Product or Service Health and Safety	#	4,886	2827
No. of Complaints Addressed	#	4,886	2827

IMPACT

Product or service health and safety greatly affects customer satisfaction and trust on the company, especially nowadays as people are becoming more interested in healthy lifestyle and increasing awareness on potential hazards and dangers around them. SPI and its subsidiaries are committed to keeping guests and crew safe through premium-grade secured facilities and enhanced sanitation in compliance with its guidelines that allow people to relax in a safe and clean environment. This is manifested by the 42% drop in number of substantiated complaints on product or service health and safety in 2021, that is 2,000+ complaints lesser than the previous year. 100% of the complaints reported in 2021 were immediately resolved by SPI.

RISKS

Risk of unresolved incident(s) on product or service health and safety influences employee's morale, operational cost, and quality of service that the company provides. Reputational risk, health and safety concerns may lead to the loss of trust/ confidence of the Shareholders, Investors, Employees, Customers, Suppliers, and Government Regulators.

MANAGEMENT APPROACH

SPI constantly carries out initiatives to obtain certifications for compliance to relevant local and international standards on quality, food safety, health and safety. Appointment of a dedicated Fire and Life Safety Officer / Health and Safety Officer, and Hygiene Manager ensures ownership of these responsibilities. SPI continues to implement its established preventive maintenance activities for all the health and safety equipment. SPI conducts employee training and awareness programs on complaints management, as well as various emergency response and preparedness drills.

OPPORTUNITIES

Aspire for improvement in the complaint management system, and expand its implementation across all the subsidiaries or affiliates for more accurate reporting.

MANAGEMENT APPROACH

SPI keeps its commitment to improve Customer experience through the regular implementation of its established complaint management system, the DR3 (Defect Reporting, Recording, and Resolution) system. Further development of the system is still needed to maximize its use.

Customer Privacy

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
No. of Substantiated Complaints on Customer Privacy	#	0	1
No. of Complaints Addressed	#	0	1
No. of Customers, Users, and Account Holders whose Information is Used for Secondary Purposes	#	0	0

IMPACT

Customer privacy complaints will have an impact to the reputation of company – loss of confidence of the stakeholders. SPI complied with the Data Privacy Act and ensures protection of stakeholders' personal information and other confidential files.

RISKS

Failing to respect customers' privacy can result in reputational harm, loss of personal information, and wasted resources. Increasingly, it can also put the company in violation of the law, and lead to large fines and legal claims.

MANAGEMENT APPROACH

SPI effectively sustained its compliance to the requirements of the Data Privacy Act of 2012 (RA 10173) through the proactive implementation of its established Data Privacy statements and Data Security practices, as well as the appointment of a dedicated Data Privacy Officer (DPO), who fulfills the responsibility of managing SPI's compliance to all applicable data privacy and data security laws, rules, and regulations.

SPI implements its established annual internal and external comprehensive security audits, as well as its strict physical security practices, including installation and 24/7 monitoring of Closed Circuit Televisions (CCTVs) within the areas of SPI's operations.

SPI further identifies its critical files, ensuring these are adequately protected from loss through regular, periodic back – up systems and regular, periodic updating of installed antivirus software.

OPPORTUNITIES AND MANAGEMENT APPROACH

Promote and improve awareness among key staff on data privacy topics. SPI continuously conducts employees training and awareness programs on customer privacy, as well as various data security response and preparedness drills.

DATA SECURITY

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
No. of Data Breaches, including Leaks, Thefts, and Losses of Data	#	0	0

IMPACT

Breaches on data security can be very critical to the Company affecting its economic and social performance. However, with proper and secured privacy management program, data security is a business advantage. SPI established Data Security Best Practices which helped in maintaining zero number of Data Breaches, including Leaks, Thefts, and Losses of Data in this reporting year.

RISKS

Increased possibility of data loss, breach, leak, and theft due to increase online activity during the prevailing COVID – 19 pandemic may lead to financial loss from theft, information, business disruption and damage to reputation.

MANAGEMENT APPROACH

SPI effectively sustained its compliance to the requirements of the Data Privacy Act of 2012 (RA 10173) during the prevailing COVID – 19 pandemic through the proactive implementation of its formulated Privacy Management Programs and created Data Privacy Manual, as well as its established Data Privacy statements and Data Security practices.

SPI has appointed a dedicated Data Privacy Officer (DPO), who fulfills the responsibility of managing SPI's compliance to all applicable data privacy and data security laws, rules, and regulations.

SPI implements regular penetration tests and independent reviews of its IT applications and environment (VAPT).

United Nations Sustainable Development Goals

Shang Properties Inc. (SPI), with the intention to develop its contributions to UN SDG, is dedicated to optimize its operations, strategies and management approach related to economic, environmental and social aspects affecting its stakeholders and the community. For 2021, SPI identified contributions to six (6) SDGs and their summary is articulated below for easy reference.

ECONOMIC

P151.1M
Taxes paid

P128.2M
Investments to community

916
Total no. oforganic employees

Material Topic/Disclosure: Economic Performance
As a key participant in the Philippine property market and one of the leading employers in the hospitality industry, SPI contributes to nation-building by generating employment, providing opportunities for suppliers, tax revenues for governments and regular community investments through donations and CSR.

ENVIRONMENT

33%
Energy Reduction

32%
GHG Emission Reduction

287.731 kg
Renewable Materials Used

384,883 kg
Waste Recycled

100%
Environmental Compliance

0
Environmental Fines and Sanctions

Material Topic/Disclosure: Resource Management, Environmental Impact Management and Environmental Compliance
Energy, water and materials (i.e. wood, steel and cement etc.) are the usual resources used in SPI property development projects. Depletion of natural resources will always be a local and global concern, thus, SPI proactively implements efficient management of resources through conservation programs and waste reduction initiatives. Two (2) SPI subsidiaries have received notable efforts and recognitions such as ASEAN Energy Awards, ASEAN Efficient Building, and LEED Certification.

SOCIAL

579,103
Safe man-hours

0
Work-related fatalities

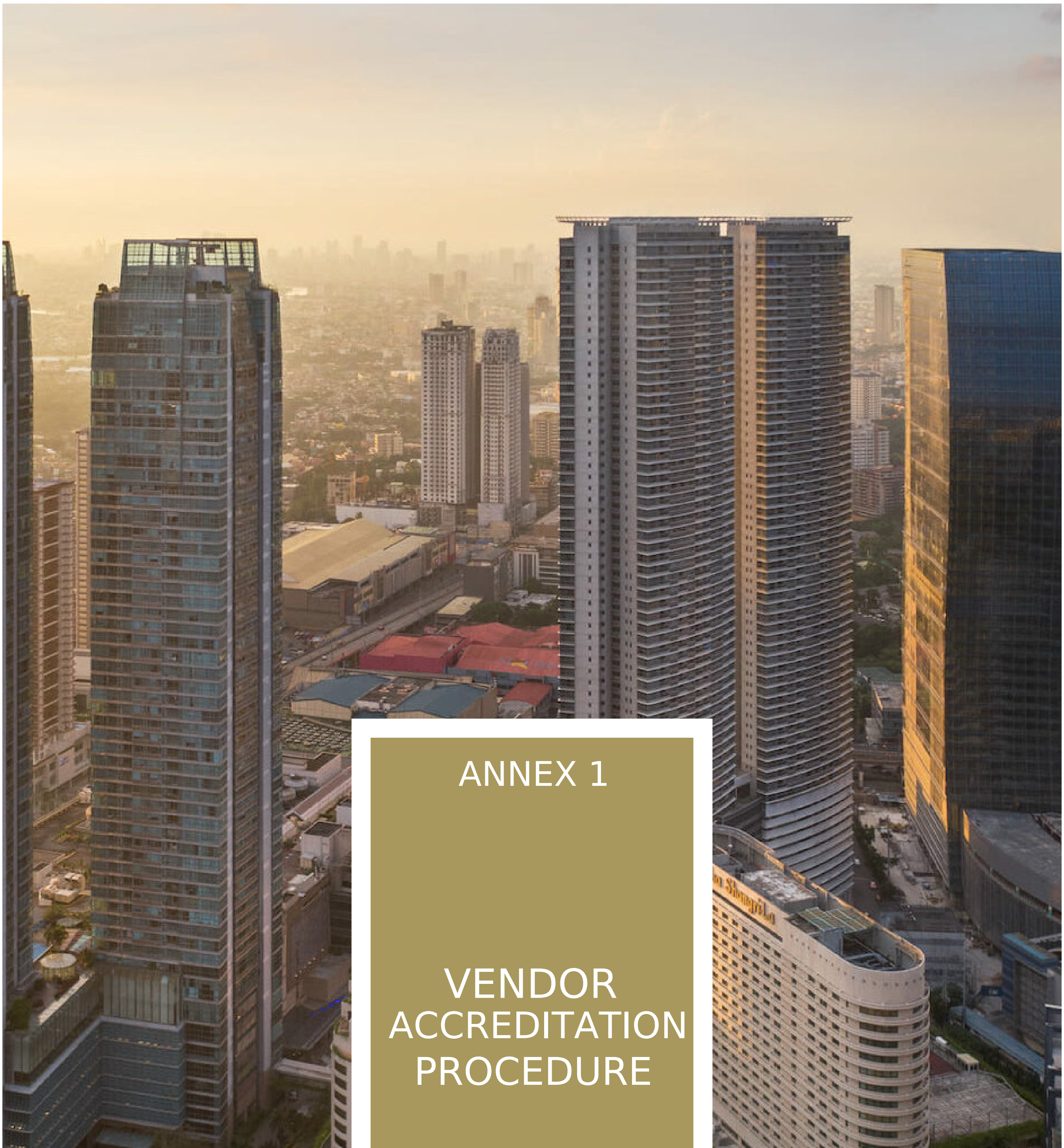
254
No. of Safety drills

47%
Female workers in the workforce

0 Employee Grievance on Forced or Child Labor

28
No. of employees from indigenous communities and vulnerable sector

Material Topic/Disclosure: Employee Management, Workplace Conditions, Labor Standards and Human Rights
SPI recognizes and accepts its duties for providing a safe and healthy environment to all stakeholders, strict compliance to all applicable relevant and existing labor laws, rules, and regulations of the Department of Labor and Employment (DOLE) and all other appropriate government entities. SPI consistently supports diversity and equal opportunity and has created an inclusive workplace for all, regardless of gender, ethnicity, background, sexual orientation and beliefs.



ANNEX 1

VENDOR ACCREDITATION PROCEDURE

TITLE: Vendor Accreditation Procedures

1. PURPOSE AND SCOPE:

   1.1 Purpose: To ensure that the vendors for goods and services who wish to do business with the Shang Properties Inc. are duly accredited in terms of compliance with legal, financial requirements and technical competency and to establish inter-department representation to Vendor Accreditation Committee (VAC).

   1.2 Scope: This procedure is applicable to all Shang Properties employees and shall be observed by all business units except the Projects Group Division.

   This accreditation process shall cover all vendors of goods and services excluding the following:

   a. Authorized dealers/distributors of motor vehicles.
   b. Three (3) largest oil companies in the Philippines and their authorized dealers.
   c. Government accredited agencies or institution
   d. Pharmaceutical companies or its authorized distributors/dealers such as Mercury Drug Stores and their vaccine authorized dealers
   e. Foreign principals or suppliers
   f. Vendors which supplies special items which are purchased thru petty cash from stores located at Divisoria, Binondo, etc.
   g. Kuok affiliates/subsidiaries
   h. Broadcast/Media Network
   i. Law, Accounting, Audit Firms and other Consultancy Services
   j. Non-profit and Charitable Institutions
   k. Top 10 Insurance Companies
   l. Hotels and resorts, restaurants and food chains, Wine Cellars and Dealers, Training or seminar venues and exclusive Membership Club
   m. Government Agencies, Cooperatives and Associations
   n. Hospitals, Dental and Optical Clinics, Medical Laboratories

o. Utility companies (electricity, water, and gas)

p. Banks

q. Newspaper or publishing companies,

r. Telecom companies

s. Garbage Haulers

t. SPI Mall Tenants

u. Top 100 companies in the Philippines declared by Securities and Exchange Commission (SEC).

v. Spot Purchase less than 3,000.00 PHP.

w. Vendors with less than Ten (16) Purchase Orders and not more than PHP 300,000.00 of annual cumulative purchase.

1.3 Support Document: Approval Authorization Chart approved by the Chairman.

2. REFERENCED DOCUMENTS

2.1 DP-SPI PROC 1.1 PR to PO Procedure

2.2 DP-DPI PROC 1.8 Vendor Accreditation Procedures

2.3 DP-SPI PROC 1.2 Procurement Bidding Procedure

2.4 DP-SPI PROC 1.3 Exemption from Bidding and Canvassing Procedure

2.5 Approval Authorization Chart Approved by the Chairman

3. MATERIALS AND EQUIPMENT: N/A

4. SAFETY: N/A

5. PROCESS DEFINITION AND CONTROL

5.1 Only accredited vendors shall be considered for bidding of goods and services.

5.2 All potential vendors who will supply goods and services to the company must undergo an accreditation process, either through in-house accreditation or under third party assessment, to ensure that the Company deals only with legal, technically competent and financially capable vendors. In emergency cases, or for one-time supply, the accreditation process may not be immediately undertaken. However, prior approval from the Head-Purchasing shall be secured before proceeding with the procurement processes.

5.3 Approval for accreditation by the VAC must be unanimous. Refer to the Approval Authorization Chart approved by the Chairman.

5.4 There are two (2) types of Assessment:

5.4.1 In-House Assessment and Accreditation – All vendors with total cumulative amount of purchase not more than PHP 300,000.00 annually and more than fifteen (15) Purchase Orders must undergo in-house assessment and accreditation.

The initiative must be done by the members of the VAC committee – from the compilation of requirements, assessment and up to issuance of the certificate of accreditation to the vendor.

5.4.2 Third Party Assessment – All vendors with total amount of purchase with more than PHP 300,000.00 annually must undergo Third Party Assessment.

Evaluation, Ratings and Issuance of Accreditation Certificate is still under the Vendor Accreditation Committee (VAC).

5.5 Vendors that are exempted to this process may refer to section item 1.2.

5.6 Accreditation of Vendors shall be done whenever the following instances are encountered:

5.6.1 New requirement arises

5.6.2 Need to make a supply situation more competitive

5.6.3 Replacement of vendors due to following reasons:

5.6.3.1 Vendor has gone out of business

5.6.3.2 Vendor has discontinued production of a particular line;

5.6.3.3 Outdated technology; or,

5.6.3.4 Vendors' performance review results to poor performance as defined in Vendor Performance Evaluation

5.6.3.5 Existing vendor is recommended for blocking as defined in Vendor Performance Evaluation

5.6.4 Every three (3) years renewal for existing accredited vendor

5.7 Sources of Potential Vendors for Accreditation:

5.7.1 Purchasing Department shall source individual vendors where a product /service can be ordered. These include manufacturers or independent distributors and direct service providers. These can be done through the following sources:

5.7.1.1 Company's database of current and past vendors;

5.7.1.2 Trade directories, buyer's guides, yellow pages;

5.7.1.3 Vendors themselves through visits from sales force or direct mail shots;

5.7.1.4 Exhibitions and conferences;

5.7.1.5 Periodicals;

5.7.1.6 Professional colleagues within the Kuok group and outside the Company;

5.7.1.7 Embassies; and,

5.7.1.8 E-bay and other electronic portals

5.8 Vendor Accreditation Committee (VAC) Members

5.8.1 Chairmanship of the Vendor Accreditation Committee shall be the Vice President and Group Financial Controller. The chairman shall convene the committee meetings, resolve issues, and break impasses as regards Vendor Accreditation whenever necessary.

5.8.2 The committee shall be composed of representatives from Finance, Technical and Purchasing who shall conduct and determine the following:

5.8.2.1 The desk top review of all documents and the application form submitted by the Vendor for completeness. Relevant documents to evaluate suitability of the product or services being offered by the vendor shall be reviewed in coordination with the concerned department.

5.8.2.2 Finance Representative – to conduct an analysis of financial viability of Vendor.

5.8.2.3 Technical representative – shall determine the vendor's technical background and capability to perform required works and services.

5.8.3 Technical Representative who shall check the acceptability and adaptability or interoperability functions of the vendor's products and/or services based on the user's specific and documented requirements and standards. It shall be coordinated with Purchasing.

5.8.4 Each member of the VAC shall complete the Approval Sheet, indicating the findings/ comments/ assessment and/ or recommendations. Refer to the Approval Authorization Chart approved by the Chairman.

5.9 Accreditation Requirements

5.9.1 Vendors applying for accreditation shall submit relevant documents listed in Annex 1, depending on the type of product or service offered.

5.9.2 Each VAC member (refer to section 5.8 for membership composition) shall be given a set of documents relevant to their review based on the accreditation criteria (refer to section 6).

5.9.3 The actual site visit shall be done by Purchasing and a representative from the Requestor and other subject matter experts (whenever necessary) who are familiar with the product/service of the vendor. Representatives from other groups such as Legal, Technical, HRAS, and Finance may be consulted or invited to confirm findings and observations during vendor visit, which shall serve as basis for accreditation.

5.10 Vendor visit is required for:

5.10.1 The accreditation of new/first-time vendors who will potentially supply both categories of products/services:

5.10.1.1 Category A – service providers with potentially more than PHP 5 Million annual contract. Vendor visit must be done prior of any award.

5.10.1.2 Category B – vendors with one-time contract and has more than PHP 3 Million potential purchase. Vendor visit must be done prior of any award.

5.10.2 Validation of accreditation or capability of existing vendors with regular/repeated contract having an annual spend of PHP 5 Million. Vendor visit must be done at least once every three years.

5.10.3 Whenever necessary, samples or demonstration units shall be required from the vendor to ensure the quality and interoperability of the products being offered. The testing or application of samples shall be coordinated with the user department. If the product is of such nature that testing is impractical due to the time or expense required, VAC would depend on the Technical evaluation of the design and specifications, qualifications and reputation of the vendor.

5.11 Accreditation Criteria and Documentation Requirements

5.11.1 A vendor applying for accreditation shall be evaluated based on three criteria - legal requirements compliance, its financial stability, and technical capability.

5.11.2 LEGAL CAPABILITY

5.11.2.1 The documentary requirements shall be as follows:

a. Business Registration Certificates [Certificate of Incorporation/Partnership from the Securities Exchange Commission (SEC) – for corporation/partnership, Certificate from the Department of Trade & Industry (DTI) – for sole proprietorship]

b. Incorporation Papers (Articles of Incorporation/Partnership/By-Laws)

c. Tax Identification Number (TIN)

d. BIR Registration 2303

e. Business Permit/Licenses: Mayor's permit; Health Permit; Fire Clearance Certificate; Sanitary Permit

f. Exclusive Distributorship Agreement

5.11.2.2 Vendors applying for accreditation shall be requested to present the original documents to the Company's authorized representative who will validate the authenticity of submitted documents.

5.11.2.3 Regulatory Requirements:

a. SSS Certificate of Payments

b. Service Contracts: Department of Labor and Employment (DOLE) / NLRC Clearance

c. Philippine Contractor Accreditation Board (PCAB) License

d. Any other legal requirements that may be deemed necessary for the specific product or service being offered.

5.11.2.4 Note: In case any of the documents presented were found insufficient, further documentation requirements shall be required.

5.11.3 FINANCIAL STABILITY

5.11.3.1 The VAC Approval sheet including the following pertinent documents shall be forwarded to Finance for proper evaluation:

a. Last two (2) years Audited Financial Statement (companies operating for 3 yrs. or more) or one (1) year Audited Financial Statement (companies operating for 1 to 2 year/s old); or

b. Un-audited Financial Statements, should be certified true and correct by the President / CFO in every page using the company's letterhead (for one (1) - year old companies whose audited FS is not yet available at the time of accreditation); or

c. Interim Financial Statements should be certified true and correct by the President / CFO in every page using the company's letterhead (for companies who wishes to present their interim FS given the remarkable performance/recent developments which now becomes more relevant as compared to historical audited.

5.11.3.2 Finance Representative shall review the financial strengths/capability of all vendors applying for accreditation.

5.11.3.3 Only those vendors who pass will be included in the pool of accredited suppliers.

5.11.3.4 The result of financial evaluation shall be reflected in the VAC approval sheet including the findings/comments/assessment/ recommendations.

5.11.3.4.1 Re-evaluation of financial capability of accredited Vendors must be done at least once every three years.

5.11.3.4.2 Purchasing & Finance shall perform an updated actual spend analysis.

5.11.3.4.3 Vendor Master shall review the vendor profile and compare against the updated actual total spend per vendor description to check if there are vendors that change its risk/value profile. These Vendors shall be re-classified whenever necessary.

5.11.4 TECHNICAL CAPABILITY

5.11.4.1 Purchasing & the technical representative of the requisitioning department shall evaluate on the acceptability and suitability of the product or services offered by the vendor. This can be verified based on the conformance to regulatory and Company's standards, past performance/ relevant experience relative to the product/service offered can also be considered.

5.11.4.2 The vendor's adequacy of facilities, manpower and equipment to deliver the products or services on a continuing basis shall be validated thru any of the following:

5.11.4.2.1 Vendor Visit (Please refer to the section 9.4)

5.11.4.2.2 3rd Party validation

5.11.4.2.3 Interview of reference sites

5.11.4.3 The following documents shall be used to check on the product acceptability and adequacy of resources of the vendor:

a. Legal Documentary requirement for Contractors (Min: A): License from Philippine Contractor's Accreditation Board (PCAB)

b. Summary of Completed and on-going contracts (related to services offered) or List of Clients who have been using the products offered.

c. Certificate of Product Type Approval from regulatory / governing agency / international accrediting bodies, when the type of product requires it

d. Table of Organization/ Competencies of Technical Personnel (For service related vendors)

e. Technical Catalogs & Brochures for List of products / services carried

f. Statement of Types of Machineries & Equipment Owned

5.12 Inclusion in the List of Accredited Vendors

5.12.1 Once the overall accreditation process is completed and the Vendor has been successfully accredited, relevant information shall be entered in Vendor Master Data/Procurement System.

5.12.2 All Units involved in the purchasing process shall be informed of the newly accredited vendors. They should refer to and consider only those included in Vendor Master Data/Procurement System in the processing of a Purchase Requisition and in the issuance of Request for Quotation / Invitation to Bid or Purchase Order except the vendors in the exclusion list.

5.12.3 Purchasing shall be responsible for:

5.12.3.1 Ensuring that only accredited vendors are included in Vendor Master Data/Procurement System.

5.12.3.2 Ensuring that all changes to critical vendor data are regularly updated in Vendor Master Data/Procurement System; and,

5.12.3.3 Securing Vendor Master Data/Procurement System against unauthorized access/modifications. Finance shall review all accredited vendors inputted to the system by Purchasing.

5.13 All accredited vendors are required to submit the following documents for validation purposes and to update the Vendor Master file:

5.13.1 Audited Financial Statement

5.13.2 Business Permit (Mayor's Permit)

5.13.3 Updated or new product Catalogs

5.13.4 Above documents will validate legal existence and financial soundness of the existing vendors of the company on a continuing basis.

5.14 Issuance of Certificate of Accreditation

5.14.1 A letter to certify accreditation shall be given to all vendors who have passed the accreditation process of the Company stating the specific product or service to be offered.

5.14.2 The certification shall be valid for three (3) years from the date of issuance.

5.14.3 The Company shall consider accredited vendors as "Partners in Business". Vendors shall sign Business Ethics Agreement to protect the interest of both Parties.

6. ACCREDITATION REQUIREMENTS CHART:

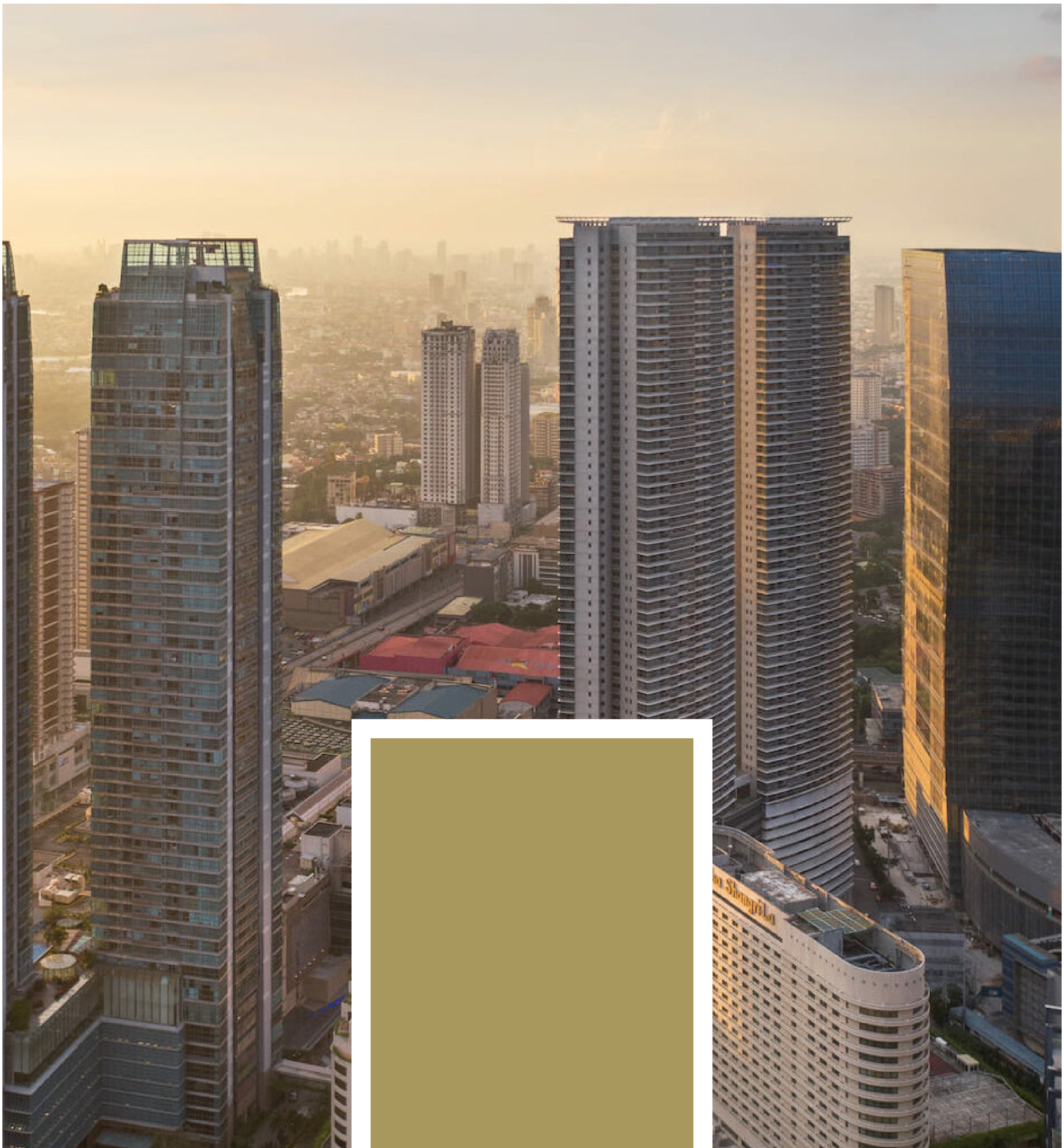
Vendors shall be requested to submit the following documents for accreditation process:

Legal Compliance	Financial Requirement	Technical Competency
▪ Letter of Intent (with Vendor's company letterhead) ▪ Vendor Information Sheet ▪ SEC Business Registration Certificate for Corporations, ▪ DTI – Sole Proprietorship ▪ (Articles of Incorporation or ▪ Partnership / By – Laws) ▪ Tax Identification Number ▪ Business Permit / Licenses ▪ VAT or Non-VAT Registration ▪ PCAB and/or ▪ DOLE License ▪ Exclusive Distributorship Agreement ▪ Any other legal requirements that may deemed necessary for specific product or service being offered.	**For In-House Assessment and Accreditation :** ▪ Last Two (2) years Audited Financial Statement (co. existent for 3 yrs. or more) or ▪ One (1) year Audited Financial Statement (for 1-year old companies). **Third Party Assessment:** ▪ Last Five (5) years Audited Financial Statement (co. existent for 3 yrs. or more) or ▪ Two (2) years Audited Financial Statement (for 1-year old companies). *** Un-audited Financial Statements, should be certified true and correct by the President / CFO in every page using the company's letterhead (for 1-year old companies whose audited FS is not yet available at the time of accreditation)	▪ **For Service Providers:** Summary of Completed and on-going contracts (related to the services offered) ▪ **For Goods Vendors:** List of Clients who have been using the products being offered. ▪ Table of Organization including CV's / Competencies of Technical Personnel (For service related Vendors). ▪ Technical Catalogs & Brochures for List of products / services carried. ▪ Statement of Types of Equipment Owned (for Service Providers only). ▪ And other requirements that may deemed necessary for specific product or service being offered.

7. VENDOR ACCREDITATION PROCEDURE

Process	Requirements / Remarks
Letter of Intent/ Invitation Letter	• Responsible: Purchasing/ Third Party Assessor • Purchasing is responsible for informing the vendor about the accreditation process and requirements.
Vendor Information Sheet (VIS)	• Responsible: Vendor/ Third Party Assessor • Vendors shall submit complete details of their company through VIS Form. • For Third Party Assessor - must include all required information in their Report.
Compilation of the Requirements	• Responsible: Purchaser/Third Party Assessor • Purchaser must consolidate all Legal, Technical and Financial Requirement, same with the Third Party Assessment through DNB Report.
Vendor Rating Sheet	• Responsible: Purchasing • Purchasing must prepare and seek the approval rating of all VAC Member Committees. • Vendor Rating Sheet must be approved in accordance to the Approval Authorization Chart
Vendor Accreditation Certificate	• Responsible: Purchasing • Once accredited and approved as per Approval Authorization chart, Purchasing must issue an Accreditation Certificate to vendor.
Vendor Master File (VMF)	• Responsible: Purchasing • Purchasing must prepare a list of all vendor information necessary in VMF database.

Prepared by: Lenie M. Parto Assistant Purchasing Manager	Reviewed and Checked by: Eric G. Santos Senior Purchasing Manager	Initial Issue Date Oct 04, 2018
Recommended by: 4/24/19 Rajeev Garg Vice President/ Group Financial Controller	Approved by: Karlo P Estavillo Chief Operations Officer/Chief Finance Officer	Revision No.



ANNEX 2

SUPPLIER CODE OF CONDUCT

SUPPLIER CODE OF CONDUCT

The Shangri-La group of companies including Shangri-La Asia Limited, Shangri-La International Hotel Management Limited, their respective subsidiaries, affiliates and controlled entities, as well as hotels and properties operated by the Group (collectively, "**Group**"), are committed to the core values that define the Group's reputation and brand: integrity, fairness, respect, ethical business conduct and excellence in service.

We require our suppliers, their employees, subsidiaries, affiliates and sub-contractors (collectively, "**Suppliers**") to uphold the Group's core values and adhere to ethically, socially and environmentally responsible practices when doing business with the Group. These requirements are set out in more detail in this code of conduct ("**Code**").

As a minimum, Suppliers are required to comply with the Code. Failure to comply with any provision of the Code could result in termination of the business and/or contractual relationship with the Group. The Group prefers to do business with Suppliers whose operations and business practices exceed the requirements of the Code.

1. Compliance with Laws and Regulations

Suppliers shall comply with all applicable laws, rules and regulations, including (but not limited to) those relating to labour, health and safety, and the environment, of the place in which they operate or conduct business.

Suppliers shall notify the Group immediately of any violation of applicable laws, rules and regulations that may affect their ability to supply products or services to the Group in accordance with the Code.

2. Product Quality and Safety

Suppliers shall supply products and services that are safe, fit for purpose, of merchantable quality and comply with all applicable laws, rules and regulations.

3. Business Integrity and Ethics

Suppliers shall deal honestly, fairly and ethically in every aspect of their business, including sourcing, operations and relationships with clients, employees, suppliers and business partners.

Suppliers must not resort to anti-competitive, deceptive, discriminatory, dishonest, unlawful or unethical business practices.

4. Labour Standards and Practices

Suppliers shall comply with all applicable laws, rules and regulations pertaining to working hours, wages, benefits, minimum age, working conditions, occupational health and safety, and industrial relations.

Suppliers shall implement fair, humane and non-discriminatory employment practices, treat their employees fairly, with dignity and respect, and respect diversity and inclusion. Suppliers shall ensure that no threats of violence, physical punishment, or other forms of physical, sexual, psychological or verbal harassment or abuse are used as a method of discipline or control of their employees. Suppliers shall not use any form of forced labour, including coerced, bonded, indentured or child labour. Any form of slavery and/or human trafficking, or any contribution thereto, is strictly prohibited.

Suppliers shall provide a safe and healthy work environment to their employees and take measures to prevent workplace hazards and accidents.

Where employee housing is provided, we expect our Suppliers to meet or exceed the standards for health and safety as those that apply in the workplace.

Suppliers shall provide employees with avenues to raise issues of concern in confidence, without fear of reprisal or negative repercussion.

Where the right to freedom of association and collective bargaining is not restricted under law, Suppliers shall respect the rights of their employees to join or form trade unions and to bargain collectively.

5. Environment

Suppliers shall comply with all applicable environmental codes, laws, rules and regulations in the place where they operate and ensure that they obtain and maintain all necessary environmental permits and registrations to conduct their business.

Suppliers shall adopt appropriate environmentally friendly practices to minimise negative environmental impacts of their operations, products and services through measures such as proper waste management, pollution control and recycling, while continually advancing the sustainability of the products and services provided to the Group.

6. Community Engagement

Suppliers are encouraged to engage with, promote and contribute to the communities in which they operate to help foster social and economic development and sustainability.

7. Anti-Corruption

Any and all forms of corruption and bribery are strictly prohibited. Suppliers must comply with all applicable anti-corruption laws, rules and regulations of the country where their businesses are being conducted.

Suppliers shall not, directly or indirectly, offer, solicit, pay or accept any form of unlawful advantages such as (but not limited to) bribes, kickbacks, secret commissions, reward, favours, cash, gifts, loans, employment, facilitation payments or any other thing of value ("**Advantages**") to secure improper business advantages.

Suppliers doing business with the Group must not offer, solicit, pay or accept any form of Advantages to or from the Group's employee or representative on account of the Supplier's business dealings with the Group. Likewise, Suppliers must not offer any employee or representative of the Group excessive business entertainment that could be seen to compromise their objectivity in making decisions, that creates the appearance of impropriety, or that violates the law.

A Supplier must not offer or transfer any form of Advantages, directly or indirectly, to any public official, body or agency in order to secure any improper business advantage for or on behalf of the Group.

The Group is required to comply with various anti-corruption laws and regulations, including without limitation Hong Kong's Prevention of Bribery Ordinance (Cap. 201). Suppliers doing business with the Group must be familiar and comply with the requirements of these laws and regulations.

8. Accurate Books and Records

Suppliers shall maintain proper, accurate and complete books and records in accordance with applicable laws, rules, regulations and recognised accounting standards and practices.

Suppliers shall promptly and in good faith, provide accurate information reasonably required to enable the Group to comply with its legal, regulatory and reporting obligations to governmental authorities, financial and stock exchange regulators. The intentional creation of false, misleading and deceptive books, records or documents is strictly prohibited.

9. Confidentiality

All information provided by the Group or otherwise obtained by Suppliers in their course of dealings with the Group ("**Group Information**"), including without limitation those pertaining to the Group's businesses, operations and policies, shall be treated as confidential, sensitive and proprietary information. Suppliers shall only use the Group Information for legitimate business purposes, in accordance with non-disclosure agreement(s), local laws, rules and regulations. Unless specifically authorised by the Group or otherwise required under law, Suppliers shall not disclose or communicate any Group Information to unauthorised third parties, the public and/or the media.

10. Data Protection

The Group is required to comply with various data privacy laws and regulations, including without limitation Hong Kong's Personal Data (Privacy) Ordinance (Cap. 486) ("**PDPO**"). In the event that a Supplier receives, becomes privy to or is given access to the personal data of the Group's guest(s), customer(s) and/or employee(s) ("**Personal Data**"), we expect our Suppliers to collect, use, handle, process, store, disclose and transfer such Personal Data in compliance with the Group's policies, the PDPO and all data protection and privacy laws and regulations of all applicable jurisdictions. Suppliers shall not use or disclose any such Personal Data, or engage and/or authorise any third-party service providers to process any such Personal Data, without the prior written consent from the Group.

Suppliers shall promptly notify us in the event of any unauthorised disclosure, leakage or use of Personal Data ("**Data Incident**") and work with us in good faith to mitigate the impact of any Data Incident on us, our guest(s), customers and employees and in compliance with the applicable data protection and privacy laws and regulations.

11. Intellectual Property Rights

Suppliers shall recognise and respect the Group's intellectual property rights in its trademarks, copyright, design and patents. Suppliers shall not engage in any activities that may infringe upon any of the Group's intellectual property rights or tarnish the Group's reputation.

12. Implementation of the Code

Suppliers shall take appropriate steps to ensure that the principles of this Code are communicated to, adopted and applied by their employees and throughout their own supply chains (including their suppliers, sub-contractors and business partners who are involved in the provision of products and services to the Group), where applicable. The Group reserves the right, upon provision of reasonable notice to Suppliers, to conduct compliance audit with Suppliers on the Code. Suppliers shall promptly and in good faith, provide relevant information to demonstrate compliance with the Code. If necessary, Suppliers shall facilitate site visits by us and/or our auditor(s) to assess compliance with the Code.

Reporting Violations

Suppliers shall report any violations or suspected violations of applicable laws, regulations and the Code to the Group. To report a violation confidentially, please click on the following link: http://www.shangri-la.com/corporate/about-us/supplier-code-of-conduct/violation-reporting/

The Code may be updated from time to time. Suppliers should refer to the Group's website at: http://www.shangri-la.com/corporate/about-us/supplier-code-of-conduct/ for the most up-to-date version of the Code.

SHANG
PROPERTIES

16 May 2022

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building,
PICC Complex
Roxas Boulevard, Manila

Thru: Corporate Finance Department

Re: **Shang Properties, Inc. (SPI)**

Gentlemen:

We are submitting herewith SPI's SEC Form 17-Q as of 31 March 2022, which we have submitted with the Philippine Stock Exchange, Inc.

Thank you.

Very truly yours,
SHANG PROPERTIES, INC.
By:

FEDERICO G. NOEL, JR.
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE

1. For the quarterly period ended : 31 March 2022
2. Commission Identification Number : 145490
3. BIR Tax Identification Number : 000-144-386
4. **SHANG PROPERTIES, INC.**
   Exact name of the Issuer as specified in this charter:
5. Province, country or other jurisdiction of incorporation or organization: Not Applicable
6. Industry Classification Code: [ ] (SEC Use Only)
7. Shangri-La Plaza Adm. Office, 5th Floor, Shangri-La Plaza, EDSA cor. Shaw Blvd. Mandaluyong City — 1550
   Address of issuer's principal office — Postal Code
8. (632) 8370-2700
   Issuer's telephone number, including area code
9. Former name, former address and former fiscal year, if changed since last report:
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA.

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Stock	4,764,056,287 common shares

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [x] **No [ ]**

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    Philippine Stock Exchange

12. Indicate by check mark whether the registrant:

    (a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports).

Yes [x] **No [ ]**

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [x] **No [ ]**

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Please see attached.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SHANG PROPERTIES, INC.
Issuer

By:

KARLO MARCO P. ESTAVILLO
Treasurer / Chief Finance Officer

RAJEEV GARG
Group Financial Officer

Date of Signing: 16 May 2022

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

SHANG PROPERTIES, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	Unaudited March 31, 2022	Audited December 31, 2022
ASSETS			
Current Assets			
Cash and cash equivalents	3	1,415,804,639	1,376,480,154
Financial assets at fair value through profit or loss	4	31,676,639	30,815,974
Trade and other receivables, net	5	4,782,933,377	4,380,741,449
Properties held for sale	6	3,555,638,922	3,664,986,160
Prepaid taxes and other current assets	7	2,371,829,272	1,947,431,627
Total Current Assets		12,157,882,849	11,400,455,364
Non-Current Assets			
Investment in and advances to associates and a joint venture	8	4,427,004,934	4,318,123,784
Investment properties	10	35,426,874,411	35,384,993,640
Financial assets at fair value through other comprehensive income	11	796,968,495	796,968,495
Property and equipment, net	12	10,735,034,951	10,813,860,164
Goodwill		269,870,864	269,870,864
Deferred income tax assets		615,076,473	615,730,128
Other non-current assets	13	172,638,300	176,769,549
Total Non-Current Assets		52,443,468,428	52,376,316,624
Total Assets		**64,601,351,277**	**63,776,771,988**
LIABILITIES & STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	14	4,672,396,522	4,774,073,850
Current portion of:			
Installment payable		-	47,883,236
Bank loans	15	7,046,778,044	6,610,111,377
Deposits from tenants	16	794,870,003	845,472,994
Deferred lease income		22,256,686	18,829,063
Income tax payable		116,448,903	54,637,882
Dividends payable		71,962,226	61,897,055
Total Current Liabilities		12,724,712,384	12,412,905,457
Non-Current Liabilities			
Accrued employee benefits		66,727,523	64,676,831
Bank loans, net of current portion	15	1,097,109,389	1,095,786,300
Deferred income tax liabilities, net		6,885,353,768	6,878,525,105
Advance rental, net of current portion		156,688,857	156,688,857
Deposit from tenants, net of current portion	16	225,630,549	193,502,993
Deferred lease income, net of current portion		26,067,501	35,663,151
Total Non-Current Liabilities		8,457,577,587	8,424,843,237
TOTAL LIABILITIES		21,182,289,971	20,837,748,694
Stockholders' Equity			
Share capital	17	4,764,058,982	4,764,058,982
Share premium	17	834,439,607	834,439,607
Treasury shares		(6,850,064)	(6,850,064)
Equity reserves		(141,132,606)	(141,132,606)
Other comprehensive income		254,802,375	268,806,682
Retained earnings		32,063,859,391	31,587,543,780
Total equity attributable to shareholders of the Parent Company		37,769,177,685	37,306,866,381
Non-controlling interest		5,649,883,621	5,632,156,913
Total equity		43,419,061,306	42,939,023,294
Total Liabilities and Equity		**64,601,351,277**	**63,776,771,988**

(See accompanying notes to unaudited consolidated financial statements)

SHANG PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME

	UNAUDITED FOR THE QUARTER ENDED	
	31-March-22	**31-March-21**
REVENUES		
Condominium sales	658,408,896	502,963,458
Rental and cinema	466,743,338	488,863,927
Hotel operations	322,316,506	185,302,688
	1,447,468,740	1,177,130,073
COST OF SALES AND SERVICES		
Cost of condominium sales	283,472,406	256,934,240
Cost of rental and cinema	18,925,070	(2,079,849)
Cost of hotel operations	253,641,689	397,547,365
	556,039,165	652,401,756
GROSS PROFIT	**891,429,575**	**524,728,317**
OPERATING EXPENSES		
Staff Costs	118,961,989	207,160,127
Taxes, licenses and fees	73,455,008	72,407,620
Depreciation	7,303,700	7,715,209
Insurance	4,249,129	4,339,571
Other operating expenses	224,040,382	126,509,746
	428,010,208	418,132,273
OTHER INCOME		
Foreign exchange gains-net	2,994,039	1,406,093
Other income - net	31,394,503	131,896,026
	34,388,542	133,302,119
Income from operations	497,807,909	239,898,163
Finance income, net		
Finance Income	31,849,451	32,653,678
Finance Costs	(29,866,745)	(26,245,081)
	1,982,706	6,408,597
SHARE IN PROFIT OF ASSOCIATES AND A JOINT VENTURE	107,101,875	175,681,499
INCOME BEFORE INCOME TAX	**606,892,490**	**421,988,259**
Income tax expense	(82,890,171)	(43,594,714)
NET INCOME FOR THE YEAR	**524,002,319**	**378,393,545**
NET INCOME ATTRIBUTABLE TO:		
Shareholders of the Parent company	**476,315,611**	**386,097,218**
Non-controlling Interest	47,686,708	(7,703,673)
	524,002,319	378,393,545
OTHER COMPREHENSIVE INCOME		
Translation adjustments	-	(37,732,858)
Remeasurement gain (loss) on retirement benefit obligation, net of tax	(14,004,307)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	509,998,012	340,660,687
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Shareholders of the Parent company	**462,311,304**	**348,364,360**
Non-controlling Interest	47,686,708	(7,703,673)
	509,998,012	**340,660,687**
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	**0.100**	**0.081**

(See accompanying notes to unaudited consolidated financial statements)

SHANG PROPERTIES, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Shareholders of the Parent Company							
	Capital stock	Additional Paid-in Capital	Treasury Stock	Equity Reserves	Other Comprehensive Income	Retained Earnings	Non-controlling Interest	Total
Balances as of January 1, 2021	4,764,058,982	834,439,607	(6,850,064)	(141,132,606)	219,550,748	30,053,959,054	5,950,341,446	41,674,367,167
Translation adjustments	-	-	-	-	(37,732,849)	(10)	32,253	(37,700,606)
Cash dividends	-	-	-	-	-	-	(89,880,000)	(89,880,000)
Net income for the period	-	-	-	-	-	386,097,218	(7,703,673)	378,393,545
Balances as of March 31, 2021	4,764,058,982	834,439,607	(6,850,064)	(141,132,606)	181,817,899	30,440,056,262	5,852,790,026	41,925,180,106
Balances as of January 1, 2022	4,764,058,982	834,439,607	(6,850,064)	(141,132,606)	268,806,682	31,587,543,780	5,632,156,913	42,939,023,294
Translation adjustments	-	-	-	-	(14,004,307)	-	-	(14,004,307)
Cash dividends	-	-	-	-	-	-	(29,960,000)	(29,960,000)
Net income for the period	-	-	-	-	-	476,315,611	47,686,708	524,002,319
Balances as of March 31, 2022	4,764,058,982	834,439,607	(6,850,064)	(141,132,606)	254,802,375	32,063,859,391	5,649,883,621	43,419,061,306

(See accompanying notes to unaudited consolidated financial statements)

SHANG PROPERTIES, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	March 31, 2022	March 31, 2021
Cash flows from operating activities		
Income before provision for income tax	606,892,490	421,988,259
Adjustments for:		
Depreciation and amortization	93,942,121	7,715,209
Interest expense	29,665,100	19,434,602
Retirement benefit expense	1,283,843	(7,587,786)
Loss on fair value adjustment of financial assets at fair value through profit or loss	(860,665)	946,732
Cumulative translation adjustment	(14,004,307)	37,732,859
Share in net profits of associates and a joint venture	(107,101,875)	(175,681,499)
Unrealized foreign exchange gain	2,994,039	1,406,093
Dividend income	-	(1,528)
Interest income	(31,849,451)	(32,653,678)
Operating income before working capital changes	580,961,295	273,299,263
Changes in working capital:		
Trade and other receivables	(403,237,645)	(595,979,376)
Properties held for sale	109,347,238	37,654,013
Prepaid taxes and other current assets	(437,988,798)	(132,023,312)
Real estate development projects	-	-
Other non-current assets	4,131,249	299,791,700
Accounts payable and other current liabilities	(100,207,318)	15,743,409
Installment payable	(47,883,236)	-
Deposits from tenants	(28,506,750)	55,599,687
Net cash generated from operations	(323,383,965)	(45,914,616)
Income tax paid	-	-
Interest received	32,895,168	35,764,243
Net cash provided by operating activities	(290,488,797)	(10,150,373)
Cash flows from investing activities		
Additions to:		
Investments in and advances to associates and a joint venture	(1,779,275)	(1,852,166)
Investment properties	(41,880,771)	(53,857,738)
Property and equipment	(15,122,587)	(2,381,465)
Deposit for a future project	-	-
Dividends received	-	1,528
Net cash used in investing activities	(58,782,633)	(58,089,841)
Cash flows from financing activities		
Payments of:		
Loan principal	(433,333,333)	-
Interest	(25,181,884)	(19,329,781)
Cash dividends payable (paid) to:		
Shareholders	(5,614,829)	-
Non-controlling shareholders of subsidiaries	(14,280,000)	(89,880,000)
Proceeds from loan availment, net of debt issue costs	870,000,000	266,666,667
Net cash used in financing activities	391,589,954	157,456,886
Net increase (decrease) in cash and cash equivalents for the period	42,318,524	89,216,672
Cash and cash equivalents at beginning of the period	1,376,480,154	1,549,970,914
Effects of exchange rate changes on cash and cash equivalents	(2,994,039)	(1,406,093)
Cash and cash equivalents at end of the period	1,415,804,639	1,637,781,493

(See accompanying notes to unaudited consolidated financial statements)

Shang Properties, Inc. and Subsidiaries

Notes to the Unaudited Consolidated Financial Statements
(All amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

Shang Properties, Inc. (the "Parent Company"), a corporation duly organized and existing in the Philippines, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 21, 1987 to acquire, own, develop, subdivide, sell, mortgage, exchange, lease or hold for investment, real estate of all kinds.

The Parent Company's registered office address, which is also its principal place of business, is at Administration Office, Shangri-La Plaza Mall, EDSA corner Shaw Boulevard, Mandaluyong City.

The Parent Company and its subsidiaries' (together, the "Group") businesses include property investment and development, hotel operation, real estate management, leasing, mall and carpark operations, and other supplementary businesses.

COVID-19 Pandemic

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 Group however remains confident on its ability to absorb some conceivable financial shocks that may arise due to volatile economic conditions.

Note 2 - Segment information

The Group's operating businesses are organized and managed according to the nature of the products and services marketed. Each segment represents a strategic business unit that offers different products and serves different markets. The Group has operations only in the Philippines. The Group derives revenues from three (3) main segments as follows:

(a) Property development

This business segment pertains to the development and sale of condominium units. The subsidiaries operating in this segment are as follows:

- Shang Properties Realty Corporation ("SPRC") is the developer of The Shang Grand Tower Project (TSGT), located in Makati City, The St. Francis Shangri-La Place Project (TSFSP) and the One Shangri-La Place Project (OSP), both located in Mandaluyong City.

- Shang Property Developers, Inc. ("SPDI") is the developer of Shang Salcedo Place Project (SSP), located in Makati City.

- The Rise Development Company Inc. ("TRDCI") is the developer of The Rise Makati Project, located in Makati City.

- Shang Wack Wack Properties, Inc. ("SWWPI") is the developer of Shang Residences at Wack Wack Project, located in Mandaluyong City.

- SPI Property Holdings, Inc. ("SPI-PHI"), and SPI Land Development, Inc. ("SPI-LDI") are new subsidiaries in which the Group will develop its upcoming projects.

(b) Hotel operation

This business segment pertains to the operations of Shangri-La at the Fort's hotel and residences. Shang Global City Properties, Inc. ("SGCPI") is the developer of Shangri-La at the Fort Project, located in Taguig City. SGCPI's hotel and restaurant operations started commercial operations on March 1, 2016.

(c) Leasing

This business segment pertains to the rental operations of the Shangri-La Plaza Mall, The Enterprise Center ("TEC") and their related carpark operations as operated by Shangri-La Plaza Corporation ("SLPC"), KSA Realty Corporation ("KSA") and SPI Parking Services, Inc. ("SPSI"), respectively. It also includes rental of a portion of the Parent Company's land to EDSA Shangri-La Hotel and Resort, Inc. ("ESHRI") and cinema operations of Shangri-La Plaza Mall.

In 2019, the Parent Company started construction of a project located in the City of Mandaluyong. The project is being constructed on a parcel of land registered in the Parent Company's name. The construction of the project is ongoing and is expected to be completed in 2024. Upon completion, the project will be subsequently leased out to third parties and related parties. In 2021, the Parent Company has transferred the construction-in-progress to SPI Property Developers, Inc. ("SPI-PDI"). The Parent Company intends to transfer the land where the project is being constructed to SPI-PDI in 2022.

(d) Other Business Segments

Other business segments pertain to property management services and operations of real estate entities and other subsidiaries.

Except for the rental revenue from ESHRI, all revenues come from transactions with third parties. There are no revenues derived from a single external customer above 10% of total revenue in 2021 and 2020. There is no need to present reconciliation since measure of segment assets, liabilities and results of operations are consistent with those of the consolidated financial statements.

All revenues are from domestic entities incorporated in the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

There are no changes in the Group's reportable segments and related strategies and policies in 2022 and 2021.

The segment assets, liabilities and results of operations of the reportable segments of the Group as of and for the year ended March 31, 2022 are as follows:

	Property development	Hotel operation	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues:							
Condominium sales	658,408,896	-	-	-	658,408,896	-	658,408,896
Rental and cinema	9,203,902	-	482,889,694	-	492,093,596	(25,350,258)	466,743,338
Hotel operations	-	322,316,506	-	-	322,316,506	-	322,316,506
Cost of sales and services:							
Condominium sales	(283,472,406)	-	-	-	(283,472,406)		(283,472,406)
Rental and cinema	(5,879,541)	-	(11,321,072)	(550,132)	(17,750,745)	(1,174,325)	(18,925,070)
Hotel operations	-	(253,641,689)	-	-	(253,641,689)	-	(253,641,689)
Gross profit or revenues	378,260,851	68,674,817	471,568,622	(550.132)	917,954,158	(26,524,583)	891,429,575
Operating Expenses:							
Staff costs	(17,613,154)	-	(99,649,072)	(8,353,094)	(125,615,320)	6,653,331	(118,961,989)
Taxes and licenses	(37,732,880)	(11,113,233)	(23,101,769)	(1,507,126)	(73,455,008)	-	(73,455,008)
Depreciation and amortization	(623,405)	-	(60,437,907)	(46,905)	(61,108,217)	53,804,517	(7,303,700)
Insurance	(239,946)	(3,788,636)	(204,098)	(16,449)	(4,249,129)	-	(4,249,129)
General and administrative expenses	(107,735,642)	(75,047,647)	(66,529,752)	(1,241,071)	(250,554,112)	26,513,730	(224,040,382)
Other income (expense)							
Interest income	28,875,195	11,884	2,949,193	13,179	31,849,451	-	31,849,451
Foreign exchange gains – net	4,465,408	(1,748,706)	267,831	9,506	2,994,039	-	2,994,039
Share in net income of an associate	-	-	107,101,875	-	107,101,875	-	107,101,875
Other income, net	7,733,230	4,293,142	321,038,620	135,022,825	468,087,817	(436,693,314)	31,394,503
Interest expense and bank charges	(93,776)	(23,944,434)	(5,827,485)	(1,050)	(29,866,745)	-	(29,866,745)
Income before income tax	255,295,881	(42,662,813)	647,176,058	123,329,683	983,138,809	(376,246,319)	606,892,490
Provision for income tax	(50,992,885)	10,482,409	(60,028,947)	(1,477,139)	(102,016,562)	19,126,391	(82,890,171)
Net income for the year	204,302,996	(32,180,404)	587,147,111	121,852,544	881,122,247	(357,119,928)	524,002,319
Segment assets	13,759,199,245	9,168,431,235	52,024,700,170	5,724,198,933	80,676,529,583	(20,502,183,240)	60,174,346,343
Associate companies	-	-	-	4,427,004,934	4,427,004,934	-	4,427,004,934
Total assets	13,759,199,245	9,168,431,235	52,024,700,170	10,151,203,867	85,103,534,517	(20,502,183,240)	64,601,351,277
Segment liabilities	8,103,301,213	3,168,556,112	17,202,624,079	7,439,672,405	35,914,153,809	(14,731,863,838)	21,182,289,971
Capital expenditures for the year	168,080	12,189,510	44,798,218	-	57,155,808	-	57,155,808

The segment assets, liabilities and results of operations of the reportable segments of the Group as of and for the year ended December 31, 2021 are as follows:

	Property development	Hotel operation	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues							
Condominium sales	1,951,230,634	-	-	-	1,951,230,634	-	1,951,230,634
Rental and cinema	29,414,034	-	1,870,556,047	-	1,899,970,081	(79,700,212)	1,820,269,869
Hotel operation	-	802,424,771	-	-	802,424,771	-	802,424,771
Cost of sales and services							
Condominium sales	(957,901,740)	-	-	-	(957,901,740)	-	(957,901,740)
Rental and cinema	(23,882,524)	-	(52,849,225)	-	(76,731,749)	(4,709,563)	(81,441,312)
Hotel operation	-	(1,525,725,890)	-	-	(1,525,725,890)	-	(1,525,725,890)
Gross income	998,860,404	(723,301,119)	1,817,706,822	-	2,093,266,107	(84,409,775)	2,008,856,332
Operating expenses	(445,205,066)	(240,529,462)	(949,935,242)	(69,174,744)	(1,704,844,514)	353,498,127	(1,351,346,387)
Other Income	146,573,347	5,179,028	1,836,217,534	533,710,293	2,521,680,202	(2,141,169,424)	380,510,778
Share in net gains of associates and a joint venture	-	-	404,707,422	-	404,707,422	-	404,707,422
Interest expense and bank charges	(239,355)	(68,814,748)	(50,991,945)	(6,030)	(120,052,078)	-	(120,052,078)
Income before income tax	699,989,330	(1,027,466,301)	3,057,704,591	464,529,519	3,194,757,139	(1,872,081,072)	1,322,676,067
Provision for income tax	(75,835,979)	188,273,811	716,873,969	34,228,507	863,540,308	4,059,768	867,600,0776
Net income for the year	624,153,351	(839,192,490)	3,774,578,560	498,758,026	4,058,297,447	(1,868,021,304)	2,190,276,143
Segment assets	13,790,274,492	9,013,578,399	50,775,921,997	5,813,004,665	79,392,779,553	(19,934,131,349)	59,458,648,204
Associate companies	-	-	-	4,318,123,784	4,318,123,784	-	4,318,123,784
Total assets	13,790,274,492	9,013,578,399	50,775,921,997	10,131,128,449	83,710,903,337	(19,934,131,349)	63,776,771,988
Segment liabilities	8,219,642,381	2,981,522,863	16,324,221,031	7,422,369,764	34,947,756,039	(14,110,007,432)	20,837,748,607
Capital expenditures for the year	360,702	116,036,030	468,006,247	63,008	584,465,987	-	584,465,987

Note 3 - Cash and cash equivalents

Cash and cash equivalents consist of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash on hand	19,560,226	15,431,046
Cash in banks	853,000,978	817,622,712
Cash equivalents	543,243,435	543,426,396
	1,415,804,639	1,376,480,154

Cash in banks earned interest at prevailing bank deposit rates.

Cash equivalents are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term deposit rates.

Interest income earned amounted to P390,362 and P2,334,180 for the quarter ended March 31, 2022 and the year ended December 31, 2021, respectively.

Note 4 - Financial assets at fair value through profit or loss

This account represents equities that are listed in the Philippine Stock Exchange (PSE). The fair values have been derived based on current bid prices in the PSE (Level 1 valuation). Movements in the account for the quarter ended March 31, 2022 and the year ended December 31, 2021 respectively are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
At beginning of period	30,815,974	33,626,210
Gain (Loss) on fair value adjustment	860,665	(2,810,236)
At end of period	31,676,639	30,815,974

Fair value adjustments of financial assets at fair value through profit or loss are presented in the consolidated statements of total comprehensive income as part of other income.

Note 5 – Trade and Other Receivables, net

Trade and other receivables, net, as at March 31, 2022 and December 31, 2021 consist of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade		
Installment contracts receivable	2,385,268,852	2,193,098,452
Rent	208,096,740	214,920,610
Receivables from guests and concessionaires	326,704,668	158,365,411
Non-trade		
Related parties	1,782,578,485	1,750,160,781
Advances to officers and employees	4,275,690	6,027,757
Interest	1,085,655	2,131,372
Others	95,963,567	77,077,346
	4,803,973,657	4,401,781,729
Allowance for impairment of receivables	(21,040,280)	(21,040,280)
	4,782,933,377	4,380,741,449

Installment contracts receivable arises from sale of condominium units with average term ranging from one to five years. This arises when the revenue recognized to date under the percentage-of-completion method exceeds the total collections from the buyer. Interest income earned from installment contracts receivable for the period ended March 31, 2022 amounted to P28,465,814 (2021 – P111,642,591).

Rent receivables are non-interest bearing and pertain to rental fees charged to tenants and to the Group's affiliates for the office, commercial and carpark spaces. The normal credit terms range from 30 to 60 days.

Receivables from guests and concessionaires pertain to receivables arising from hotel, restaurant and rental services. These are usually due within 30 days and do not bear any interest.

Advances to officers and employees are normally settled within the next financial year.

Other receivables are non-interest bearing and consist of income from banner and non-tenant related receivables.

Note 6 - Properties held for sale

Properties held for sale consist of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Condominium units held for sale	421,222,943	422,129,541
Construction in-progress	3,134,415,979	3,242,856,619
	3,555,638,922	3,664,986,160

Critical accounting judgment - Estimation of net realizable value of properties held for sale

Properties held for sale are carried at the lower of cost and net realizable value. The net realizable value of completed condominium units is the estimated selling price of a condominium unit less estimated costs necessary to make the sale. While the net realizable value of condominium units under construction is the estimated selling price of a condominium unit less estimated costs to complete the construction, estimated time value of money to the date of completion and estimated costs necessary to make the sale.

NRV has been assessed to be higher than cost based on circumstances or conditions as at December 31, 2021 and 2020. Accordingly, no write-down is deemed necessary.

Critical accounting estimates - Estimation of percentage-of-completion of the Group's projects

Revenue from condominium sales is recognized over time using the output method in accordance with the guidance set in PFRS 15, *Revenue from contracts with customers*, and Philippine Interpretations Committee Questions and Answers (PIC Q&A) 2016-04. Under the output method, revenue is calculated with reference to the PoC of the project. PoC is determined based on the actual physical completion of the project. Management believes that revenue from condominium sales reported in the statement of total comprehensive income best reflects the PoC of the projects as at reporting date.

The Group's on-going projects and their PoC as at the following dates are as follows:

Projects	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
The Rise Makati	100%	99%
Shang Residences at Wack Wack	40%	33%

Critical accounting judgment - Collectability of the transaction price

Identification of a “contract” for particular real estate sale transaction in the context of PFRS 15 requires certain judgments based on the collectability of the transaction price. Collectability of the transaction price is demonstrated by the buyer’s commitment to pay which, in turn, is supported by substantial initial and continuing investments that gives the buyer a sufficient stake in the property that risk of loss through default motivates the buyer to honor his obligation. Collectability is also assessed by considering factors such as the credit standing of the buyer, age, and location of the property. For condominium sales, in determining whether the contract prices are collectible, the Company considers that initial and continuing investments by the buyer of about 10% would demonstrate the buyer’s commitment to pay, based on historical data.

Note 7 - Prepaid taxes and other current assets

Prepaid taxes and other current assets consist of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Advances to contractors and suppliers	1,421,120,916	1,102,047,298
Creditable withholding tax (CWT)	501,765,996	473,399,458
Prepaid commission	102,382,602	112,295,828
Input value added tax (VAT)	104,473,339	89,830,102
Prepaid property tax	90,806,222	46,254,700
Inventories	21,549,459	12,049,934
Deferred input VAT	20,693,810	6,644,408
Refundable deposits	1,927,822	2,187,822
Prepaid insurance	11,775,959	9,763,998
Other prepaid expenses	95,333,147	92,958,079
	2,371,829,272	1,947,431,627

Advances to contractors and suppliers pertain to down payment made by the Group for the construction and development of its condominium properties. These are not collectible but recouped upon every progress billing by the contractors and suppliers based on milestones or percentage of accomplishment or delivery as stipulated in the contracts.

CWT is the tax withheld by the withholding agents from payments to the Group which can be applied against the income tax payable.
Prepaid commission pertains to the excess of the commission paid to property consultants and brokers over the commission expense recognized for the year based on the percentage of completion.

Input VAT represents tax paid to suppliers that can be claimed as credit against the future output VAT liabilities without prescription.

Inventories consist of food, beverages and other recreational consumable items for the hotel operation. The inventories are stated at cost. There is no allowance for decline in value of inventories.

Other prepaid expenses mainly consist of advance payments for rent, and other expenses which are normally utilized within the next financial year.

Note 8 - Investments in and advances to associates and a joint venture

Investment in an associate and a joint venture consist of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Investment in a joint venture		
At January 1	1,727,894,911	1,317,778,398
Additions to investment	1,779,275	5,409,091
Share in net income	107,101,875	404,707,422
At December 31	1,836,776,061	1,727,894,911
Advances to a joint venture	2,590,096,000	2,590,096,000
Investments in various associates		
Acquisition costs	132,873	132,873
	4,427,004,934	4,318,123,784

(a) Investment in and advances to a joint venture

On March 22, 2018, the Parent Company entered into a Joint Venture Agreement (the "Agreement") with Robinsons Land Corporation (RLC) for the construction and development of a mixed-use condominium project (later known as Aurelia Residences). Within two (2) months from the effective date of the Agreement, the parties shall establish the joint venture company ("JVC") and shall execute the Articles and By-Laws of the JVC. On May 23, 2018, the SEC approved the Certificate of Incorporation of Shang Robinsons Properties, Inc. (SRPI), JVC. SRPI is jointly controlled by the Parent Company and RLC, each holding 50% interest.

The 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 commons shares at P1 per share.

SRPI engages in: (i) the business of developing a property into a mixed-use development, (ii) the marketing and sale of the residential condominium units in the project, (iii) and the lease of serviced apartment units and/or commercial units in the project.

SRPI commenced operations in 2019 and had presold 60% of its Aurelia Residences condominium units. As at December 31, 2021, the Aurelia Residences Project is 15% complete (2020 - 7%). In 2021, the Group'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. These advances 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 the funds previously restricted for this purpose. Interest income earned from these advances amounted to P73,918,875 in 2021.

(b) Investments in various associates

The Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

Note 9 - Non-controlling interests

The proportion of equity interest held by the non-controlling interest (NCI) of KSA and SGCPI, the Group's subsidiaries with NCI that are deemed material, are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
KSA	29.96%	29.96%
SGCPI	40.00%	40.00%

On June 20, 2016, the Parent Company acquired 207,082 KSA common shares from Ocmador Philippines, B.V. for a purchase price amounting to P1,419,610,919. The Parent Company accounted for the increase in ownership in KSA from 52.90% to 70.04% as equity transaction. The difference between the considerations paid and the carrying amount of the NCI acquired is recognized directly in equity reserves amounting to P141,132,606.

Note 10 - Investment properties

Details of investment properties as at January 1, 2021 and their movements during 2022 and 2021 are as follows:

	Land	Building	Total
At January 1, 2021	15,905,946,923	19,007,926,142	34,913,873,065
Transfers due to change in use			
From Properties held for sale	-	-	-
From Real estate development project	-	13,377,018	13,377,018
Capitalized subsequent expenditures	-	457,743,557	457,743,557
At December 31, 2021	15,905,946,923	19,479,046,717	35,384,993,640
Properties held for sale	-	-	-
Capitalized subsequent expenditures	-	41,880,771	41,880,771
At March 31, 2022	15,905,946,923	19,520,927,488	35,426,874,411

The Group’s investment properties located in Mandaluyong City and Makati City include parcels of land and buildings held for office and retail leases and other parcels of land held for capital appreciation.

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The fair value measurements for investment properties have been categorized as Level 3 for parcels of land and building properties. The current use of these properties is their highest and best use.

Note 11 - Financial assets at fair value through other comprehensive income, net

Financial assets at fair value through other comprehensive income (FVOCI), net as at March 31, 2022 and December 31, 2021 are presented below.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Unquoted	488,429,727	488,429,727
Quoted	9,101,515	9,101,515
	497,531,242	497,531,242
Cumulative changes in fair value	299,437,253	299,437,253
	796,968,495	796,968,495

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 which are measured and carried at fair value of underlying assets. The fair value measurements have been categorized as Level 3. Estimated fair value of assets classified as Level 3 are considered immaterial relative to the overall size of the Group's total assets.

The quoted equity securities consist of investments in various golf club shares and stocks. These are carried at fair values which are based on the quoted market prices (Level 1) as at the reporting date.

The cumulative changes in fair values of unquoted and quoted equity shares are presented as part of other comprehensive income in the consolidated statements of financial position.

Note 12 - Property and equipment, net

Details of property and equipment and their movements during the period are as follows:

	Building and building improvements	Transportation equipment	Furniture, fixtures and other equipment	Total
Cost				
At January 1, 2022	9,532,396,423	50,591,069	7,008,111,173	16,591,098,665
Additions	-	2,300,893	12,974,144	15,275,037
Disposals	-	-	(262,061)	(262,061)
Reclassification	-	-	(5,679)	(5,679)
At March 31, 2022	9,532,396,423	52,891,962	7,020,817,577	16,606,105,962
Accumulated depreciation and amortization				
At January 1, 2022	1,466,041,010	39,510,836	4,271,686,655	5,777,238,501
Depreciation and amortization	32,230,151	469,592	61,242,378	93,942,121
Disposals			(109,611)	(109,611)
Reclassification	-	-	-	-
At March 31, 2022	1,498,271,161	39,980,428	4,332,819,422	5,871,071,011
Cost				
At January 1, 2021	9,434,803,085	48,693,212	6,982,848,189	16,466,344,486
Additions	99,483,338	1,897,857	25,341,235	126,722,430
Adjustments	-	-	(78,251)	(78,251)
Disposals	(1,890,000)	-	-	(1,890,000)
At December 31, 2021	9,532,396,423	50,591,069	7,008,111,173	16,591,098,665
Accumulated depreciation and amortization				
At January 1, 2021	1,336,454,869	34,335,012	3,410,962,045	4,781,751,926
Depreciation and amortization	129,586,141	5,175,824	860,724,610	995,486,575
Disposals	-	-	-	-
At December 31, 2021	1,466,041,010	39,510,836	4,271,686,655	5,777,238,501
Net book values at				
At March 31, 2022	8,034,125,262	12,911,534	2,687,998,155	10,735,034,951
At December 31, 2021	8,066,355,413	11,080,233	2,736,424,518	10,813,860,164

Building and building improvements include land rights which pertain to the share of SGCPI in the land where the construction project was constructed after deducting the rights allocated to condominium unit owners.

Note 13 - Other non-current assets

Other non-current assets as at March 31, 2022 and December 31, 2021 consist of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Refundable deposits	133,406,863	158,464,474
Retirement benefit asset	17,350,712	17,350,712
Deferred input VAT	4,295,498	954,363
Others	17,585,227	-
	172,638,300	176,769,549

Refundable deposits

Refundable deposits include cash required from the Group for the on-going construction and utilities maintenance. This is refundable at the end of the lease term. Refundable deposits are reflected at their carrying amounts which are assumed to approximate their fair values.

Deferred Input VAT

Deferred input VAT represents non-current portion of VAT arising from the purchase of capital goods on credit.

Note 14 - Accounts payable and other current liabilities

Accounts payable and other current liabilities consist of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade:		
Accounts payable	329,378,771	338,967,230
Advance rentals	72,738,533	90,958,156
Accrued expenses	1,682,927,113	1,756,456,103
Customers' deposits from:		
Condominium sales	377,073,947	443,028,805
Hotel guests	326,414,171	129,095,127
Retention payables	523,627,389	527,518,845
Reservation payables	14,415,707	23,101,979
Advances from condominium unit buyers	197,703,573	246,628,625
Contract liabilities	88,884,482	86,799,375
Payable to contractors and suppliers	14,030,792	13,430,725
Construction bonds	60,806,558	60,161,848
Non-trade:		
Payable to related parties	18,185,657	125,638,746
Deferred output VAT	735,755,638	749,896,596
Payable to government agencies	27,122,850	24,682,604
Output VAT	89,678,739	60,829,668
Others	113,652,602	96,879,418
	4,672,396,522	4,774,073,850

Accounts payable and accrued expenses are non-interest bearing and are normally settled within 30 to 60 days and within the next financial year, respectively.

Advance rentals pertain to the three-month rent collected from tenants to be applied to the last three (3) months of the lease term.

In December 2020, SGCPI started to implement a restructuring program and a provision for restructuring amounting to P33.99 million was recognized for the termination benefits of redundated employees. The related provision was recognized under operating expenses in the statements of total comprehensive income (Note 22). In 2021, SGCPI reversed the excess provision for restructuring amounting to P6.4 million.

Customers' deposits from condominium buyers represent initial collections (e.g. down payments) received from the buyers which shall be applied as payment of the transaction price when the sales contract meets the requirements of PFRS 15 for revenue recognition purposes while deposits from hotel guests are advances made by guests in relation to their stay in the hotel and will be applied against the guests' hotel charges upon their check-out.

Retention payables represent the portion of contractor billings which will be paid upon satisfaction by the contractors of the conditions specified in the contracts or until the defects have been corrected.

Reservation payables pertain to cash paid by the buyers of condominium units for the reservation of the units purchased. These shall be considered as part of the down payment on the units purchased upon execution of the contracts or income if the reservation is forfeited when the buyer did not push through with the purchase.

Advances from condominium unit buyers pertain to the amounts received in advance from the condominium unit buyers of TSFSP, OSP, SSP and The Rise Makati for utilities, maintenance, and repairs of common areas. These will be paid to the condominium corporation of the respective projects when demanded.

Contract liabilities represent any excess collections received from buyers over the revenue recognized based on the percentage of completion method. The amount is expected to be applied against revenue in the following year.

Payable to contractors and suppliers represents progress billings from various contractors for the material and labor costs incurred to date with normal credit terms of 30 to 60 days, but may go beyond as agreed.

Construction bonds pertain to cash deposits posted by tenants as security for any expenses or damages that may be incurred by SLPC to the leased premises or common areas that may be sustained in relation to construction activities conducted by the tenants during fit-out, as well as during renovation period of the lease. It is normally returned to the tenants within six months after completion of their construction activities.

Deferred output VAT is the result of the difference in the application of installment method between the accounting policy of the Group and the tax regulations. It will be reclassified to output VAT payable when the collections from condominium unit buyers warrant recognition of revenue.

Payable to government agencies are expected to be settled within the next financial year.

Output VAT represents tax due and payable after deducting the corresponding input VAT.

Other accrued expenses consist of accruals for advertising and promotions, insurance, other employee related costs and other general and administrative expenses. Other current liabilities pertain mainly to taxes and insurance.

Note 15 - Bank loans

Bank loans as consist of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current portion		
Parent Company	5,826,666,667	5,390,000,000
SGCPI	1,220,111,377	1,220,111,377
	7,046,778,044	6,610,111,377
Non-current portion		
SGCPI	1,097,109,389	1,095,786,300
Parent Company	-	-
	1,097,109,389	1,095,786,300
	8,143,887,433	7,705,897,677

Movements in the bank loans are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
At beginning of period	7,705,897,677	5,879,505,464
Amortized debt issue cost	1,323,089	3,725,559
Proceeds from loan availment, net of unamortized debt issue costs	870,000,000	3,255,999,987
Payments	(433,333,333)	(1,433,333,333)
At end of period	8,143,887,433	7,705,897,677

(a) Parent Company

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 March 31, 2022 and December 31, 2021. As at March 31, 2022, the outstanding balance of the loan amounted to P267 million (December 31, 2021 – P400 million).The outstanding balance as at March 31, 2022 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 March 31, 2022 and 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 2.4% to 4.5% (2021 – 2.5% to 4.5%). These loans have payment terms of 3 to 12 months.

(b) SGCPI

Long term loan facility

On April 11, 2012, SGCPI obtained a 10-year term loan facility from a local bank amounting to P10 billion to be used for the construction of SGCPI's hotel, serviced apartments and residential units in Fort Bonifacio, Taguig City.

On July 28, 2021, SGCPI and the bank executed a loan restructuring agreement paving the way for the following changes in the loan's salient terms and conditions as follows:

Terms	From	To
Repayment date	Quarterly from 20^{th} quarter to the 40^{th} quarter after the date of the initial borrowing	Quarterly from the 20^{th} quarter to the 37^{th} quarter and then from 42^{nd} quarter to the 47^{th} quarter after the date of initial borrowing
Maturity date	June 2022	March 2024
Spread	Floating rate – the higher of (a) 3-month Bloomberg Valuation (BVAL) plus spread of 0.80% or (b) the Bangko Sentral ng Pilipinsas (BSP) overnight borrowing rate minus spread of 0.95% per annum	Floating rate – the higher of (a) 3-month BVAL plus spread of 1.60% or (b) BSP Overnight Reverse Repurchase Rate Fixed rate – the interpolated BVAL plus spread of 0.75%
Collateral	Unconditional continuing suretyship of the sureties (Shangri-La Asia Limited and the Parent Company)	Unconditional continuing suretyship of the sureties (Shangri-La Asia Limited and the Parent Company) and an unregistered real estate mortgage over SGCPI's residential condominium unit

SGCPI is required to comply with certain covenants and maintain certain financial ratios until the loan is fully paid. As at March 31, 2022 and December 31, 2021, SGCPI has not complied with the debt-service coverage ratio requirement specified in the loan agreement. The bank, through a letter of advice, has provisionally allowed SGCPI's non-compliance with the debt-service coverage ratio (DSCR) for the years 2020 and 2021 provided that the loan remains current and that all other terms and conditions of the amended covenant are complied with.

The loan is secured by an absolute and unconditional continuing suretyship of the sureties namely, Shangri-La Asia Limited and the Parent Company and an unregistered real estate mortgage over SGCPI's residential condominium unit.

Short term loans

Short term loans are composed of unsecured loans from various banks with an average interest rate of 4.25% in 2022 and 2021. These loans have payment terms of 5 to 9 months.

Note 16 - Deposits from tenants

This account represents non-interest bearing rental deposits from tenants equivalent to three to six months' rent which have been discounted using applicable market rates and are carried at amortized cost. The difference between the discounted and face value of the deposits is recognized as deferred lease income. Deferred lease income is amortized on a straight-line basis over the lease term and is recognized in profit or loss as additional rent income. Interest is accreted on the deposits from tenants using the effective interest rate method and is recognized as additional interest expense in profit or loss.

Note 17 - Equity

Details of share capital and share premium are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Authorized, at P1 par value per share		
Common shares	8,000,000,000	8,000,000,000
Issued and outstanding shares		
Common shares	4,764,058,982	4,764,058,982
Share premium	834,439,607	834,439,607
	5,598,498,589	5,598,498,589

In 2007, the Board of Directors approved the redemption of 2,140,645 common shares at redemption price of P3.20 per share or a total of P6,850,064 and the amount is presented as treasury shares in the consolidated statements of financial position.

The Parent Company is listed in the Philippine Stock Exchange. It was registered on June 13, 1991 with total listed shares of 4,764,058,982 which was initially issued at P1.18 per share.

Note 18 - Financial risk and capital management

18.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the Group's management under policies approved by its Board of Directors. These policies cover financing structure, foreign exchange and interest rate risk management, guarantees and credit support, as well as treasury control framework. There are no changes in the Group's risk management plans for the years ended March 31, 2022 and December 31, 2021.

18.1.1 Market risk

(a) Foreign exchange risk

The Group's exposure on currency risk is minimal and limited only to foreign currency denominated cash in banks and cash equivalents. Changes in foreign currency exchange rates of these assets are not expected to have a significant impact on the financial position or results of operations of the Group.

The Group's foreign currency denominated cash in banks and cash equivalents as at and net foreign exchange gains for the years ended March 31, 2022 and December 31, 2021 are disclosed in Note 3.

(b) Price risk

The Group's exposure to price risk is minimal and limited only to financial assets at fair value through profit or loss and FVOCI presented in the consolidated statements of financial position. Changes in market prices of these financial assets are not expected to have a significant impact on the financial position or results of operations of the Group.

(c) Cash flow and fair value interest rate risk

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group’s interest-bearing financial instruments include bank loans (Note 15). Interest rates on bank loans amounting to P1,192,220,766 as at March 31, 2022 (2021 – P1,190,897,677) are based on the higher between the PHP BVAL rate plus 0.75% per annum and the BSP overnight borrowing rate. A loan amounting to P6,951,666,667 as at March 31, 2022 (2021 – P6,515,000,000) has an interest rate subject to repricing every 30 to 180 days as agreed by the parties.

The Group's interest rate risk management policy focuses on reducing the overall interest expense and exposure to change in interest rates. Changes in market interest rates relate primarily to the Group's long-term loans with floating interest rates as it can cause a change in the amount of interest payments.

Interest on financial instruments with floating rates is repriced at intervals of less than one year. The other financial instruments of the Group are not subject to interest rate risk. The Group invests excess funds in short-term placements in order to mitigate any increase in interest rate on borrowings.

18.1.2 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit risk arises from cash deposits with banks, as well as credit exposure to customers and suppliers.

Exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. The Group has no significant concentration on credit risk.
The Group’s financial assets are categorized based on the Group’s collection experience with the counterparties as follows:

a. Performing - settlements are obtained from counterparty following the terms of the contracts without history of default.
b. Underperforming - some reminder follow-ups are performed to collect accounts from counterparty.
c. Credit impaired - evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the counterparty, a breach of contract such as a default or being more than 120 days past due; or it is probable that the borrower will enter bankruptcy or other financial reorganization.

The following tables summarize the credit quality of the Group's financial assets per category and aging analysis of financial assets as at March 31, 2022 and December 31, 2021:

	Performing	Under performing	Non-Performing	Total
2022				
Current assets				
Cash and cash equivalents	1,415,804,639	-	-	1,415,804,639
Trade and other receivables	4,782,933,377	-	21,040,280	4,803,973,657
Financial assets at fair value through profit or loss	31,676,639	-	-	31,676,639
Refundable deposits	1,927,822	-	-	1,927,822
Non-current assets				
Advances to a joint venture	2,590,096,000	-	-	2,590,096,000
Refundable deposits	133,406,863	-	-	133,406,863
Financial assets at FVOCI	796,968,495	-	-	796,968,495
	9,752,813,835	-	21,040,280	9,773,854,115
2021				
Current assets				
Cash and cash equivalents	1,361,049,108	-	-	1,361,049,108
Trade and other receivables	4,359,701,169	-	21,040,280	4,380,741,449
Financial assets at fair value through profit or loss	30,815,974	-	-	30,815,974
Refundable deposits	2,187,822	-	-	2,187,822
Non-current assets				
Advances to a joint venture	2,590,096,000	-	-	2,590,096,000
Refundable deposits	158,464,474	-	-	158,464,474
Financial assets at FVOCI	796,968,495	-	-	796,968,495
	9,299,283,042	-	21,040,280	9,320,323,322

There are no collaterals held as security or other credit enhancements attached to the Group's financial assets.

Allowance for impairment of receivables as at March 31, 2022 amounted to P21,040,280 (2021 - P21,040,280). Apart from the financial assets covered by allowance, the remaining financial assets are classified as high performing.

The credit quality of the Group's financial assets is discussed below.

(a) Cash and cash equivalents

Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties to mitigate financial loss through counterparty's potential failure to make payments.

(b) Receivables

There is no concentration of credit risk with respect to receivables since the Group has a large number of counterparties involved.

Trade receivables

Sales of residential condominium units that are on installment basis are supported by post-dated checks from the buyers. Titles to properties sold are not released unless full payment is received. In case of leasing operation, tenants are subjected to credit evaluation and are required to put up security deposits and pay advance rentals, if necessary. For the hotel operation, hotel guests who wish to avail of a credit line are subjected to the normal credit investigation and checking. References are required including review of the customer's financial position and earnings. Approval of a credit line is performed by the Financial Controller and the General Manager. A guest may not be given a line, but special ad hoc arrangements are allowed. It usually requires deposits, prepayments or credit card guarantees as collaterals. Existing credit lines are reviewed annually. The balances due from customers are considered as high grade financial assets.

Non-trade receivables

The credit exposure on nontrade receivables is considered to be minimal as there is no history of defaults and collections are expected to be made within 30 to 60 days. In respect of balances due from related parties, management considered the credit quality of these receivables to be good based on financial condition of the related parties.

(c) Refundable deposits

Refundable deposits includes cash required from the Group for the on-going construction and utilities maintenance. This is refundable at the end of the lease term. Refundable deposits are reflected at their carrying amounts which are assumed to approximate their fair values. Considering the balance and average term of outstanding lease arrangements, management believes that the impact of discounting is not significant. Refundable deposits are considered as high performing financial assets.

d) Financial assets at fair value through profit or loss and financial assets at FVOCI

The Group adheres to fixed limits and guidelines in its dealings with counterparties of its investments in financial assets at fair value through profit or loss and financial assets at FVOCI. The Group's maximum exposure to credit risk as at March 31, 2022 and December 31, 2021 is equal to the carrying values of its financial assets. Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

18.1.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group maintains sufficient cash and cash equivalents in order to fund its operations. The Group monitors its cash flows and carefully matches the cash receipts from its operations against cash requirements for its operations. The Group utilizes its borrowing capacity, if necessary, to further bolster its cash reserves.

18.2 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating, comply with externally imposed capital requirements, and maintain healthy capital ratios in order to support its business and maximize shareholders value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's strategies and policies during 2022 and 2021.

The Group monitors capital using a gearing ratio, which is net debt, including long-term loan less cash and cash equivalents, divided by capital. Capital pertains to total equity less non-controlling interest. The gearing ratio is presented below:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Net debt		
Long-term loan	8,143,887,433	7,705,897,677
Less: cash and cash equivalents	1,415,804,639	1,376,480,154
	6,728,082,794	6,329,417,523
Capital		
Total equity	43,419,061,306	42,939,023,381
Less: Non-controlling interest	5,649,883,621	5,632,156,914
	37,769,177,685	37,306,866,467
Gearing ratio	17.81%	16.97%

The Group was able to meet its capital management objectives.

18.3 Fair value measurement

The Group follows the fair value measurement hierarchy to disclose the fair value measurements of its financial instruments. The table below summarizes the fair value measurement hierarchy of the Group's assets and liabilities at March 31, 2022 and December 31, 2021:

	Fair value measurement using			
	Quoted prices in active markets (Level I)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
2022				
Assets measured at fair value				
Financial assets at fair value through profit or loss	31,676,639	-	-	31,676,639
Investment properties:				
Land	-	5,871,373,900	10,034,573,023	15,905,946,923
Buildings	-	6,360,655,100	13,160,272,388	19,520,927,488
Financial assets at FVOCI:				
Quoted	27,350,015	-	-	27,350,015
Unquoted	-	-	769,618,481	769,618,481
Assets for which fair values are disclosed				
Financial asset at amortized cost				
Refundable deposits	-	135,334,685	-	135,334,685
Liabilities for which fair values are disclosed				
Installment payable	-	-	-	-
Deposits from tenants	-	1,020,500,552	-	1,020,500,552

	Fair value measurement using			
	Quoted prices in active markets (Level I)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
2021				
Assets measured at fair value				
Financial assets at fair value through profit or loss	30,815,974	-	-	30,815,974
Investment properties:				
Land	-	10,034,573,023	5,871,373,900	15,905,946,923
Buildings	-	2,455,826,617	17,023,220,100	19,479,046,717
Financial assets at FVOCI:				
Quoted	27,350,015	-	-	27,350,015
Unquoted	-	-	769,618,480	769,618,480
Assets for which fair values are disclosed				
Financial asset at amortized cost				
Refundable deposits	-	158,464,474	-	158,464,474
Liabilities for which fair values are disclosed				
Installment payable	-	47,883,236	-	47,883,236
Deposits from tenants	-	1,038,975,987	-	1,038,975,987

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There have been no assets and liabilities transferred among Level 1, Level 2 and Level 3 during 2022 and 2021.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

(a) Financial assets at fair value through profit or loss

The fair value of financial assets at fair value through profit or loss is based on quoted market prices at the reporting date.

(b) Cash and cash equivalents, trade and other receivables, accounts payable and other current liabilities, accrued employee benefits and dividends payable

Due to the short-term nature of cash and cash equivalents, trade and other receivables, accounts payable and other current liabilities, dividends payable and accrued employee benefits, their carrying values were assessed to approximate their fair values.

(c) Installment contracts receivable

The fair value of installment contracts receivable is based on the discounted value of future cash flows using applicable rates for similar instruments.

(d) Refundable deposits and deposits from tenants

The fair value of deposits from tenants was based on the present value of estimated future cash flows using applicable market rates at the reporting date.

(e) Bank loans

The carrying value of the bank loans with variable interest rates approximates their fair value because of recent and quarterly repricing based on market conditions.

Note 19 - Summary of significant accounting and financial reporting policies

19.1 Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards, as modified by the application of the following financial reporting reliefs for real estate companies issued by the Securities and Exchange Commission in response to the COVID19 pandemic:

- Assessing whether the transaction price includes significant financing component (SFC);
- Impact of implementing IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost.

The reliefs cover only current-year transactions and events and do not impact the comparative periods. The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by SEC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, investment properties and financial assets at FVOCI.

The preparation of consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

19.2 Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations adopted by the Group

The Group 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.

(b) Deferral of implementation of amendment to existing standard and interpretations

Deferral of the following provisions of PIC Q&A 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Good (PAS 23, Borrowing Costs) until December 31, 2023

On December 15, 2020, the SEC issued SEC Memorandum Circular No. 34 Series of 2020 to further extend the deferral provided under SEC under Memorandum Circular Nos. 14-2018, 3-2019 and 4-2020 for another period of three (3) years or until December 31, 2023, to afford the industry reasonable time to evaluate the impact thereto or as the SEC will later prescribe. This decision is pursuant to RA 11494, Bayanihan to Recover as One Act which allows the SEC to adopt measures to enable companies to cope with the impact of the Covid-19 pandemic. The Group availed the following reliefs:

i. *Assessing whether the transaction price includes SFC*

   There is SFC in the contracts to sell when there is a mismatch between the POC of real estate projects and schedule of payments. PIC, in its response to the industry dated November 11, 2020, allows the Real Estate Industry to provide support to their specific payments schemes that there is no SFC, if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance.

   In the event of the existence of SFC, interest income would be recognized when the POC is ahead of the customer payments and interest expense would be recognized when the customer payments are ahead of the POC. The Group has initially assessed, however, that the timing difference arising from existing sales contracts does not necessarily result in a significant financing component.

ii. *Impact of implementing IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost*

   In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue will be recognized over time under par. 35(c) of PFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

   Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized as part of properties held for sale related to projects with pre-selling activities should have been expensed out in the period incurred. A restatement would have impact on interest expense and bank charges, cost of sales and services, income tax expense, properties held for sale, deferred income tax liabilities, net and opening balance of retained earnings.

(c) New standards, amendments and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations to existing standards are effective for annual periods after January 1, 2021 and have not been early adopted nor applied by the Group in preparing these financial statements. None of these standards are expected to have significant effect on the consolidated financial statements of the Group. Those which may be relevant to the Group are set out below:

- Amendments to PAS 1, *Presentation of Financial Statements* and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments to PAS 1 and PFRS Practice Statement 2, effective January 1, 2023, require 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. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

19.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at March 31, 2022 and December 31, 2021. The subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies, any difference between subsidiaries and the Parent Company are adjusted properly.

The Group is composed of the subsidiaries listed below:

	Ownership %		
Nature and name of entity	2022	2021	2020
Property development:			
Shang Properties Realty Corporation (SPRC)	100	100	100
Shang Property Developers, Inc. (SPDI)	100	100	100
The Rise Development Corporation, Inc. (TRDCI)	100	100	100
Shang Wack Wack Properties, Inc. (SWWPI)	100	100	100
SPI Property Holdings, Inc. (SPI-PHI)	100	100	100
SPI Land Development, Inc. (SPI-LDI)	100	100	100
Hotel operation:			
Shang Global City Properties, Inc. (SGCPI)	60	60	60
Leasing:			
SPI Parking Services, Inc. (SPSI)	100	100	100
Shangri-la Plaza Corporation (SLPC)	100	100	100
KSA Realty Corporation (KSA)	70.04	70.04	70.04
SPI Property Developers, Inc. (SPI-PDI)	100	100	100
Real estate:			
Ivory Post Properties, Inc. (IPPI)	100	100	100
KPPI Realty Corporation (KRC)	100	100	100
Martin B Properties, Inc. (MBPI)	100	100	100
New Contour Realty, Inc. (NCRI)	100	100	100
Perfect Sites, Inc. (PSI)	100	100	100
Shang Fort Bonifacio Holdings, Inc. (SFBHI)	100	100	100
Shang Global City Holdings, Inc. (SGCHI)	100	100	100
Sky Leisure Properties, Inc. (SLPI)	100	100	100
Property management:			
KPPI Management Services Corporation (KMSC)	100	100	100
Shang Property Management Services, Inc. (SPMSI)	100	100	100
Other supplementary business:			
Gipsey, Ltd. (Gipsey)	100	100	100
Silver Hero Investments Limited (SHIL)	100	100	100
EPHI Logistics Holdings, Inc. (ELHI)	60	60	60

Except for Gipsey and SHIL, which were incorporated in the British Virgin Islands (BVI) and use Hong Kong dollars (HK$) as their functional currency, all the other subsidiaries were incorporated and registered in the Philippines which use Philippine Peso as their functional currency.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company do not differ from the proportion of ordinary shares held.

The summarized financial information of subsidiaries with significant non-controlling interest as at and for the period ended March 31, 2022 and the year ended December 31, 2021 are disclosed in Note 9.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These are deconsolidated from the date that control ceases.

The Group also assesses the existence of control where it does not have more than 50% of the voting power by virtue of de facto control. De facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group control over the investee.

Whenever the Group obtains control of one or more other entities, it assesses whether the acquired group of net assets constitutes a business. In assessing whether a transaction is an acquisition of a business or assets, the Group identifies the elements in the acquired group, assesses the capability of the acquired group to produce outputs, and assesses the capability of a market participant to produce outputs if missing elements exist. If the assets acquired are not a business, the Group accounts for the transaction or other event as an asset acquisition.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

If the excess of the consideration is transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration is transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(d) Associates and joint ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group increases its stake in an existing associate and gains control in that investment, the investment becomes a subsidiary. When the entity obtains control of the investment (an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee) that was previously accounted for under equity method, the carrying amount of the investment in associate is derecognized and the assets and liabilities acquired are recognized in the Group's consolidated financial statements at acquisition date.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the ownership interest in an associate or a joint venture is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

The Group determines at each reporting date whether there is any objective evidence that the investment is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investments and its carrying value and recognizes the amount adjacent to 'share in net earnings of associates' in the consolidated statement of total comprehensive income. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 19.13.

Dilution gains and losses arising from investments are recognized in profit or loss. Investment in subsidiaries and associates are derecognized upon disposal. Gains and losses on disposals of these investments are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

19.4 Cash and cash equivalents

Cash includes cash on hand and in banks that earns interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and are subject to an insignificant risk of change in value.

19.5 Financial instruments

19.5.1 Classification of financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through other comprehensive income ("OCI") or through profit or loss, and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

19.5.2 Measurement of financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.
Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising from derecognition is recognized directly in profit or loss and presented in other income, net, together with foreign exchange gains and losses. Impairment losses are presented in other general and administrative expenses in the consolidated statements of total comprehensive income.

The Group's financial assets at amortized cost consist of cash and cash equivalents (Note 3), trade and other receivables (Note 5), refundable deposits under prepaid taxes and other current assets (Note 7) and other non-current assets (Note 13) in the consolidated statements of financial position.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other income, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income, net, and impairment expenses are presented in other general and administrative expenses in the consolidated statements of total comprehensive income.

  The Group does not have debt instruments at FVOCI as at March 31, 2022 and December 31, 2021.

- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented within other income, net, in the period in which it arises.

  The Group does not have debt instruments at FVTPL as at March 31, 2022 and December 31, 2021.

Equity instruments

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

The Group's financial assets measured at FVOCI represent unquoted shares of stock of related parties and quoted investments in various golf club shares and stocks. These are separately shown in the consolidated statements of financial position (Note 11).

Dividends are recognized when the Group's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognized in profit and loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in other comprehensive income. Changes in fair value are recognized in other comprehensive income and are never recycled to profit and loss, even if the asset is sold or impaired.

19.5.3 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of counterparties over a period of 36 months before January 1, 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has assessed that the impact of forward-looking information on the loss rates applied is immaterial.

Impairment losses on receivables are presented in other general and administrative expenses consolidated statement of total comprehensive income. Subsequent recoveries are credited to other income.

19.5.4 Classification and measurement of financial liabilities

Financial liabilities are classified in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value); and financial liabilities at amortized cost. The Group did not measure its financial liabilities at fair value through profit or loss as at March 31, 2022 and December 31, 2021.

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost.

The Group’s accounts payable and other current liabilities (excluding advanced rental, contract liabilities, customers’ deposits, reservation payable, output VAT, deferred output VAT and payable to government agencies) (Note 14), installment payable, deposits from tenants (Note 16), dividends payable, accrued employee benefits (excluding retirement benefits) and bank loans (Note 15) are classified under financial liabilities at amortized cost.

19.5.5 Initial recognition

Regular purchases and sales of financial assets are recognized on the trade date (the date on which the Group commits to purchase or sell the asset).

Financial assets and liabilities not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are recognized as expense in profit or loss.

The Group recognizes a financial liability in the consolidated statement of financial position when the Group becomes a party to the contractual provision of the instrument.

19.5.6 Day 1 difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in the profit or loss unless it qualifies for recognition as some other type of asset. In cases where the data used are not observable, the difference between the transaction price and model value is only recognized in the profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the Day 1 difference.

19.5.7 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognized when the obligation is discharged or is cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

19.5.8 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty. There are no offsetting arrangements as at March 31, 2022 and December 31, 2021.

19.6 Trade and other receivables

Trade receivables arising from regular sales with credit term of 30 to 60 days and other receivables are recognized initially at fair value and subsequently measured at cost using the effective interest method, less any provision for impairment.

The Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized within operating expenses in the consolidated statement of total comprehensive income. When a receivable remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written-off are credited against other general and administrative expenses in the consolidated statement of total comprehensive income.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before January 1, 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Refer to Note 19.5 for other relevant accounting policies on trade and other receivables.

19.7 Properties held for sale

Properties held for sale are properties being constructed or acquired for sale in the ordinary course of business, rather than for rental or capital appreciation, and are carried at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and estimated costs to sell.

Cost of condominium units held for sale represents accumulated costs of the unsold units of the completed projects. Cost includes those directly attributable to the construction of the projects such as cost of land, direct materials, borrowing costs, professional and consultancy fees, and project management costs, which are allocated to the unsold units.

Cost of construction in-progress represents the accumulated costs for the construction and development of the ongoing projects. It includes those that are directly attributable to the construction of the projects such as cost of land, direct materials, borrowing costs, professional and consultancy fees, and project management costs.

Properties held for sale are derecognized when they are sold or there are no future benefits to the Group. The carrying amount of those properties held for sale is recognized as an expense, reported as cost and expenses in the period in which the related revenue is recognized.

19.8 Prepaid taxes and other assets

Input VAT, which represents taxes arising from purchases of goods and services, are carried at face amount or at nominal amount less allowance for impairment loss. This is derecognized when applied against output tax, when written off or when actual refund is received. When input VAT is derecognized, its cost and accumulated impairment losses, if any, are eliminated from the account.

Creditable withholding taxes are carried at face amount or at nominal amount. Creditable withholding taxes are included in current assets, except when these are expected to be utilized more than twelve months after the end of the reporting period, in which case these are classified as non-current assets. Creditable withholding taxes are derecognized when utilized or applied against income tax due.

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.

Other current assets include assets that are realized as part of the normal operating cycle and are expected to be realized within 12 months after the reporting period.

Restricted fund represents cash deposit with a third party for a purchase of a property. Restricted fund is derecognized upon full payment to the third party. The Group then determines whether the property is to be classified as property held for sale, an investment property, or property and equipment depending on the usage of the property.

19.9 Investment properties

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

The Group’s investment property, principally comprising of properties in Mandaluyong and Makati City are held for capital appreciation and is not occupied by the Group. The Group has adopted the fair value model for its investment properties (Note 10).

After initial recognition, investment property is carried at fair value as determined by an independent firm of appraisers. Fair value is based on direct income capitalization approach and market comparison approach, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the independent appraiser. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Subsequent expenditure is charged to the asset’s carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Changes in fair values are recognized in the consolidated statement of total comprehensive income under gain on fair value adjustment of investment properties.

An investment property is derecognized from the consolidated statement of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment (Note 19.11), and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

Property that is being constructed or developed for future use as investment property is classified as investment property.

Impairment of investment properties is discussed in Note 19.13.

19.10 Real estate development projects

Real estate development projects are undertaken by the subsidiaries and are carried at cost less any impairment in value. Cost primarily consists of acquisition cost of the property being constructed, air rights, expenditures for the development and construction of the real estate project and borrowing costs incurred, if any, in the acquisition of qualifying assets during the construction period and up to the date of completion of construction.

19.11 Property and equipment

Property and equipment, except land rights, are stated at historical cost less depreciation and amortization, and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of total comprehensive income within other general and administrative expenses during the financial period in which they are incurred.

Land rights are not depreciated. Depreciation and amortization of property and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (in years), as follows:

Building and leasehold improvements	25 or lease term, whichever is shorter
Transportation equipment	3 to 5
Furniture, fixtures and other equipment	2 to 5

Major renovations are depreciated over the remaining useful life of the related asset.

The assets’ residual values and estimated useful lives are reviewed periodically, and adjusted if appropriate, at each reporting date.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (Note 19.13).

The carrying amount of an item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its disposal at which time the cost and related accumulated depreciation and amortization are removed from the accounts. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized under other income or expense in the consolidated statement of total comprehensive income.

Depreciation or amortization ceases at the earlier of the date when the asset is classified as either investment property or property held for sale and the date the asset is derecognized.

Fully depreciated and amortized property and equipment are retained in the accounts until they are no longer in use, and no further depreciation and amortization are charged to the consolidated statement of total comprehensive income.

19.12 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any NCI in the acquired company and the acquisition-date fair value of any previously-held interest in the acquired company over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the entity sold.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

19.13 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that have definite useful lives are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use requires the Group to make estimates of future cash flows to be derived from the particular asset, and to discount them using a pre-tax market rate that reflect current assessments of the time value of money and the risks specific to the asset. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable CGUs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but the increase should not exceed the carrying amount that would have been determined had not the impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized as income immediately.

19.14 Accounts payable and other current liabilities

Accounts payable and other current liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable and financial liabilities at amortized cost are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, these are presented as non-current liabilities.

Accounts payable and other current liabilities are measured at the original invoice amount as the effect of discounting is immaterial.
Relevant accounting policies for classification, recognition, measurement and derecognition of accounts payable and other current liabilities and financial liabilities at amortized cost are presented in Note 19.5.

19.15 Deposits from tenants

Deposits from tenants are carried at the present value of future cash flows using appropriate discount rates. The difference between the present value and the actual deposit received is treated as additional rental incentive which is recorded under "deferred lease income" in the consolidated statement of financial position and are recognized as rental income using the straight-line method over the term of the lease.

19.16 Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised within interest expense and bank charges in the consolidated statement of total comprehensive income.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized and charged to profit or loss in the year in which they are incurred. The Group decided to avail relief issued by the SEC per Memorandum Circular No. 4-2020. The SEC provided for the relief to the real estate industry by deferring the implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) until December 31, 2023 (Note 19.2).

19.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. The financial assets at fair value through profit or loss and listed financial assets at FVOCI financial assets are classified under Level 1 category.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3. The Group's unlisted financial assets at FVOCI financial assets, refundable deposits, installment payable and deposits from tenants are included in
Level 3.

The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

19.18 Current and deferred income tax

The tax expense comprises current and deferred income taxes. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

In the sale of condominium units resulting in recognition of installments contracts receivable, full recognition for income tax purposes is applied when more than 25% of the selling price has been collected in the year of sale. Otherwise, the installment method is applied.
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial

statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place can the Group control the reversal of the temporary difference that was not recognized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are derecognized when relevant temporary differences have been realized and settled, respectively. The Group reassesses at each reporting date the need to recognize previously unrecognized deferred income tax asset.

19.19 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are derecognized when the obligation is paid, cancelled or has expired.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the reversal is recognized in the consolidated statement of total comprehensive income within the same line item in which the original provision was charged.

19.20 Equity

(a) Share capital

Share capital consists of common shares, which are stated at par value, that are classified as equity.

Share premium is recognized for the excess proceeds and subscriptions over the par value of the shares issued.

(b) Treasury shares

Where any member of the Group purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Parent Company's shareholders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Parent Company's shareholders.

(c) Retained earnings

Retained earnings include current and prior years' results of operations, net of transactions with shareholders and dividends declared, if any.

(d) Dividend distribution

Dividend distribution to Parent Company's shareholder is recognized as a liability in its financial statements in the period in which the dividends are approved by the Board of Directors.

19.21 Earnings per share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares in issue during the year.

Diluted earnings per share is computed in the same manner as basic earnings per share, however, profit attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

19.22 Employee benefits

(a) Retirement benefits

The Group maintains a defined benefit retirement plan determined by periodic actuarial calculations. This defined benefit retirement plan is funded through payments to a trustee-administered fund and determined by periodic actuarial calculations. A defined benefit plan is a retirement plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated statement of financial position in respect of defined benefit retirement plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. In cases when the amount determined results in a surplus (being an excess of the fair value of the plan assets over the present value of the defined benefit obligation), the Group measures the resulting asset at the lower of: (a) such amount determined; and (b) the present value of any economic benefits available to the Group in the form of refunds or reductions in future contributions to the plan. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest of government bonds converted into zero coupon rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to present value.

(c) Short-term employee benefits

The Group recognizes a liability and an expense for short-term employee benefits which include salaries, paid sick and vacation leaves and bonuses. Bonuses are based on a formula that takes into consideration the resulting qualified profits. The Group recognizes a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

Liabilities for employee benefits are derecognized when the obligation is settled, cancelled or has expired.

19.23 Income and expense recognition

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or as an agent. The Group has concluded that it is acting as the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has inventory risk and pricing latitude.

The following specific recognition criteria must be met before revenue and expenses are recognized;

(a) Revenue

Revenue from condominium sales

The Group develops and sells condominium units. Under a contract to sell a condominium unit, the object is the property itself, which is the normal output of a real estate business. In addition, this contract contains information such as the contracting parties' rights and payment terms, which are essential elements for a valid revenue contract. The Group assesses that contract must be signed by the contracting parties to make it enforceable prior to revenue recognition. Also, the developer assesses the commercial substance of the contract and the probability that it will collect the consideration. Collectability of the contract price is demonstrated by the buyer's commitment to pay, which is supported by the buyer's initial and continuous investments that motivates the buyer to honor its obligation.

Contracts to sell condominium units are written on a lump sum payment basis or installment basis which include 10-20% reservation, down payments with installment terms ranging from 1-5 years.

The Group satisfies its performance obligation as it develops the property. In accordance with PFRS 15 and Philippine Interpretations Committee (PIC) 2016-04, the Group considers that the Group's performance does not create the asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date. Therefore, revenue is recognized over time, i.e. as the related obligations are fulfilled, measured principally using the output method on the basis of the estimated completion of a physical proportion of the contract work. Land and materials delivered on site, such as steels, rebars and elevators, which are yet to be installed/attached to the main structure, are excluded from the percentage-of-completion.

Revenue is measured at the transaction price agreed under the contract, except for contracts where the timing difference between the construction period and payment by the customer exceeds one year. In such contracts, the Group assessed that it is necessary to adjust the transaction price for the effects of a significant financing component as required by PIC Q&A 2018-12, but the Group decided not to adjust the transaction price and availed the relief issued by the SEC per Memorandum Circular No. 34-2020 dated December 15, 2020. The SEC provided relief to the real estate industry by deferring the application of the provisions of PIC Q&A 2018-12 for a period of three (3) years until January 1, 2024 or completed projects, revenue from condominium sales are recognized in full (ie. point in time) once the Group assessed that the contract meets all criteria for revenue recognition.

Under the sales contract, customers are required to pay the transaction price (in the form of progress billings) over a certain period of time. Any excess (deficit) of collections over the recognized revenue are recognized as contract liabilities under accounts payable and other current liabilities (installment contracts receivable under Trade and other receivables, net) as shown in the consolidated statement of financial position.

Payments received from potential buyer to provide exclusive rights to buy a specific condominium unit under certain conditions and up to specified period are treated initially as a liability and are recognized as part of “customers’ deposits” under accounts payable and other liabilities. These deposits are applied as payment of the transaction price as soon as the revenue recognition criteria are met.

Cost of condominium sales include upfront costs such as land costs and connection fees, which are accounted for as fulfillment costs, and development costs which contribute to the construction progress of the development project. Fulfillment costs are recognized as contract assets arising from fulfillment costs to the extent that such costs give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered. These costs are included in properties held for sale in the consolidated statement of financial position. Such contract assets are amortized as cost of condominium sales consistent with the revenue recognition method applied, subject to impairment up to the extent that the carrying amount of the asset exceeds (a) the remaining amount of consideration that the Group expects to receive; less (b) direct costs that have not been recognized as expenses. Development costs are recognized as expense as the work to which they relate is performed.

Incremental costs of obtaining a contract to sell condominium units include commissions paid to sales or marketing agents. Fixed monthly living allowance, transportation allowance provided to real estate agents and commissions paid prior to signing of contracts to sell are expensed outright. Commissions paid after signing of contracts are recognized as contract assets arising from costs to obtain a contract presented as ‘prepaid commission’ under prepaid expenses and other current assets in the consolidated statement of financial position. These are amortized as cost of condominium sales consistent with the revenue recognition method applied.

The cost of inventory recognized in profit or loss on disposal (cost of condominium sales) is determined with reference to the specific and allocated costs incurred on the sold property taking into account the POC. The cost of condominium sales also includes the estimated development costs to complete the condominium, as determined by the Group’s in-house technical staff, and taking into account the POC. The accrued development costs account is presented under “accounts payable and other current liabilities” in the consolidated statement of financial position.

Estimated loss on unsold units is recognized in profit or loss immediately when it is probable that total project costs will exceed total contract revenue.

Condominium units arising from cancellation of contracts to sell are initially measured by the Group based on its original carrying amount at the time it was sold.

(b) *Rental*

Rental income from operating leases (the Group is the lessor) is recognized as income on a straight-line basis over the lease term or based on a certain percentage of gross revenue of the lessees, whichever is applicable. When the Group provides incentives to its lessees, the cost of incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income.

When the revenue recognition criteria are not met, cash received from lessees are recognized as advance rentals, until the conditions for recognizing rental income are met.

(c) Hotel operations

Hotel revenue from room rentals, food and beverage sales, and other ancillary services are recognized when the services are rendered. Revenue from other ancillary services include, among others, business center and car rental, laundry service, telephone service and health club services. The services rendered are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, that is over the stay within the hotel, at a point in time for other goods or services, when they have been delivered or rendered.

Costs of hotel operations are expensed as incurred. These include expenses incurred for the generation of revenue from food and beverage sales, room rentals, and other ancillary services.

(d) Interest income and expense

Interest income and expense are recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a Group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the original effective interest rate.

Interest income on bank deposits is recognized when earned, net of final withholding tax.

(e) Dividend income

Dividend income is recognized when the Group's right to receive payment is established, which is generally when the Board of the investee company approved the dividend.

(f) Other income

Administration and management services, customer lounge fees, banner income, income from cinema operations and other service income are recognized when the related services have been rendered. Revenues from auxiliary services such as handling, sale of scrap materials, import break bulk and brokerage are recognized when services are provided or when goods are delivered. Money received or amounts billed in advance for rendering of services or delivery of goods are recorded as unearned income until the earning process is complete.

(g) Cost and expenses

Cost and expenses are recognized when these are incurred.

CUSA charges to mall tenants are presented as a reduction to costs and expenses in the consolidated statement of total comprehensive income.

19.24 Leases

(a) Group is the lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease or based on a certain percentage of gross revenue of the lessees, whichever is applicable. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Assets under these arrangements are classified as investment property in the consolidated statement of financial position (Note 19.9).

(b) Group is the lessee

The Group has adopted PFRS 16 Leases using the modified retrospective approach from January 1, 2019, as permitted under the specific transition provisions in the standard (Note 19.2).

Aside from exemptions in the standard for short-term and low-value leases which are recognized as operating leases under the provisions of PAS 17, lease payments are discounted using the interest rate implicit in the lease. Payments for leases of properties and office equipment are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

19.25 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Philippine Peso, which is the functional and presentation currency of the Group.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the date of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

On consolidation, the assets and liabilities of Gipsey and SHIL, foreign subsidiaries with functional and presentation currency of Hong Kong dollar, are translated into Philippine Peso at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other components of equity. On disposal of a foreign subsidiary, the component of other components of equity relating to that particular foreign subsidiary is recognized in profit or loss.

19.26 Related party relationships and transactions

Related party relationship exists when one party has the ability to control the other party, directly or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

19.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. These operating segments are the basis upon which the Group reports its segment information presented in Note 2 to the consolidated financial statements.

The accounting policies used to recognize and measure the segment's assets, liabilities and profit or loss is consistent with those of the consolidated financial statements.

19.28 Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

19.29 Events after the reporting period

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)

The Bicameral Conference Committee, under the 18th Congress of the Philippines, approved the reconciled version of the House Bill No. 4157 and Senate Bill No.1357 or the CREATE. The Committee report on CREATE was ratified by the Senate and House of Representatives on February 3, 2021. Among the salient provisions of CREATE include changes to the Corporate Income Tax (CIT) as follows:

- Reduction of CIT rate to 20% applicable to domestic corporations with total net taxable income not exceeding P5 million and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated);
- Reduction of CIT rate to 25% shall be applicable to all other corporations subject to regular CIT; and
- Minimum corporate income tax (MCIT) rate shall also be amended to 1%, instead of 2%, for the period beginning July 1, 2020 until June 30, 2023.

The President of the Republic of the Philippines signed the CREATE Act into law in March 26, 2021.

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations

<u>Key Performance Indicators</u>

		March 31 2022	March 31 2021	Change
Turnover	(Php M)	1,447.5	1,177.1	22.97%
Profit attributable to shareholders	(Php M)	476.3	386.1	23.37%
Earnings per share	(Php Ctv)	0.100	0.081	23.37%
Net asset value per share	(Php)	7.932	7.834	1.24%
Debt to equity ratio	(Ratio)	0.49	0.49	0.53%

- Turnover consists of sales of residential condominium units, revenue from rental and cinema and hotel operations. For three (3) months ended March 31, 2022, Shang Properties' revenue increased by ₱270.3 million (M) to ₱1.4 billion (B) from ₱1.18B total revenue during the same period in 2021. Sales of residential condominium units accounted for ₱658.4M or 46% of the total revenue and is higher by ₱155.4M from ₱502.96M in the same period last year. Revenue from leasing operations amounted to ₱466.74M or 32% of the total revenue and is lower by ₱22.1M from ₱488.86M in the same period last year. Shangri-La at the Fort's hotel operations contributed revenue amounting to ₱322.3M or 22% of the total revenue and is higher by ₱137M from ₱185.3M of the same period last year.

- Profit attributable to shareholders pertains to net income from operations after tax amounted to ₱476.3M, higher by ₱90.2M or 23.37% compared with the same period last year.

- Earnings per share of ₱0.100 in 2022 is higher by 23.37% compared with the first quarter of 2021.

- Net asset value per share is calculated by dividing the total net asset of the Group (Total assets – Total liabilities and equity attributable to non-controlling interest) by the number of shares outstanding. Net asset value per share increased by 1.24% mainly due to income generated during the period and additional cost of investments.

- Debt to equity measures the exposure of creditors to that of the stockholders. It gives an indication of how leveraged the Group is. It is determined by dividing total debt by stockholder's equity. The Group's financial position remains solid with debt to equity ratio of 0.49:1 as of March 31, 2022 and 0.49:1 as of March 31, 2021.

<u>Financial Condition</u>

Total assets of the Group as of March 31, 2022 amounted to ₱64.6B, an increase of ₱824.6M from total assets of ₱63.8B in December 31, 2021. Following are significant movements in assets during the first quarter of the year:

- Cash and Cash Equivalents increased by ₱39.3M mainly due to collection from rent and hotel operations.

- Financial Assets at Fair Value Through Profit or Loss increased by ₱860.7K mainly due to increase in value of listed shares owned by the Group.

- Receivables increased by ₱402.2M mainly due to higher sales of the condominium units of Shang Residences Wack Wack and revenue from hotel operations.

- Properties Held for Sale decreased by ₱109.3M is mainly due to recognition of units sold of The Rise & Shang Residences Wack Wack projects.

- Input Tax and Other Current Assets increased mainly due to down payments made to contractors of Shang Residences Wack Wack & Shang One Horizon projects during the first quarter of the year. These will be recouped from future progress billings. Also, included are annual prepaid expenses paid at the beginning of the year and will be amortized monthly.

- Deferred Income Tax Assets decreased by ₱653.7K mainly due to income recognition of Shang Residences Wack Wack during the period which resulted to regular income tax and de-recognition of deferred tax assets.

- Other Noncurrent Assets decreased by ₱4.1M is mainly due to the reclassification of fund for a future project to Due from Affiliates.

- Current ratio is 0.96:1 as of March 31, 2022 from 0.92:1 as of December 31, 2021.

Total liabilities increased by ₱344.5M from ₱20.8B in 2021 to ₱21.18B in 2022 mainly due to the net effect of the following:

- Increase in bank loans by ₱438M is mainly due to additional loan availments during the first three months of the year.

- Decrease in Accounts Payable by ₱101.7M is mainly due to payments made during the first three months of the year.

- Increase in income tax payable by ₱61.8M is mainly due to income tax due on taxable income for the last quarter of 2021 and first quarter of 2022.

- Increase in dividends payable by ₱10.1M is due to the unpaid portion of cash dividends declared by KSA Realty Corporation. The remaining unpaid balance pertains to dividends of shareholders who are out of the country and remittance was delayed due to the more stringent restrictions being imposed by the government.

- Increase in accrued employee benefits by ₱2.05M is mainly due to the accruals for retirement benefits during the period.

- Decrease in Deposit from Tenants by ₱24.6M is mainly due to refunds made during the first three months of 2022.

- Deferred Income Tax Liabilities increased by ₱6.8M mainly due to the effect of the difference in accounting method used by Shang Residences Wack Wack.

Results of Operation

Consolidated net income for the period ended March 31, 2022 amounted to ₱476.3M which is higher by 23.37% from last year's ₱386.1M.

Turnover increased by ₱270.3M to ₱1.45B in 2022 from ₱1.18B in 2021, mainly due to net effect of the following:

- Increase in revenue from condominium sales by ₱155.45M mainly due to higher number of units sold during the first quarter of the year.

- Increase in revenue from hotel operations by ₱137M mainly due to higher occupancy during the first quarter of the year compared to the same period last year.

Total Cost of Sales and Services of the Group amounted to ₱556M, lower by ₱96.3M compared with last year's ₱652.4M. This was mainly due to the following:

- Increase in cost of condominium sales due to higher number of units were sold during the first quarter of the year.

- Increase in cost of rental and cinema by ₱21M is mainly due to higher share in common expenses from mall operations during the first three months.

- Decrease in cost of hotel operations by ₱143.9M due to lower depreciation allocated as cost of hotel operations during the first quarter of the year compared to the same period last year.

Total Operating Expenses of the Group amounted to ₱428M, lower by ₱9.9M compared with last year's ₱418.1M. This was mainly due to the net effect of the following:

- Increase in general and administrative expense by P9.3M is mainly due to donations made to accredited donor institutions to support various feeding programs, livelihood projects and typhoon relief operations.

- Increase in taxes and licenses due to additional documentary stamp tax on bank loans.

- Decrease in depreciation by P411.5K due to fully depreciated improvements and equipment.

- Decrease in insurance by ₱90K mainly due to fidelity insurance of TRDCI paid in the previous year.

Other Income decreased by ₱98.9M mainly due to lower recognition of management income from affiliates.

Financial Soundness Indicators

	End of March 2022	End of December 2021
Current Ratio[1]	0.96:1	0.92:1
Debt-to-equity ratio[2]	0.49:1	0.49:1
Asset-to-equity ratio[3]	1.49:1	1.49:1
	1Q 2022	**1Q 2021**
Interest rate coverage ratio[4]	21.32	17.08
Return on assets[5]	2.97%	2.45%
Return on equity[6]	4.41%	3.67%

[1]*Curr*ent assets/current liabilities
[2]Total liabilities/stockholders' equity
[3]Total asset/stockholders' equity
[4]Income before interest and taxes/interest expense
[5]Annualized net income/average total assets[7]
[6]Annualized net income/average stockholders' equity[7]
[7]Annualized net income = 1Q Net income x Average Total Assets = average total assets as of end of March 2020 and end of March 2019
Average Stockholders' Equity = average stockholders' equity as of end of March 2020 and end of March 2019

PART II--OTHER INFORMATION

Item 2. Information required by Part III, Paragraph (A) (2) (b) of "Annex C" of SRC Rule 12

- There are no known trends or any known demands, commitments, events or uncertainties that will result in or that will reasonably likely result in the registrant's liquidity increasing or decreasing in any material way.

- There are no known events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of obligation.

- There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

- There are no material commitments for capital expenditures.

- There are no known trends, events or uncertainties that have or that are reasonably expected to have material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

- There are no significant elements of income or loss that did not arise from the registrant's continuing operations.

- There are no material changes in periodical reports.

- There are no seasonal aspects that had a material effect on the financial statements.

Item 3. Other Required Disclosures

A. The attached interim financial reports were prepared in accordance with Philippine Financial Reporting Standard. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2021.

B. Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.

C. There were no materials changes in estimates of amounts reported in prior period that have material effects in the current interim period.

D. Except as disclosed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there were no other issuances, repurchases and repayments of debt and equity securities.

E. There are no significant events that happened subsequent to March 31, 2022 up to the date of this report that needs disclosure herein.

SHANG PROPERTIES, INC. AND SUBSIDIARIES
AGING OF RECEIVABLES
As of March 31, 2022

TENANTS	TOTAL RECEIVABLES	CURRENT	1-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS
Mall Tenants	124,523,594	89,772,625	4,594,646	5,751,449	5,489,533	18,915,341
EDSA Shangri-La Hotel & Resort	14,617,134	4,170,508	10,446,626	-	-	-
TSFT Commercial Space	2,246,880	470,609	1,776,271	-	-	-
TEC Tenants	28,265,729	8,339,318	6,449,213	149,987	13,327,211	-
Third Parties	357,641,692	357,641,692	-	-	-	-
Installment Contracts Receivables	2,385,268,852	2,385,268,852	-	-	-	-
	2,912,563,881	2,845,663,604	23,266,756	5,901,436	18,816,744	18,915,341

Note: Installment Contracts Receivables include both current and long-term portion, and are covered by post-dated checks from customers.

KARLO MARCO P.

ESTAVILLO

Treasurer/Chief Financial Officer

Trusted Since 1898

The Manila Times

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REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA)S.S.

AFFIDAVIT OF PUBLICATION

I, **Eden F. Del Rosario**, of legal age, married, Filipino and a resident of #22 21st Avenue, Cubao, Quezon City in the Philippines, after having been duly sworn according to law, do hereby depose and state:

That I am the Credit and Collection Head of **The Manila Times**, a newspaper which is published Online and Printed in English and Edited in Metro ..., and circulated nationwide daily from Monday to ...y with postal address at 2/F Sitio Grande, 409 A. ...o Avenue, Intramuros, Manila

...at the attached **NOTICE TO SHAREHOLDERS** ...**ANG PROPERTIES, INC.**

... published in **The Manila Times** newspaper in ...e/s of **APRIL 22, 2022**

...ess whereof, I signed this Affidavit in Manila, ...ines, this _________day of 22 APR 2022 2022

Edelrosario

EDEN F. DEL ROSARIO
Affiant

...bscribe and sworn to before me this 22 APR 2022 day ________, 2022 in Manila, Philippines, affiant ...iting to me her **SSS ID No. 33-0045788-4**

...No. 600
... No 101
... No. 2
...s of 2022

ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC
Commission No. Adm. Matter No. NP 204 (2021-2022)
IBP O.R. No. 132134 MD 2021 & IBP O.R. No. 133076 MD 20...
PTR O.R. No. 2463255D 1/3/22 / Roll No. 33832 / TIN# 129-871-...
MCLE No. VI-0029583 valid from 12/16/19 valid until 04/14/22

SHANG
PROPERTIES

NOTICE TO SHAREHOLDERS OF SHANG PROPERTIES, INC.

Pursuant to the Amended By-Laws of Shang Properties, Inc. (the "Corporation"), all interested shareholders of the Corporation may now submit the names of their nominees for Independent Directors and Regular Directors of the Corporation's Board of Directors who shall be elected during the Annual Shareholders' Meeting to be held on 22 June 2022 via remote communication. All nominations should be submitted on or before 15 May 2022 to the Corporate Secretary at the following address or by notifying the Corporate Secretary at spi.asm@shangproperties.com:

FEDERICO G. NOEL, JR.
Shang Properties, Inc.
Level 5, Shangri-La Plaza Mall
Edsa cor. Shaw Blvd., Mandaluyong City

All nominations should contain at least the following information:

- Names, ages, and citizenship of all nominees;
- Positions and offices that each nominee has held, or will hold if known;
- Term of office and the period during which the nominee has served as director;
- Business experience during the past five (5) years;
- Other directorships held in SEC reporting companies, naming each company;
- Family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, or persons chosen by the Corporation to become directors or executive officers;
- Involvement in legal proceedings, i.e., a description of any of the following events that occurred during the past five (5) years up to the latest date that are material to an evaluation of the ability of integrity of any director, any nominee for election as director;
- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- Any conviction by final judgment, including the nature of the offense, in a criminal proceedings, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- Being subject to any order, judgment, or decree, not subsequently, reversed, suspended, or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;
- Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self regulatory organization, to have violated securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated;
- Disclosure if owning directly or indirectly as record and/or beneficial owner of any class of the Corporation's voting securities;
- Disclosure if owning voting trust of more than 5% of the Corporation's securities; and
- Should not have any of the disqualifications laid down by prevailing laws, rules, and regulations.

All nominations shall be subject to pre-screening by the Corporation's Nomination Committee which shall prepare the final list of nominees.

Interested shareholders may also submit on or before **15 May 2022**, their proposals for matters to form part of the Agenda for the Annual Shareholders Meeting.

By Order of the Nomination Committee.

FEDERICO G. NOEL, JR.
Corporate Secretary

MT - Apr. 22, 2022