亞證地產有限公司

ASIASEC PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 271)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR 2017

The board of directors ("Board") of Asiasec Properties Limited ("Company") announces that the audited consolidated results of the Company and its subsidiaries ("Group") for the year ended 31st December, 2017 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December, 2017

	Notes	**2017** ***HK$'000***	2016 *HK$'000*
Revenue	*(3)*	**60,004**	55,493
Other income	*(4)*	**5,725**	5,323
Other gains and losses	*(5)*	**1,552**	10,152
Rent and rates		**(1,461)**	(492)
Building management fees		**(6,326)**	(6,113)
Staff costs, including director's remuneration		**(13,660)**	(22,026)
Depreciation and amortisation		**(2,165)**	(4,195)
Repairs and maintenance		**(940)**	(807)
Other expenses		**(5,472)**	(15,206)
Operating profit before change in fair value of investment properties		**37,257**	22,129
Change in fair value of investment properties		**46,295**	85,802
Operating profit		**83,552**	107,931
Share of results of associates		**99,051**	(30,995)
Profit before income tax		**182,603**	76,936
Income tax expenses	*(6)*	**(13,438)**	(15,174)
Profit for the year	*(7)*	**169,165**	61,762
		HK cents	*HK cents*
Earnings per share			
Basic and diluted	*(8)*	**13.62**	4.97

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December, 2017

	2017	2016
	HK$'000	*HK$'000*
Profit for the year	**169,165**	61,762
Other comprehensive income/(expense):		
Items that will not be reclassified to profit or loss:		
Surplus on revaluation of		
–Leasehold land and buildings	**60,815**	533
–Land use rights	**9,015**	1,518
	69,830	2,051
Deferred tax effect on revaluation	**(4,856)**	–
	64,974	2,051
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available-for-sale financial assets	**2,152**	892
Currency translation differences	**719**	(1,131)
	2,871	(239)
Other comprehensive income for the year, net of tax	**67,845**	1,812
Total comprehensive income for the year	**237,010**	63,574

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2017

	Notes	2017 HK$'000	2016 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**3,647**	82,096
Investment properties		**1,326,939**	1,121,881
Land use rights		**10,151**	22,755
Interests in associates		**2,724,401**	3,136,800
Available-for-sale financial assets		**49,298**	47,146
		4,114,436	4,410,678
Current assets			
Debtors, prepayments, deposits and other receivables	*(10)*	**8,783**	8,579
Loan receivable	*(11)*	**28,235**	–
Amounts due from associates		**222,717**	3,925
Income tax recoverable		**–**	498
Non-pledged time deposits with original maturity of over three months		**73,323**	151,076
Cash and cash equivalents		**447,088**	830,427
		780,146	994,505
Total assets		**4,894,582**	5,405,183
EQUITY			
Share capital		**681,899**	681,899
Reserves		**4,021,498**	4,408,431
Total equity		**4,703,397**	5,090,330
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**161,407**	147,630
Current liabilities			
Creditors and accruals	*(12)*	**26,940**	26,471
Amounts due to associates		**1,288**	139,823
Income tax payable		**1,550**	929
		29,778	167,223
Total liabilities		**191,185**	314,853
Total equity and liabilities		**4,894,582**	5,405,183

Notes:

(1) Basis of Preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance ("CO").

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of investment properties and available-for-sale financial assets, which are carried at fair values.

The financial information relating to the financial years ended 31st December, 2017 and 2016 included in this announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31st December, 2016 to the Registrar of Companies as required by section 109(3) of the predecessor Hong Kong Companies Ordinance (Cap. 32). The Company will deliver the financial statements for the year ended 31st December, 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the Hong Kong Companies Ordinance in due course.

The Company's auditor has reported on the financial statements of the Group for the year ended 31st December, 2017. The financial statements of the Group for the year ended 31st December, 2016 were audited and reported by the former auditor Messers PricewaterhouseCoopers. The auditor's reports for both years were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group.

The accounting policies and methods of computation used in the preparation of the consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31st December, 2016, except as stated otherwise.

(2) Significant accounting policies

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of Annual Improvements to HKFRSs 2014–2016 Cycle

Except as described below, the application of the above amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

Amendments to HKAS 7 "Disclosure Initiative"

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretation that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 28	Long-term interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]

1 Effective for annual periods beginning on or after 1st January, 2018
2 Effective for annual periods beginning on or after 1st January, 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1st January, 2021

HKFRS 9 "Financial Instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 that are relevant to the Group:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at a 'fair value through other comprehensive income' ("FVTOCI"). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, that is when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Company currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, extensive disclosures are required by HKFRS 16.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

Amendments to HKAS 40 "Transfers of Investment Property"

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the one listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction. For example, change in use for transfer from properties under development for sale in the ordinary course of business to investment properties could be evidenced by inception of an operating lease to another party. Currently, the Group accounts for such transfer only upon commencement of an operating lease.

(3) Revenue and segment information

	2017	2016
	HK$'000	*HK$'000*
Rental income from investment properties	**47,054**	42,652
Estate management fees	**11,450**	11,341
Dividend income from unlisted equity securities classified as available-for-sale financial assets	**1,500**	1,500
	60,004	55,493

The executive directors of the Company have been identified as the chief operating decision maker. The executive directors regard the Group's business as a single operating segment, which is property leasing and estate management and reviews financial information accordingly. Therefore, no segment analysis of the Group's revenue, results and segment assets and liabilities are presented.

As at 31st December, 2017, other than interests in associates and available-for-sale financial assets, the total of non-current assets located in Hong Kong is HK$1,296,687,000 (2016: HK$1,195,933,000), and the total of non-current assets located in Mainland China is HK$44,050,000 (2016: HK$30,799,000).

The Group's revenue is mainly derived from Hong Kong and of approximately HK$8,079,000 (2016: HK$7,921,000) is derived from a single external customer. No revenue from transaction with other single external customer is amounted to 10% or more of the Group's revenue for the year.

(4) Other Income

	2017	2016
	HK$'000	*HK$'000*
Bank interest income	**4,706**	5,303
Loan interest income	**877**	–
Others	**142**	20
	5,725	5,323

(5) Other gains and losses

	2017	2016
	HK$'000	*HK$'000*
Net exchange gain/(loss)	**1,605**	(5,360)
(Loss) on disposal of property, plant and equipment	**(53)**	(635)
Write-back of provision for doubtful debt *(Note)*	**–**	16,147
	1,552	10,152

Note:

On 30th May, 2016, the second cash distribution in respect of the liquidation of a then subsidiary, Beijing Dan Yao Property Company Limited ("Dan Yao") was received. Accordingly, the provision for doubtful debt on the amount due from Dan Yao was written back to the consolidated statement of profit or loss, to the extent of the cash received.

(6) Income tax expenses

	2017 *HK$'000*	2016 *HK$'000*
Hong Kong Profits Tax		
Current year	**4,546**	2,602
Overprovision in prior years	**(29)**	(61)
	4,517	2,541
Deferred taxation	**8,921**	12,633
Income tax expense for the year	**13,438**	15,174

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year. Taxation on profits generated in Mainland China has been provided at the rate of taxation prevailing in Mainland China.

(7) Profit for the year

	2017 *HK$'000*	2016 *HK$'000*
Profit for the year has been arrived at after charging /(crediting):		
Depreciation of property, plant and equipment	**1,871**	3,730
Amortisation of prepaid lease payments on land use rights	**294**	465
Total depreciation and amortisation	**2,165**	4,195
Salaries and other costs	**13,277**	21,637
Retirement benefit costs	**383**	389
Total staff costs	**13,660**	22,026
Direct operating expenses of investment properties that generated rental income	**7,909**	7,631
Direct operating expenses of investment properties that did not generate rental income	**52**	139
Auditor fee	**1,200**	1,450

(8) Earnings per share

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following:

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to the owners of the Company)	**169,165**	61,762

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for calculating basic earnings per share	**1,242,047**	1,243,096

No diluted earnings per share for both 2017 and 2016 were presented as there were no potential ordinary shares in issue for both 2017 and 2016.

(9) Dividend

	2017	2016
	HK$'000	*HK$'000*
Dividend recognised as distributions during the year:		
Interim dividend for 2017 paid of HK25 cents (2016: Nil) per share	**310,606**	–
Special dividend for 2016 paid of HK25 cents (2016: Nil) per share	**310,606**	–
No final dividend for 2016 paid (2016: for 2015 paid of HK15 cents per share)	**–**	186,364
	621,212	186,364

Subsequent to the end of the reporting period, a second interim dividend of HK$310,606,000, representing HK25 cents per share, based on the number of shares in issue as at 31st December, 2017 (2016: Nil) has been approved by the Directors, payable on or around 13th April, 2018 to the shareholders of the Company whose names appear on the register of members of the Company on 3rd April, 2018.

(10) Debtors, prepayments, deposits and other receivables

	2017	2016
	HK$'000	*HK$'000*
Trade debtors	**1,055**	1,177
Other receivables	**5,557**	5,034
Prepayments and deposits	**2,171**	2,368
	8,783	8,579

Trade debtors represent rental and estate management fees receivable and are receivable on the presentation of debit notes. Rental income is billed in advance at month-end. The Group generally allows a credit period of 30 days to its tenant. The ageing of these trade debtors of the Group, net of provisions and in accordance with the revenue recognition dates, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 30 days	**1,055**	1,177

All of these trade debtors are also past due as at the reporting date to which the Group has not provided for impairment loss.

(11) Loan receivable

Loan receivable with an independent third party bears interest rate of 6% per annum, unsecured, guaranteed by China Medical & Healthcare Group Limited and will mature in June 2018.

(12) Creditors and accruals

	2017	2016
	HK$'000	*HK$'000*
Trade creditors	**333**	334
Other creditors	**10,127**	9,420
Tenants deposits	**12,750**	11,645
Accrued operating expenses	**3,730**	5,072
	26,940	26,471

The ageing of the trade creditors of the Group in accordance with invoice date is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 30 days	**333**	334

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The revenue of the Group for the year ended 31st December, 2017 was HK$60,004,000 (2016: HK$55,493,000), an increase of 8.1% compared to the year before. The profit attributable to owners of the Company amounted to HK$169,165,000 (2016: HK$61,762,000), representing an increase of 173.9% from 2016. The increase in profit for the year was the result of:

(1) The share of results of associates changes from loss of HK$30,995,000 in last year to profit of HK$99,051,000 in current year; and

(2) The increase in rental income of HK$4,402,000 from investment properties.

Earnings per share amounted to HK13.62 cents (2016: HK4.97 cents), while the net asset value per share attributable to owners of the Company was HK$3.79 as at 31st December, 2017 (2016: HK$4.09).

Business Review

The Group's core businesses comprise property investment, property leasing and estate management in Hong Kong.

For the year ended 31st December, 2017, the Group's commercial properties situated at Harbour Crystal Centre recorded an average occupancy level of approximately 99% and the performance of rental income was satisfactory.

In respect of the residential properties held by the associate (33.33% owned) situated at The Redhill Peninsula, 13 apartments and 3 houses have been completed for sales for the year ended 31st December, 2017, while 3 more houses were sold pending completion. The remaining 41 houses are being launched for sale in batches in the year of 2018.

The Group's industrial properties situated at Ap Lei Chau, Hong Kong, the Harbour Industrial Centre and the Oceanic Industrial Centre held by the associate (33.33% owned) recorded an average occupancy level of approximately 63% and the rental income was performed fair due to one of the anchor tenants in Oceanic Industrial Centre surrendered some spaces upon expiration of the leases.

Financial Review

Group Assets and Charges

The total assets of the Group have decreased from HK$5,405,183,000 last year to HK$4,894,582,000 in this year. The net assets of the Group have decreased from HK$5,090,330,000 to HK$4,703,397,000. At 31st December, 2017, no investment properties of the Group in Hong Kong (2016: HK$Nil) were pledged as security for banking facilities. The Group has no bank loan, but will undergo a discussion with the bank for the renewal of banking facilities and the bank has agreed to provide banking facilities if necessary.

Group Financial Position, Liquidity and Financial Resources

The total liabilities of the Group have decreased from HK$314,853,000 as at 31st December 2016 to HK$191,185,000 as at 31st December, 2017. The Group had cash and bank balances of HK$520,411,000 as at 31st December, 2017 (2016: HK$981,503,000). The ratio of total liabilities to total assets was approximately 4% (2016: 6%). As at 31st December 2017, the Group had no bank loans (2016: Nil) and the total equity was HK$4,703,397,000 (2016: HK$5,090,330,000).

As at 31st December, 2017, the current assets of the Group, amounting to HK$780,146,000 (2016: HK$994,505,000), exceeded its current liabilities by HK$750,368,000 (2016: HK$827,282,000).

For the year ended 31st December, 2017, the Group had no material exposure to fluctuations in exchange rates and no related hedges and there were no contingent liabilities.

Employees

As at 31st December, 2017, the Group, excluding associated companies, employed 39 (2016: 42) people, all (2016: all) were employed in Hong Kong.

In addition to basic salaries, employees in Hong Kong are provided with medical insurance and some of them are included under a defined contribution provident fund scheme and mandatory provident fund scheme.

Business Outlook

General economic and real estate market conditions in Hong Kong improved in 2017. Residential property prices and transaction volumes rose significantly. The rise in e-commerce has continued to reduce upward pressure to rents for retail space, and healthier income trends and a rebound in visitor numbers have helped to stabilise retail rents. To capture the buoyant residential market, the Group's remaining 41 houses situated at The Redhill Peninsula held by the associate (33.33% owned) are now being launched for sale in batches. We expect the rental income from Harbour Crystal Centre (portion) to remain stable.

Looking ahead, the Group will continue to monitor local and overseas market conditions. With our strong financial position, the Group will endeavour to acquire Hong Kong and overseas properties when attractive opportunities arise in order to strengthen its investment property portfolio. The Group will focus on maintaining a healthy growth rate in recurring earnings and a stable financial profile.

The Group will remain proactive in business operations and continue to be cautious in managing its finance.

DIVIDEND

The Board has declared the second interim dividend of HK 25 cents per share (in lieu of a final dividend) for the year ended 31st December, 2017 (2016 final dividend: Nil) payable on or around Friday, 13th April, 2018 to the shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on Tuesday, 3rd April, 2018.

Subsequent to the year ended 31st December, 2016, on 25th January, 2017, the Company's board of directors' meeting was held to resolve a payment of special dividend of HK$0.25 per ordinary share amounting to approximately HK$310,606,000 which was paid on 23rd February, 2017.

Subsequent to the six months ended 30th June, 2017, on 17th August, 2017, the Company's board of directors' meeting was held to resolve a payment of interim dividend of HK$0.25 per ordinary share amounting to approximately HK$310,606,000 which was paid on 25th September, 2017.

CLOSURE OF REGISTER OF MEMBERS

(1) For determining the entitlement to the second interim dividend (in lieu of a final dividend)

For determining the entitlement to the second interim dividend (in lieu of a final dividend) for the year ended 31st December, 2017, the register of members of the Company will be closed on Thursday, 29th March, 2018 and Tuesday, 3rd April, 2018, during which period no transfer of shares of the Company will be registered. In order for a Shareholder to qualify for the second interim dividend (in lieu of a final dividend), all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 28th March, 2018.

(2) For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company ("2018 AGM")

The 2018 AGM is scheduled to be held on Wednesday, 23rd May, 2018. For determining the entitlement to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Thursday, 17th May, 2018 to Wednesday, 23rd May, 2018 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a Shareholder to be eligible to attend and vote at 2018 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 16th May, 2018.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31st December, 2017, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarised below:

1. Code Provision A.5.1

For the period from 1st January, 2017 to 9th March, 2017, as the Board comprised no Independent Non-Executive Director, the positions in the nomination committee were vacant. The Board considered that the failure of meeting the relevant Code Provision is temporary in nature. Since 10th March, 2017, the Company has complied with this requirement.

2. Code Provision I (f), Rules 3.10(1) and 3.10A of the Listing Rules

For the period from 1st January, 2017 to 20th March, 2017, the number of Independent Non-Executive Directors for the composition of the Board had fallen below the minimum number required. Since 21st March, 2017, the Company has complied with this requirement.

3. Code Provision I (f) and Rule 3.10(2) of the Listing Rules

For the period from 1st January, 2017 to 9th March, 2017, the Company failed to meet the requirement that at least one Independent Non-Executive Director must have appropriate professional qualifications or accounting or related financial management expertise. Since 10th March, 2017, the Company has complied with this requirement.

4. Code Provision L(d)(iv) and Rule 3.21 of the Listing Rules

For the period from 1st January, 2017 to 20th March, 2017, the number of members of the audit committee of the Company has fallen below the minimum number required. Since 21st March, 2017, the Company has complied with this requirement.

5. Code Provisions B.1.2 and C.3.3

Code provisions B.1.2 and C.3.3 of the CG Code stipulate that the terms of reference of the remuneration committee and audit committee should include, as a minimum, those specific duties as set out in the respective code provisions.

The terms of reference of the remuneration committee ("Remuneration Committee") adopted by the Company are in compliance with the code provision B.1.2 of the CG Code except that the Remuneration Committee shall make recommendations to the Board on the remuneration packages of the Executive Directors only and not senior management (as opposed to executive directors and senior management under the code provision).

The terms of reference of the audit committee ("Audit Committee") adopted by the Company are in compliance with the code provision C.3.3 of the CG Code except that the Audit Committee (i) shall recommend (as opposed to implement under the code provision) the policy on the engagement of the external auditors to supply non-audit services; (ii) only possesses the effective ability to scrutinise (as opposed to ensure under the code provision) whether management has performed its duty to have effective risk management and internal control systems; and (iii) can promote (as opposed to ensure under the code provision) the coordination between the internal and external auditors, and check (as opposed to ensure under the code provision) whether the internal audit function is adequately resourced.

The reasons for the above deviations are set out in the Corporate Governance Report to be contained in the Company's Annual Report for the financial year ended 31st December, 2017 ("2017 Annual Report"). The Board has reviewed the terms during the year under review and considers that the Remuneration Committee and the Audit Committee should continue to operate according to the relevant terms of reference as adopted by the Company. The Board will review the terms at least annually and make appropriate changes if considered necessary.

6. Rule 3.25 of the Listing Rules

For the period from 1st January, 2017 to 9th March, 2017, as the Board comprised no Independent Non-Executive Director, the positions in the remuneration committee were vacant. The Board considered that the failure of meeting the relevant Code Provision is temporary in nature. Since 10th March, 2017, the Company has complied with this requirement.

Further information on the Company's corporate governance practices during the year under review will be set out in the Corporate Governance Report to be contained in the Company's 2017 Annual Report which will be sent to the Shareholders by the end of April 2018.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the year ended 31st December, 2017.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st December, 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

Save for the Company's purchase of its own shares on The Stock Exchange of Hong Kong Limited as disclosed below, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year ended 31st December, 2017.

Date of repurchases	Number of shares repurchased	Purchase consideration per share		Aggregate consideration paid (before expenses)
		Highest	Lowest	
		HK$	*HK$*	*HK$*
19th September, 2017	500,000	1.97	1.95	983,390
20th September, 2017	172,000	1.99	1.97	341,280
25th September, 2017	500,000	1.99	1.98	994,730
26th September, 2017	198,000	1.99	1.99	394,020
Total:	1,370,000			2,713,420

PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION

The Directors propose to seek the approval of Shareholders by way of special resolutions ("Special Resolutions") at the 2018 AGM to adopt a new set of articles of association of the Company to replace the existing articles of association of the Company. Full text of the Special Resolutions will be contained in the notice of the 2018 AGM. A circular containing, inter alia, summary of the key amendments to the articles of association of the Company, together with the notice of the 2018 AGM, will be despatched to Shareholders in due course.

On behalf of the Board
Asiasec Properties Limited
Edwin Lo King Yau
Executive Director

Hong Kong, 14th March, 2018

As at the date of this announcement, the Board comprises Mr. Patrick Lee Seng Wei (Chairman), Mr. Lee Shu Yin (Chief Executive), Mr. Edwin Lo King Yau and Mr. Tao Tsan Sang being the Executive Directors; and Mr. Li Chak Hung, Mr. Choi Kin Man and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.