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 2018

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, 2018 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December, 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Revenue	*(3)*	**58,454**	60,004
Other income	*(4)*	**10,581**	5,725
Other gains and losses	*(5)*	**(1,181)**	1,552
Rent and rates		**(1,965)**	(1,461)
Building management fees		**(6,374)**	(6,326)
Staff costs, including director's remuneration		**(12,988)**	(13,660)
Depreciation and amortisation		**(568)**	(2,165)
Repairs and maintenance		**(1,328)**	(940)
Other expenses		**(8,003)**	(5,472)
Operating profit before change in fair value of investment properties		**36,628**	37,257
Change in fair value of investment properties		**25,631**	46,295
Operating profit		**62,259**	83,552
Share of profit of associates		**56,302**	99,051
Profit before taxation		**118,561**	182,603
Income tax expenses	*(6)*	**(5,814)**	(13,438)
Profit for the year	*(7)*	**112,747**	169,165
		HK cents	*HK cents*
Earnings per share			
Basic	*(8)*	**9.08**	13.62

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December, 2018

	2018	2017
	HK$'000	*HK$'000*
Profit for the year	**112,747**	169,165
Other comprehensive income (expense):		
Items that will not be reclassified subsequently to profit or loss:		
Surplus on revaluation of		
– Leasehold land and buildings	**2,619**	60,815
– Land use rights	**9,767**	9,015
	12,386	69,830
Change in fair value of equity instrument at fair value through other comprehensive income	**(1,134)**	–
Deferred tax effect on revaluation	**(6,882)**	(4,856)
	4,370	64,974
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available-for-sale financial assets	**–**	2,152
Currency translation differences	**(1,101)**	719
	(1,101)	2,871
Other comprehensive income for the year, net of tax	**3,269**	67,845
Total comprehensive income for the year	**116,016**	237,010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2018

	Notes	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**933**	3,647
Investment properties		**1,376,380**	1,326,939
Land use rights		**-**	10,151
Interests in associates		**2,681,713**	2,724,401
Available-for-sale financial assets		**-**	49,298
Loan receivables	*(11)*	**125,032**	–
Equity instrument at fair value through other comprehensive income		**37,664**	–
Club memberships		**10,500**	–
		4,232,222	4,114,436
Current assets			
Debtors, prepayments, deposits and other receivables	*(10)*	**11,839**	8,783
Loan receivables	*(11)*	**70,952**	28,235
Amounts due from associates		**200,229**	222,717
Income tax recoverable		**1,637**	–
Non-pledged time deposits with original maturity of over three months		**–**	73,323
Cash and cash equivalents		**198,001**	447,088
		482,658	780,146
Total assets		**4,714,880**	4,894,582
EQUITY			
Share capital		**681,899**	681,899
Reserves		**3,827,251**	4,021,498
Total equity		**4,509,150**	4,703,397
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**170,881**	161,407
Current liabilities			
Creditors and accruals	*(12)*	**27,334**	26,940
Amounts due to associates		**7,416**	1,288
Income tax payable		**99**	1,550
		34,849	29,778
Total liabilities		**205,730**	191,185
Total equity and liabilities		**4,714,880**	4,894,582

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 Public 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 equity instrument at fair value through other comprehensive income, which are measured at fair values.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The financial information relating to the years ended 31st December, 2018 and 2017 included in this preliminary announcement of annual results for the year ended 31st December, 2018 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 CO is as follows:

The Company has delivered 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 CO and will deliver the financial statements for the year ended 31st December, 2018 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports 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 (3) of the CO.

(2) Significant accounting policies

New and amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the above new and 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.

HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1st January, 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1st January, 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations. HKFRS 15 applies to all contracts with customers except for leases which are within the scope of HKFRS 17 Leases.

The Group recognises revenue from the following major sources:

- Rental income from investment properties (not within the scope of HKFRS 15)
- Estate management fees (within the scope of HKFRS 15)
- Dividend income from equity instrument at fair value through other comprehensive income ("FVTOCI") (not within the scope of HKFRS 15)

Summary of effects arising from initial application of HKFRS 15

The application of the HKFRS 15 has no significant impact on the timing and amounts of revenue recognised in the current year and retained profits at 1st January, 2018.

HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities; (ii) expected credit losses ("ECL") for financial assets; and (iii) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1st January, 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1st January, 2018. The difference between carrying amounts as at 31st December, 2017 and the carrying amounts as at 1st January, 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Summary of effects arising from initial application of HKFRS 9

(a) Available-for-sale financial assets

Reclassification of available-for-sale financial assets

The Group elected to present in the consolidated statement of profit or loss and other comprehensive income for the fair value changes of all its equity investments previously classified as available-for-sale financial assets. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK$38,798,000 was reclassified from available-for-sale financial assets to equity instrument at FVTOCI. The fair value gains of HK$28,743,000 relating to the investment were reclassified to equity instrument at FVTOCI continued to accumulate in investment revaluation reserve. In addition, the Group's club memberships of HK$10,500,000 were reclassified from available-for-sale financial assets to club memberships.

(b) Impairment under ECL model

The Group applies HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade debtors. To measure ECL, trade debtors have been grouped based on shared credit risk characteristics.

ECL for other financial assets at amortised cost mainly comprise of cash and cash equivalent, amounts due from associates and loan receivables which are measured on 12-month ECL basis and there had been no significant increase in credit risk since initial recognition.

The impairment was considered as insignificant at the date of initial application, 1st January, 2018.

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 evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

At the date of initial application, the Group assessed the classification of certain properties based on conditions existed at that date, there is no impact to the classification at 1st January, 2018.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]

[1] Effective for annual periods beginning on or after 1st January, 2019
[2] Effective for annual periods beginning on or after a date to be determined
[3] Effective for annual periods beginning on or after 1st January, 2021
[4] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1st January, 2020
[5] Effective for annual periods beginning on or after 1st January, 2020

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

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 Group 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 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.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, 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.

As at 31st December, 2018, the Group has non-cancellable operating lease commitments of HK$97,746,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits received of HK$13,492,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

(3) Revenue and segment information

	2018	2017
	HK$'000	*HK$'000*
Rental income from investment properties	**49,633**	47,054
Estate management fees	**7,321**	11,450
Dividend income from equity instrument at FVTOCI	**1,500**	–
Dividend income from unlisted equity securities classified as available-for-sale financial assets	**–**	1,500
	58,454	60,004

Revenue from estate management fees is recognised over time, whereas revenue from dividend income is recognised at a point in time. The Group applied the practical expedient in HKFRS to recognise revenue in the amount that the Group has the right to invoice based on the terms of the relevant lease agreements in which the Group bills a fixed monthly amount in advance. As permitted under HKFRS15, the transaction price of estate management services allocated to the remaining performance obligations as at 31st December, 2018 is not disclosed.

The executive directors of the Company have been identified as the chief operating decision maker. The executive directors regards 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, 2018, other than interests in associates, equity instrument at FVTOCI, available-for-sale financial assets and loan receivables, the total of non-current assets located in Hong Kong is HK$1,328,978,000 (2017: HK$1,296,687,000), and the total of non-current assets located in People's Republic of China ("PRC") is HK$58,835,000 (2017: HK$44,050,000).

The Group's revenue is mainly derived from Hong Kong and approximately HK$8,115,000 (2017: HK$8,079,000) is derived from a single external customer. No revenue from transaction with other single external customer has contributed 10% or more of the Group's revenue for the year.

(4) Other income

	2018	2017
	HK$'000	*HK$'000*
Bank interest income	**4,456**	4,706
Loan interest income	**5,787**	877
Others	**338**	142
	10,581	5,725

(5) Other gains and losses

	2018	2017
	HK$'000	*HK$'000*
Net exchange (loss)/gain	**(417)**	1,605
Gain/(loss) on disposal of property, plant and equipment	**2**	(53)
Impairment loss on financial assets at amortised cost	**(766)**	–
	(1,181)	1,552

(6) Income tax expenses

	2018	2017
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
Current year	**3,148**	4,546
Under/(over) provision in prior years	**50**	(29)
	3,198	4,517
Deferred taxation	**2,616**	8,921
Income tax expenses for the year	**5,814**	13,438

On 21st March, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28th March, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

(7) Profit for the year

	2018	2017
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	**454**	1,871
Amortisation of prepaid lease payments on land use rights	**114**	294
Total depreciation and amortisation	**568**	2,165
Salaries and other costs	**12,648**	13,277
Retirement benefit costs	**340**	383
Total staff costs	**12,988**	13,660
Direct operating expenses of investment properties that generate rental income	**8,868**	7,909
Direct operating expenses of investment properties that did not generate rental income	**191**	52
Audit Fee	**1,236**	1,200

(8) Earnings per share

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

	2018	2017
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**112,747**	169,165

	2018	2017
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for calculating basic earnings per share	**1,241,055**	1,242,047

No diluted earnings per share for both 2018 and 2017 were presented as there were no potential ordinary shares in issue for both 2018 and 2017.

(9) Dividends

	2018	2017
	HK$'000	*HK$'000*
Dividend recognised as distributions during the year:		
Second interim dividend for 2017 paid HK25 cents per share	**310,263**	–
Interim dividend for 2017 paid of HK25 cents per share	**–**	310,606
Special dividend for 2016 paid of HK25 cents per share	**–**	310,606
	310,263	621,212

Subsequent to the end of the reporting period, an interim dividend of HK$124,106,000, representing HK10 cents per ordinary share, based on the number of shares in issue as at 31st December, 2018 (2017: second interim dividend of HK25 cents per share) has been approved by the directors of the Company, payable on or around Wednesday, 10th April, 2019 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 29th March, 2019.

(10) Debtors, prepayments, deposits and other receivables

	2018	2017
	HK$'000	*HK$'000*
Trade debtors	**1,439**	1,055
Other receivables	**8,363**	5,557
Prepayments and deposits	**2,037**	2,171
	11,839	8,783

Trade debtors represent rental and estate management fees receivable which 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:

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**1,332**	1,055
31–60 days	**101**	–
Over 90 days	**6**	–
	1,439	1,055

(11) Loan receivables

	2018	2017
	HK$'000	*HK$'000*
Non-current assets	**125,032**	–
Current assets	**70,952**	28,235
	195,984	28,235

(12) Creditors and accruals

	2018	2017
	HK$'000	*HK$'000*
Trade creditors	**283**	333
Other creditors	**10,255**	10,127
Tenants deposits	**13,492**	12,750
Accrued operating expenses	**3,304**	3,730
	27,334	26,940

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

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**283**	333

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The revenue of the Group for the year ended 31st December, 2018 was HK$58,454,000 (2017: HK$60,004,000), a decrease of HK$1,550,000 or 2.58% compared to the year before. The profit attributable to owners of the Company amounted to HK$112,747,000 (2017: HK$169,165,000), representing a decrease of HK$56,418,000 or 33.35% from 2017. The decrease in profit for the year was the result of:

(1) The decrease in share of profit of associates from HK$99,051,000 in last year to HK$56,302,000 in current year; and

(2) The decrease in fair value gain of investment properties from HK$46,295,000 in last year to HK$25,631,000 in current year.

Earnings per share amounted to HK9.08 cents (2017: HK13.62 cents), while the net asset value per share attributable to owners of the Company was HK$3.63 as at 31st December, 2018 (2017: HK$3.79).

Business Review

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

For the year ended 31st December, 2018, 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, 3 houses have been completed for sales for the year ended 31st December, 2018. The remaining 41 houses are being launched for both sale and leasing in batches in the year of 2019.

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 57% and the rental income performed reasonably.

Financial Review

Group Assets and Charges

The total assets of the Group have decreased from HK$4,894,582,000 last year to HK$4,714,880,000 in this year. The net assets of the Group have decreased from HK$4,703,397,000 to HK$4,509,150,000. At 31st December, 2018, no investment properties of the Group in Hong Kong (2017: HK$ 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 increased from HK$191,185,000 as at 31st December, 2017 to HK$205,730,000 as at 31st December, 2018. The Group had cash and bank balances of HK$198,001,000 as at 31st December, 2018 (2017: HK$520,411,000). The ratio of total liabilities to total assets was approximately 4.36% (2017: 3.91%). As at 31st December, 2018, the Group had no bank loans (2017: Nil) and the total equity was HK$4,509,150,000 (2017: HK$4,703,397,000).

As at 31st December, 2018, the current assets of the Group, amounting to HK$482,658,000 (2017: HK$780,146,000), exceeded its current liabilities by HK$447,809,000 (2017: HK$750,368,000).

For the year ended 31st December, 2018, 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, 2018, the Group, excluding associated companies, employed 31 (2017: 39) people, all (2017: 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 weakened somewhat in the second half of 2018, over fears of rising interest rates and prolonged trade war between China and US. Residential property prices were strong up to the middle of the year, then began to soften and transaction volumes dropped significantly. A rebound in visitor numbers, especially from mainland China, have helped to stabilise retail rents. We expect the rental income from Harbour Crystal Centre (portion), which is particularly popular with shoppers from mainland China, to remain stable.

Looking ahead, the Group will monitor market conditions closely. With our strong financial position, the Group will consider selectively acquiring attractive Hong Kong and overseas properties in order to strengthen its investment property portfolio. The Group will continue to 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

Subsequent to the end of the reporting period, the Board has declared an interim dividend of HK10 cents per share (in lieu of a final dividend) for the year ended 31st December, 2018 (2017: second interim dividend of HK25 cents per share) payable on or around Wednesday, 10th April, 2019 to the shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on Friday, 29th March, 2019.

CLOSURE OF REGISTER OF MEMBERS

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

For determining the entitlement to the interim dividend (in lieu of a final dividend) for the year ended 31st December, 2018, the register of members of the Company will be closed from Thursday, 28th March, 2019 to Friday, 29th March, 2019 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a Shareholder to qualify for the 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, 27th March, 2019.

(2) For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company ("2019 AGM")

The 2019 AGM is scheduled to be held on Wednesday, 22nd May, 2019. For determining the entitlement to attend and vote at the 2019 AGM, the register of members of the Company will be closed from Friday, 17th May, 2019 to Wednesday, 22nd May, 2019 (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 the 2019 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 Thursday, 16th May, 2019.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31st December, 2018, 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 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 co-ordination 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 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.

(2) Code Provision E.1.2

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting and also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

Due to another business engagement, Mr. Patrick Lee Seng Wei, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 23rd May, 2018. However, Mr. Edwin Lo King Yau, an Executive Director of the Company, took the chair of that meeting and all Independent Non-Executive Directors including chairmen of the audit, remuneration and nomination committees were present thereat and were available to answer questions to ensure effective communication with the Shareholders.

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, 2018 ("2018 Annual Report"). 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 2018 Annual Report which will be sent to the Shareholders at the end of April 2019.

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, 2018.

SCOPE OF WORK OF MESSRS. 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, 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. 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 Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31st December, 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

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

Hong Kong, 13th March, 2019

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.