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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 2019

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, 2019 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December, 2019

	Notes	2019 HK\$'000	2018 HK\$'000
Revenue	(3)	55,944	58,454
Other income	(4)	21,543	10,581
Other gains and losses	(5)	(2,227)	(415)
Impairment losses under expected credit loss model, net of reversal		(180)	(766)
Rent and rates		(1,588)	(1,965)
Building management fees		(6,389)	(6,374)
Staff costs (including director's emoluments)		(13,726)	(12,988)
Depreciation and amortisation		(85)	(568)
Repairs and maintenance		(1,312)	(1,328)
Other expenses		(8,404)	(8,003)
Operating profit before change in fair value of investment properties		43,576	36,628
Change in fair value of investment properties		9,128	25,631
Operating profit		52,704	62,259
Share of profit of associates		8,967	56,302
Profit before taxation		61,671	118,561
Income tax expenses	(6)	(3,657)	(5,814)
Profit for the year	(7)	58,014	112,747
		HK cents	HK cents
Earnings per share			
Basic	(8)	4.67	9.08

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December, 2019

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit for the year	<u>58,014</u>	<u>112,747</u>
Other comprehensive (expenses) income:		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Surplus on revaluation of		
– Leasehold land and buildings	–	2,619
– Land use rights	–	9,767
	–	12,386
Change in fair value of club memberships	(6,239)	–
Change in fair value of equity instrument at fair value through other comprehensive income	1,041	(1,134)
Deferred tax effect on revaluation	–	(6,882)
	(5,198)	4,370
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	(1,271)	(1,101)
Other comprehensive (expenses) income for the year, net of tax	(6,469)	3,269
Total comprehensive income for the year	<u>51,545</u>	<u>116,016</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2019

	Notes	2019 HK\$'000	2018 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,007	933
Investment properties		1,383,647	1,376,380
Interests in associates		2,690,680	2,681,713
Loan receivables	(11)	175,152	125,032
Equity instrument at fair value through other comprehensive income		38,705	37,664
Club memberships		4,261	10,500
		<u>4,293,452</u>	<u>4,232,222</u>
Current assets			
Debtors, prepayments, deposits and other receivables	(10)	13,746	11,839
Loan receivables	(11)	44,438	70,952
Amounts due from associates		90,229	200,229
Income tax recoverable		68	1,637
Cash and cash equivalents		217,031	198,001
		<u>365,512</u>	<u>482,658</u>
Total assets		<u>4,658,964</u>	<u>4,714,880</u>
EQUITY			
Share capital		681,899	681,899
Reserves		3,754,690	3,827,251
Total equity		<u>4,436,589</u>	<u>4,509,150</u>
LIABILITIES			
Non-current liability			
Deferred tax liabilities		170,093	170,881
Current liabilities			
Creditors and accruals	(12)	32,497	27,334
Amounts due to associates		17,236	7,416
Income tax payable		2,549	99
		<u>52,282</u>	<u>34,849</u>
Total liabilities		<u>222,375</u>	<u>205,730</u>
Total equity and liabilities		<u>4,658,964</u>	<u>4,714,880</u>

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 certain properties and financial instruments that are measured at fair values at the end of each reporting period.

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

The financial information relating to the financial years ended 31st December, 2019 and 2018 included in this announcement of annual results does not constitute the Company’s statutory annual consolidated financial statements for those financial 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, 2018 to the Registrar of Companies in accordance with 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, 2019 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 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

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

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 “Leases”, and the related interpretations.

Definition of a lease

The Group has elected 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. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1st January, 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1st January, 2019. The application has had no impact on the Group’s consolidated statement of financial position at 1st January, 2019. However, effective on 1st January, 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition.
- (c) Effective on 1st January, 2019, the Group has applied HKFRS 15 “Revenue from Contracts with Customers” to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1st January, 2019.

The Group has assessed that they have no material impact on the Group’s financial position and performance.

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 17	Insurance Contracts ¹
Amendments to HKFRS 3	Definition of a Business 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 1	Classification of Liabilities as Current or Non-current ⁵
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴

¹ Effective for annual periods beginning on or after 1st January, 2021

² 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

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, 2020

⁵ Effective for annual periods beginning on or after 1st January, 2022

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1st January, 2020.

The directors of the Company (“Directors”) 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.

(3a) Revenue and segment information

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Rental income from investment properties that is fixed	49,532	49,633
Estate management fees	4,912	7,321
Dividend income from equity instrument at fair value through other comprehensive income (“FVTOCI”)	1,500	1,500
	<u>55,944</u>	<u>58,454</u>

Revenue from estate management fees is recognised over 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 HKFRS 15, the transaction price of estate management services allocated to the remaining performance obligations as at 31st December, 2019 and 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, assets and liabilities are presented.

As at 31st December, 2019, other than interests in associates, equity instrument at FVTOCI, and loan receivables, the total of non-current assets located in Hong Kong is HK\$1,332,523,000 (2018: HK\$1,328,978,000), and the total of non-current assets located in People's Republic of China ("PRC") is HK\$56,392,000 (2018: HK\$58,835,000).

(3b) Information about major customers

Revenue from customers relating to rents from investment properties of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Customer A	6,425	N/A ¹
Customer B	6,143	N/A ¹
Customer C	5,886	8,115

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

(4) Other income

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Bank interest income	3,246	4,456
Loan interest income	17,867	5,787
Others	430	338
	<u>21,543</u>	<u>10,581</u>

(5) Other gains and losses

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Net exchange loss	(2,227)	(417)
Gain on disposal of property, plant and equipment	—	2
	<u>(2,227)</u>	<u>(415)</u>

(6) **Income tax expenses**

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Hong Kong Profits Tax		
Current year	4,027	3,148
(Over) under provision in prior years	(9)	50
	4,018	3,198
Deferred taxation	(361)	2,616
Income tax expenses for the year	3,657	5,814

On 21st March, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduced 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**

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	85	454
Amortisation of prepaid lease payments on land use rights	–	114
Total depreciation and amortisation	85	568
Salaries and other costs	13,426	12,648
Retirement benefit costs	300	340
Total staff costs	13,726	12,988
Direct operating expenses of investment properties that generate rental income	9,160	8,868
Direct operating expenses of investment properties that did not generate rental income	356	191
Audit fee	1,273	1,236

(8) Earnings per share

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to the owners of the Company)	58,014	112,747
	2019 <i>'000</i>	2018 <i>'000</i>
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	1,241,055	1,241,055

No diluted earnings per share for both 2019 and 2018 were presented as there were no potential ordinary shares in issue for both 2019 and 2018.

(9) Dividends

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Dividend recognised as distributions during the year:		
Interim dividend for 2018 paid of HK10 cents (2018: second interim dividend for 2017 paid of HK25 cents) per share	124,106	310,263

Subsequent to the end of the reporting period, an interim dividend of HK\$31,026,000, representing HK2.5 cents per share, based on the number of shares in issue as at 31st December, 2019 (2018: interim dividend of HK10 cents per share) has been approved by the Directors.

(10) Debtors, prepayments, deposits and other receivables

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade debtors	2,644	1,439
Other receivables	9,120	8,363
Prepayments and deposits	1,982	2,037
	<u>13,746</u>	<u>11,839</u>

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:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 30 days	2,632	1,332
31–60 days	12	101
Over 90 days	–	6
	<u>2,644</u>	<u>1,439</u>

(11) Loan receivables

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Non-current assets	175,152	125,032
Current assets	44,438	70,952
	<u>219,590</u>	<u>195,984</u>

(12) Creditors and accruals

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade creditors	340	283
Other creditors	15,737	10,255
Tenants deposits	13,579	13,492
Accrued operating expenses	2,841	3,304
	<u>32,497</u>	<u>27,334</u>

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 30 days	<u>340</u>	<u>283</u>

(13) Event after the reporting period

The outbreak of the 2019 Novel Coronavirus (“COVID-19”) in China and the subsequent quarantine measures imposed by the Chinese government as well as the travel restrictions imposed by other countries in early 2020 have had a severe negative impact on the operations of the Group since January 2020.

Retail tenants in Hong Kong are facing substantial business drop and temporary closure as a result of COVID-19. In response of these, the Group has granted rent concessions to tenants and the rental income from the Group’s commercial properties in 2020 is expected to decrease that may have impacts over the fair value of the Group’s investment properties.

Besides, the Group’s residential and industrial properties held by the associates for leasing and sales are also affected where the income from rental and sales for the associates will also be reduced in 2020.

The Directors are still assessing the financial impact that the COVID-19 will have on the Group’s financial statements as at the date that these consolidated financial statements are authorised for issue.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The revenue of the Group for the year ended 31st December, 2019 was HK\$55,944,000 (2018: HK\$58,454,000), a decrease of HK\$2,510,000 or 4.29% when compared to the year before. The profit attributable to the owners of the Company amounted to HK\$58,014,000 (2018: HK\$112,747,000), representing a decrease of HK\$54,733,000 or 48.54% from 2018. The decrease in profit for the year was mainly the results of:

- (1) The decrease in share of profit of associates from HK\$56,302,000 in last year to HK\$8,967,000 in current year; and
- (2) The decrease in fair value gain of investment properties from HK\$25,631,000 in last year to HK\$9,128,000 in current year.

Earnings per share amounted to HK4.67 cents (2018: HK9.08 cents), while the net asset value per share attributable to the owners of the Company was HK\$3.57 as at 31st December, 2019 (2018: HK\$3.63).

Business Review

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

For the year ended 31st December, 2019, 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, 8 houses were sold during the year ended 31st December, 2019 where 2 houses were completed before the year end of 31st December, 2019, 4 houses will be completed in 2020 and 2 houses will be completed in 2021. The remaining 33 houses are being launched for lease and sale in batches in the year of 2020.

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 56% and the rental income was performed moderately.

Financial Review

Group Assets and Charges

The total assets of the Group have decreased from HK\$4,714,880,000 last year to HK\$4,658,964,000 in this year. The net assets of the Group have decreased from HK\$4,509,150,000 to HK\$4,436,589,000. At 31st December, 2019, no investment properties of the Group in Hong Kong (2018: 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\$205,730,000 as at 31st December, 2018 to HK\$222,375,000 as at 31st December, 2019. The Group had cash and bank balances of HK\$217,031,000 as at 31st December, 2019 (2018: HK\$198,001,000). The ratio of total liabilities to total assets was approximately 4.77% (2018: 4.36%). As at 31st December, 2019, the Group had no bank loans (2018: Nil) and the total equity was HK\$4,436,589,000 (2018: HK\$4,509,150,000).

As at 31st December, 2019, the current assets of the Group, amounting to HK\$365,512,000 (2018: HK\$482,658,000), exceeded its current liabilities by HK\$313,230,000 (2018: HK\$447,809,000).

For the year ended 31st December, 2019, 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, 2019, the Group, excluding associated companies, employed 30 (2018: 31) people, all (2018: all) were employed in Hong Kong. The Group maintains a policy of paying competitive remuneration packages and employees are also rewarded performance related basis including salary and bonus.

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

The residential property market, particularly in the luxury segment, has stagnated since the latter part of 2019 due in large part to the ongoing social unrest. This weaker sentiment has been compounded by an overall slowdown in the local economy due to the coronavirus outbreak which started in Wuhan, China. We therefore expect demand for luxury houses in our joint venture project Redhill Peninsula to remain weak through the first half of this year, and we will launch additional houses for sale only once market conditions have shown signs of improving.

We believe the rental market for retail space will remain extremely weak, as shopkeepers already reeling from the impact of the protests and a huge drop in mainland Chinese visitors are now also suffering from a huge drop in customers who are staying at home during this health crisis. This will negatively affect turnover and future rents at Harbour Crystal Centre (portion). The Company will continue to work in close consultation with our tenants, offering short-term concessions where necessary.

Looking ahead, we are hopeful that the coronavirus outbreak will be contained soon around the world, and that the emergency rate cut in the US (which we believe will be followed by more rate cuts in US and elsewhere) will help stabilise business sentiment. We still believe in the solid long-term economic growth of Hong Kong, and our team will be looking for attractive opportunities for new acquisitions should the current crisis result in a substantial drop in capital values.

DIVIDEND

Subsequent to the end of the reporting period, the Board has declared an interim dividend of HK2.5 cents per share (in lieu of a final dividend) for the year ended 31st December, 2019 (2018 interim dividend (in lieu of a final dividend): HK10 cents per share) payable on or around Thursday, 16th April, 2020 to the shareholders of the Company (“Shareholders”) whose names appear on the register of members of the Company on Friday, 3rd April, 2020.

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, 2019, the register of members of the Company will be closed on Thursday, 2nd April, 2020 and Friday, 3rd April, 2020, 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 1st April, 2020.

(2) For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company (“2020 AGM”)

The 2020 AGM is scheduled to be held on Wednesday, 20th May, 2020. For determining the entitlement to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Friday, 15th May, 2020 to Wednesday, 20th May, 2020 (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 2020 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Tengis Limited of Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 14th May, 2020.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31st December, 2019, 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. He should 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.

Mr. Patrick Lee Seng Wei (“Mr. Lee”, the Chairman of the Board), due to other business engagements, was unable to attend the annual general meeting of the Company held on 22nd May, 2019 (“AGM”). Despite his absence, Mr. Lee had reviewed all the documents and procedures of the AGM before the meeting, and all records and minutes of the AGM have been circulated to Mr. Lee after the meeting for information. Moreover, Mr. Edwin Lo King Yau, the Executive Director of the Company, who attended and chaired the meeting as Mr. Lee’s delegate in the Board, 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, 2019 (“2019 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 2019 Annual Report which will be sent to the Shareholders by the end of April 2020.

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, 2019.

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, 2019 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, 2019, 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, 18th March, 2020

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.