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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 2021

The board of directors (“Board”) of Asiasec Properties Limited (“Company”) announces that the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31st December, 2021 with the comparative figures for the corresponding year ended 31st December, 2020 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December, 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	(3)	38,166	51,251
Other income	(4)	17,781	32,366
Other gains	(5)	967	428
Loss on disposal of a subsidiary	(6)	(1,467,958)	–
Rent and rates		(1,257)	(1,350)
Building management fees		(6,948)	(6,940)
Staff costs (including directors' emoluments)		(12,516)	(14,592)
Depreciation and amortisation		(172)	(100)
Repairs and maintenance		(935)	(967)
Other expenses		(15,373)	(8,080)
Operating (loss) profit before impairment losses under expected credit loss model, net of reversal and change in fair value of investment properties and financial instruments		(1,448,245)	52,016
Loss from change in fair value of investment properties		(25,939)	(32,635)
Impairment losses under expected credit loss model, net of reversal		(74,370)	(4,551)
Net (decrease) increase in fair value of financial assets at fair value through profit or loss		(15,272)	412
Operating (loss) profit		(1,563,826)	15,242
Share of loss of associates		(907)	(69,029)
Loss before taxation		(1,564,733)	(53,787)
Income tax credit (expense)	(7)	1,681	(2,863)
Loss for the year	(8)	(1,563,052)	(56,650)
		HK cents	HK cents
Loss per share			
Basic	(9)	(125.98)	(4.57)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December, 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year	<u>(1,563,052)</u>	<u>(56,650)</u>
Other comprehensive income (expense):		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Change in fair value of equity instrument at fair value through other comprehensive income	<u>(797)</u>	<u>(5,248)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	<u>1,986</u>	<u>2,730</u>
Other comprehensive income (expense) for the year, net of tax	<u>1,189</u>	<u>(2,518)</u>
Total comprehensive expense for the year	<u>(1,561,863)</u>	<u>(59,168)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		1,269	927
Investment properties		1,329,370	1,354,293
Interests in associates		–	2,556,436
Loan receivables		111,592	110,009
Financial assets at fair value through profit or loss		43,116	39,296
Equity instrument at fair value through other comprehensive income		32,660	33,457
Club memberships		4,261	4,261
		1,522,268	4,098,679
Current assets			
Trade and other receivables, prepayments and deposits	(11)	37,693	34,645
Loan receivables		64,737	139,159
Financial assets at fair value through profit or loss		42,814	61,866
Amounts due from associates		–	23,209
Income tax recoverable		3,961	769
Cash and cash equivalents		119,853	186,175
		269,058	445,823
Total assets		1,791,326	4,544,502
EQUITY			
Share capital		681,899	681,899
Reserves		923,522	3,664,020
Total equity		1,605,421	4,345,919
LIABILITIES			
Non-current liability			
Deferred tax liabilities		163,708	166,849
Current liabilities			
Creditors and accruals	(12)	22,155	25,855
Income tax payable		42	5,879
		22,197	31,734
Total liabilities		185,905	198,583
Total equity and liabilities		1,791,326	4,544,502

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, 2021 and 2020 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, 2020 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, 2021 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) Application of amendments to HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1st January, 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current year 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.

(2) Application of amendments to HKFRSs (continued)

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 and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendment to HKAS 8	Definition of Accounting Estimates ³
Amendment to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

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

² Effective for annual periods beginning on or after 1st January, 2022.

³ Effective for annual periods beginning on or after 1st January, 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company (“Directors”) anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

(3a) Revenue and segment information

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Rental income from investment properties that is fixed	31,304	44,421
Estate management fees	5,362	5,330
Dividend income from equity instrument at fair value through other comprehensive income (“FVTOCI”)	1,500	1,500
	<u>38,166</u>	<u>51,251</u>

Revenue from estate management fees is recognised over time. The Group applied the practical expedient in HKFRS 15 “Revenue from Contracts with Customers” 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, 2021 and 2020 is not disclosed.

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 as a whole accordingly. Therefore, no segment analysis of the Group’s revenue, results, assets and liabilities are presented.

As at 31st December, 2021, other than financial assets at fair value through profit or loss (“FVTPL”), equity instrument at FVTOCI and loan receivables, the total of non-current assets located in Hong Kong and the People’s Republic of China (“PRC”) are HK\$1,272,334,000 and HK\$62,566,000 (2020: HK\$3,856,479,000 and HK\$59,438,000) respectively. During the current year, the total revenue derived from Hong Kong and the PRC are HK\$36,951,000 and HK\$1,215,000 (2020: HK\$50,020,000 and HK\$1,231,000) respectively.

(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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A	5,551	5,426
Customer B	4,661	5,348

(4) Other income

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	935	2,115
Loan interest income	13,158	23,913
Government grants (<i>Note a</i>)	(16)	1,175
Interest income from other receivables	237	220
Dividend income from financial assets at FVTPL	3,242	–
Management fee income from intermediate holding company	144	–
Gain on non-substantial modification of a loan receivable (<i>Note b</i>)	–	4,844
Others	81	99
	<u>17,781</u>	<u>32,366</u>

Notes:

- (a) During the current year, a penalty of government grants, amounted to HK\$16,000 in respect of COVID-19-related subsidies, which related to Employment Support Scheme was paid to Hong Kong Special Administrative Region (2020: receipt of government grants of HK\$1,175,000).
- (b) Pursuant to an agreement entered in late 2020, the Group is entitled to receive a fee from a borrower and recognised a gain on non-substantial modification of a loan receivable since the borrower modified the covenants of an existing loan receivable. The modification do not constitute change in contractual cash flows pursuant to the original contractual term. As at 31st December, 2021, the remaining balance was included in other receivables.

(5) Other gains

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net exchange gain	967	428

(6) Loss on disposal of a subsidiary

On 2nd August, 2021, the Company entered into a sale and purchase agreement with a direct wholly-owned subsidiary of Tian An China Investments Company Limited (“TACI”), to sell the Company’s interests in associates (such associates being private companies incorporated in Hong Kong) through the disposal of the entire issued share capital and shareholder’s loan of an investment holding company, a wholly-owned subsidiary of the Company, at the consideration of HK\$1,080,000,000. The transaction was completed on 28th October, 2021, and a loss on disposal of a subsidiary of HK\$1,467,958,000 was recognised and charged to the profit or loss in 2021. Details of the disposal were disclosed in the joint announcement of the Company and TACI dated 2nd August, 2021 and are as follows:

The net assets of the subsidiary at the date of disposal were as follows:

	28th October, 2021 HK\$’000
Net assets disposed of:	
Investment properties	1,150
Interests in associates	2,555,528
Trade and other receivables	16
Income tax recoverable	124
Bank balances and cash	59,355
Deferred tax liabilities	(1)
Creditors and accruals	(6,329)
Amounts due to associates	(57,071)
Amount due to intermediate holding company	(5,814)
	<hr/>
Net assets disposed of	2,546,958
Loss on disposal	(1,467,958)
	<hr/>
Proceeds on disposal	1,079,000

(7) Income tax (credit) expense

	2021 HK\$’000	2020 HK\$’000
Hong Kong Profits Tax		
Current year	2,148	7,129
Over provision in prior years	(154)	(214)
	<hr/>	<hr/>
Deferred taxation	1,994	6,915
	(3,675)	(4,052)
	<hr/>	<hr/>
Income tax (credit) expense for the year	(1,681)	2,863

(8) Loss for the year

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	<u>172</u>	<u>100</u>
Impairment allowance on trade receivable (included in other expenses)	<u>1,741</u>	<u>–</u>
Salaries and other costs	<u>12,230</u>	14,290
Retirement benefits scheme contributions	<u>286</u>	<u>302</u>
Total staff costs (including directors' emoluments)	<u>12,516</u>	<u>14,592</u>
Direct operating expenses of investment properties that generated rental income	<u>10,744</u>	8,827
Direct operating expenses of investment properties that did not generate rental income	<u>816</u>	330
Auditor's remuneration	<u>1,273</u>	<u>1,258</u>

(9) Loss per share

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	<u>(1,563,052)</u>	<u>(56,650)</u>
	<u>2021 '000</u>	<u>2020 '000</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,240,669</u>	<u>1,240,802</u>

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for repurchase and cancellation of shares for the year ended 31st December, 2020. No diluted loss per share for both 2021 and 2020 were presented as there were no potential ordinary shares in issue for both 2021 and 2020.

(10) Dividend

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividend recognised as distributions during the year:		
A special dividend for 2021 paid of HK\$0.95 (2020: An interim dividend (in lieu of a final dividend) for 2019 paid of HK2.5 cents) per share	<u>1,178,635</u>	<u>31,026</u>

The Board has resolved not to declare any interim dividend for the year ended 31st December, 2021 (2020: nil).

(11) Trade and other receivables, prepayments and deposits

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	17,068	18,120
Other receivables	18,922	14,693
Prepayments and deposits	1,703	1,832
	<u>37,693</u>	<u>34,645</u>

Trade receivables represent rental 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 aging of these trade receivables of the Group, net of provisions and in accordance with the revenue recognition dates, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	13,951	14,697
31–60 days	1,520	819
91–120 days	1,137	968
121–180 days	460	1,636
	<u>17,068</u>	<u>18,120</u>

(12) Creditors and accruals

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade creditors	371	193
Other creditors	6,185	9,561
Tenants deposits	12,244	12,778
Accrued operating expenses	3,355	3,323
	<u>22,155</u>	<u>25,855</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	356	193
Over 120 days	15	–
	<u>371</u>	<u>193</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The revenue of the Group for the year ended 31st December, 2021 was HK\$38,166,000 (2020: HK\$51,251,000), a decrease of HK\$13,085,000 or 25.53% compared to the year before. The loss for the year amounted to HK\$1,563,052,000 (2020: loss for the year of HK\$56,650,000), representing an increase of HK\$1,506,402,000 from 2020. Some material items for the increase in loss for the year ended 31st December, 2021 are as follows:

1. a loss on disposal of a subsidiary of approximately HK\$1,467,958,000;
2. an impairment losses on loan and interest receivable of HK\$74,370,000 in current year as compared with an impairment losses of HK\$4,551,000 in last year; and
3. a share of loss of associates of HK\$907,000 in current year as compared with a share of loss of associates of HK\$69,029,000 in last year.

Loss per share amounted to HK125.98 cents (2020: loss per share of HK4.57 cents), while the net asset value per share was HK\$1.29 as at 31st December, 2021 (2020: HK\$3.50).

Business Review

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

For the year ended 31st December, 2021, the Group's commercial properties situated at Harbour Crystal Centre recorded an average occupancy level of approximately 96%, but the performance of rental income was not so good as expected. Following the coronavirus pandemic in Hong Kong, retail business in Harbour Crystal Centre was seriously affected. As a result, the Group has granted rent concession in average around 40% of the original rents to some tenants depending on the trades and mandatory closure period of premises in the year 2021 resulting a decrease in rental income from Harbour Crystal Centre.

In October 2021, the Group disposed all properties held by the associates of the Group in Hong Kong. In respect of the residential properties held by the associate (33.33% owned) situated at The Redhill Peninsula, 2 houses were sold and also 2 houses were completed during the ten months period held by the associates of the Group. For 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 50% and the rental income was performed moderately during the ten months period held by the associates of the Group.

Financial Review

Group Assets and Charges

The total assets of the Group have decreased from HK\$4,544,502,000 last year to HK\$1,791,326,000 in this year. The net assets of the Group have decreased from HK\$4,345,919,000 to HK\$1,605,421,000. At 31st December, 2021, no investment properties of the Group in Hong Kong (2020: 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\$198,583,000 as at 31st December, 2020 to HK\$185,905,000 as at 31st December, 2021. The Group had cash and bank balances of HK\$119,853,000 as at 31st December, 2021 (2020: HK\$186,175,000). The ratio of total liabilities to total assets was approximately 10.38% (2020: 4.37%). As at 31st December, 2021, the Group had no bank loans (2020: Nil) and the total equity was HK\$1,605,421,000 (2020: HK\$4,345,919,000).

As at 31st December, 2021, the current assets of the Group, amounting to HK\$269,058,000 (2020: HK\$445,823,000), exceeded its current liabilities by HK\$246,861,000 (2020: HK\$414,089,000).

For the year ended 31st December, 2021, 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, 2021, the Group employed 30 (2020: 29) persons, all (2020: all) were employed in Hong Kong. The Group maintains a policy of paying competitive remuneration packages and employees are also rewarded on 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.

COVID-19 Response

The Group continued to take preventive measures to protect the health and safety of our workforce, their families, local suppliers and neighbouring communities while ensuring a safe environment for operations to continue as usual. For example:

- measures to maximize social distancing and staff protection within the offices;
- meetings held off-site or by conference calls or video conference as far as possible;
- cancellation of all non-essential travel;
- flexible and remote working plans for employees;
- restrictions on office access and temperature screening;
- self-isolation following travel, development of symptoms, or interaction with a confirmed case of COVID-19 and requirement to undergo a coronavirus test as and when necessary at the Company's cost; and
- increased inventory of face mask, hand sanitiser and hygiene supplies and increased focus on cleaning and sanitation.

The Group also joined HKSAR Government's "Early Vaccination for All" campaign by offering vaccination leave and a special cash incentive to employees who completed two vaccinations on or before 31st July, 2021.

Business Outlook

We expect the dramatic rise in COVID-19 cases in Hong Kong will drag on our business performance. The largest negative effect will be on the Group's retail space in Harbour Crystal Centre (portion), where tenants in the hospitality industry will continue to suffer from government restrictions. It also appears that the borders with mainland China will not fully re-open for some time, which given the location of the Harbour Crystal Centre near the train station, will cause our shopper numbers to seriously suffer.

Due to the greater uncertainty in the local economy, the office leasing market will also continue to show weak demand. We expect the Group's office space in Billion Centre to lease at lower rates than previously.

Overall, we remain positive on the business prospects for Hong Kong longer term. Given the rapidly increasing COVID-19 vaccination rate locally, we foresee normal international travel to resume and borders with mainland China to reopen by year end, which we are hopeful will also result in better trading conditions for the Group. In the meantime, some particularly attractive opportunities to add to our portfolio may become available.

DIVIDEND

No Dividend

The Board does not recommend the payment of a dividend for the year ended 31st December, 2021 (2020 interim dividend (in lieu of a final dividend): Nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company (“2022 AGM”)

The 2022 AGM is scheduled to be held on Thursday, 19th May, 2022. For determining the entitlement to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Monday, 16th May, 2022 to Thursday, 19th May, 2022 (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 2022 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 Friday, 13th May, 2022.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31st December, 2021, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code (“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 (which have been re-numbered as Code Provisions E.1.2 and D.3.3 since 1st January, 2022)

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 (which has been re-numbered as Code Provision F.2.2 since 1st January, 2022)

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 17th May, 2021 (“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. Lee Shu Yin, the Chief Executive of the Company, who attended and chaired the meeting as Mr. Lee’s delegate in the Board, and chairmen of the audit, remuneration and nomination committees were present thereat and were available to answer questions to ensure effective communication with the Shareholders of the Company (“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, 2021 (“2021 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 2021 Annual Report which will be sent to the Shareholders by the end of April 2022.

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, 2021.

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, 2021 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, 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION

In order to provide flexibility to the Company in relation to the conduct of general meetings, the Board proposes to amend the existing articles of association of the Company ("Articles") to allow general meetings to be held as hybrid meetings where Shareholders may attend by means of electronic facilities in addition to physical meetings where Shareholders attend in person ("Proposed Amendments"). The Proposed Amendments also explicitly set out other related powers of the Board and the chairman of the general meetings, including making arrangements for attendance as well as ensuring the security and orderly conduct of such general meetings. Other amendments to the Articles for house-keeping purposes are also proposed to be in line with the Proposed Amendments. As such, the Board proposes to adopt a new articles of association in substitution for, and to the exclusion of, the existing Articles, which is subject to the approval of Shareholders by way of a special resolution ("Special Resolution") at the 2022 AGM. The full text of the Special Resolution will be contained in the notice of the 2022 AGM. A circular containing, inter alia, an explanation of the effect of the Proposed Amendments and the full terms of the Proposed Amendments, together with the notice of the 2022 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, 23rd March, 2022

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.