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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)

**UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30TH JUNE, 2017**

The board of directors (“Board”) of Asiasec Properties Limited (formerly known as Dan Form Holdings Company Limited) (“Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (“Group”) for the six months ended 30th June, 2017 with the comparative figures for the corresponding period in 2016 are as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
for the six months ended 30th June, 2017

		(Unaudited)	
		Six months ended 30th June,	
		2017	2016
	Notes	HK\$'000	HK\$'000
Revenue	(3)	29,953	28,070
Other income		2,614	2,499
Other gains and losses	(4)	753	15,227
Rent and rates		(469)	(258)
Building management fees		(3,151)	(3,058)
Staff costs, including directors' remuneration		(6,440)	(11,616)
Depreciation and amortisation		(1,629)	(2,128)
Repairs and maintenance		(347)	(361)
Administrative expenses		(2,968)	(6,958)
Operating profit before change in fair value of investment properties		18,316	21,417
Change in fair value of investment properties		42,352	5,660
Operating profit		60,668	27,077
Share of results of associates		65,690	(35,686)
Profit/(loss) before income tax	(5)	126,358	(8,609)
Income tax expenses	(6)	(10,836)	(1,937)
Profit/(loss) for the period		115,522	(10,546)
		<i>HK cents</i>	<i>HK cents</i>
Earnings/(loss) per share			
Basic and diluted	(8)	9.30	(0.85)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*for the six months ended 30th June, 2017*

	(Unaudited)	
	Six months ended 30th June,	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the period	<u>115,522</u>	<u>(10,546)</u>
<b>Other comprehensive income/(expense):</b>		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Surplus on revaluation of		
– Land and building	59,552	–
– Land use right	3,700	–
	63,252	–
Deferred tax effect on revaluation	<u>(2,475)</u>	<u>–</u>
	60,777	–
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Changes in fair value of available-for-sale financial assets	572	(936)
Currency translation differences	<u>(50)</u>	<u>(161)</u>
	522	(1,097)
Other comprehensive income/(expense) for the period, net of tax	<u>61,299</u>	<u>(1,097)</u>
Total comprehensive income/(expense) for the period	<u><b>176,821</b></u>	<u><b>(11,643)</b></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*at 30th June, 2017*

	(Unaudited) 30th June, 2017	(Audited) 31st December, 2016
Notes	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,811	82,096
Investment properties	1,303,496	1,121,881
Land use rights	20,299	22,755
Associates	2,856,024	3,136,800
Available-for-sale financial assets	47,718	47,146
	<b>4,234,348</b>	<b>4,410,678</b>
<b>Current assets</b>		
Debtors, prepayments, deposits and other receivables	(9) 8,812	8,579
Loan receivable	27,622	–
Amounts due from associates	129,009	3,925
Income tax recoverable	498	498
Non-pledged time deposits with original maturity of over three months	2,270	151,076
Cash and cash equivalents	744,231	830,427
	<b>912,442</b>	<b>994,505</b>
<b>Total assets</b>	<b>5,146,790</b>	<b>5,405,183</b>
<b>EQUITY</b>		
Share capital	681,899	681,899
Reserves	4,274,646	4,408,431
<b>Total equity</b>	<b>4,956,545</b>	<b>5,090,330</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred income tax liabilities	159,440	147,630
<b>Current liabilities</b>		
Creditors and accruals	(10) 28,376	26,471
Amounts due to associates	–	139,823
Income tax payable	2,429	929
	<b>30,805</b>	<b>167,223</b>
<b>Total liabilities</b>	<b>190,245</b>	<b>314,853</b>
<b>Total equity and liabilities</b>	<b>5,146,790</b>	<b>5,405,183</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
*for the six months ended 30th June, 2017*

	Share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i> <i>(Note)</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31st December, 2015 (Audited)	681,899	32,282	4,505,477	5,219,658
Loss for the period	–	–	(10,546)	(10,546)
Change in fair value of available-for-sale financial assets	–	(936)	–	(936)
Currency translation differences	–	(161)	–	(161)
Other comprehensive expenses for the period	–	(1,097)	–	(1,097)
Total comprehensive expenses for the period	–	(1,097)	(10,546)	(11,643)
Final dividend relating to 2015 ( <i>Note 7</i> )	–	–	(186,364)	(186,364)
Repurchases of shares	–	–	(6,538)	(6,538)
At 30th June, 2016 (Unaudited)	681,899	31,185	4,302,029	5,015,113

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** (Cont'd)  
for the six months ended 30th June, 2017

	<b>Share capital HK\$'000</b>	<b>Other reserves HK\$'000 (Note)</b>	<b>Retained profits HK\$'000</b>	<b>Total HK\$'000</b>
At 31st December, 2016 (Audited)	<b>681,899</b>	<b>34,094</b>	<b>4,374,337</b>	<b>5,090,330</b>
Profit for the period	–	–	<b>115,522</b>	<b>115,522</b>
Change in fair value of available-for-sale financial assets	–	<b>572</b>	–	<b>572</b>
Surplus on revaluation of land use rights and land and building	–	<b>63,252</b>	–	<b>63,252</b>
Deferred tax effect on revaluation	–	<b>(2,475)</b>	–	<b>(2,475)</b>
Currency translation differences	–	<b>(50)</b>	–	<b>(50)</b>
Other comprehensive income for the period	–	<b>61,299</b>	–	<b>61,299</b>
Total comprehensive income for the period	–	<b>61,299</b>	<b>115,522</b>	<b>176,821</b>
Special dividend relating to 2016 (Note 7)	–	–	<b>(310,606)</b>	<b>(310,606)</b>
At 30th June, 2017 (Unaudited)	<b>681,899</b>	<b>95,393</b>	<b>4,179,253</b>	<b>4,956,545</b>

Note: Other reserves include investment revaluation reserve (credit balance) of HK\$33,403,000 (30th June, 2016: HK\$31,003,000), property revaluation reserve (credit balance) of HK\$69,221,000 (30th June, 2016: HK\$6,393,000) and exchange reserve (debit balance) of HK\$7,231,000 (30th June, 2016: HK\$6,211,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### (1) Reviewed by auditor

The interim financial report of the Group for the six months ended 30th June, 2017 has been reviewed by our auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and an unmodified review conclusion has been issued.

### (2) Basis of preparation

The condensed consolidated financial statements for the six months ended 30th June, 2017 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the HKICPA and comply with the applicable disclosure requirements of Appendix 16 to the Rule Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2016.

In the current interim period, the Group has applied for the first time in the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	Part of the Annual Improvements to HKFRSs 2014-2016 Cycle

The application of the above amendments to HKFRSs in the current period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

(3) Revenue and segment information

	(Unaudited)	
	Six months ended 30th June,	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental from investment properties	22,598	20,705
Estate management fees	5,855	5,865
Dividend income from unlisted equity securities classified as available-for-sale financial assets	1,500	1,500
	<u>29,953</u>	<u>28,070</u>

The chief operating decision-maker has been identified as the executive director of the Company. The executive director regards the Group's business as a single operating segment, which is property rental and estate management and reviews financial information accordingly. Therefore, no segment analysis of the Group's revenue and contribution to operating profit and segment assets and liabilities are presented.

As at 30th June, 2017, other than associates and available-for-sale financial assets, the total of non-current assets located in Hong Kong is HK\$1,293,309,000 (31st at December, 2016: HK\$1,195,933,000), and the total of non-current assets located in Mainland China is HK\$37,297,000 (31st December, 2016: HK\$30,799,000).

(4) Other gains and losses

	(Unaudited)	
	Six months ended 30th June,	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net exchange gain/(loss)	781	(1,000)
(Loss)/gain on disposal of property, plant and equipment	(28)	80
Write-back of provision for doubtful debt ( <i>Note</i> )	–	16,147
	<u>753</u>	<u>15,227</u>

*Note:*

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





**(8) Earnings/(loss) per share**

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

	<b>(Unaudited)</b>	
	<b>Six months ended 30th June,</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Earnings/(loss)</b>		
Earnings/(loss) attributable to the owners of the Company for the purposes of calculation of basic and diluted earnings/(loss) per share	<b>115,522</b>	<b>(10,546)</b>

	<b>(Unaudited)</b>	
	<b>Six months ended 30th June,</b>	
	<b>2017</b>	<b>2016</b>
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculation of basic and diluted earnings (loss) per share	<b>1,242,425</b>	<b>1,243,802</b>

**Number of shares**

Weighted average number of ordinary shares for the purpose of calculation of basic and diluted earnings (loss) per share

The diluted earnings/(loss) per share equals to the basic earnings/(loss) per share since there are no dilutive potential shares in issue during both periods.

**(9) Debtors, prepayments, deposits and other receivables**

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30th June,</b>	<b>31st December,</b>
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK'000</b>
Trade debtors	<b>1,089</b>	1,177
Other debtors	<b>5,450</b>	5,034
Prepayments and deposits	<b>2,273</b>	2,368
	<b>8,812</b>	8,579

Trade debtors represent rental income and estate management fees receivables and are receivable on presentation of debit notes. The ageing of these trade debtors of the Group, net of provisions and in accordance with the revenue recognition date is as follows:

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30th June,</b>	<b>31st December,</b>
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK'000</b>
Within 30 days	<b>1,089</b>	1,177

**(10) Creditors and accruals**

	<b>(Unaudited)</b> <b>30th June,</b> <b>2017</b> <b>HK\$'000</b>	<b>(Audited)</b> 31st December, 2016 <b>HK\$'000</b>
Trade creditors	340	334
Other creditors	12,087	9,420
Tenants deposits	12,656	11,645
Accrued operating expenses	3,293	5,072
	<u>28,376</u>	<u>26,471</u>

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

	<b>(Unaudited)</b> <b>30th June,</b> <b>2017</b> <b>HK\$'000</b>	<b>(Audited)</b> 31st December, 2016 <b>HK\$'000</b>
Within 30 days	<u>340</u>	<u>334</u>

**(11) Operating lease arrangements**

The Group as lessor:

As at 30th June, 2017, certain investment properties are leased out for a period of 2 years from the date of commencement of operating lease.

The Group had contracted with tenants for the following future minimum lease payments:

	<b>(Unaudited)</b> <b>30th June,</b> <b>2017</b> <b>HK\$'000</b>	<b>(Audited)</b> 31st December, 2016 <b>HK\$'000</b>
Within one year	43,637	41,374
Between one to five years	35,098	43,442
	<u>78,735</u>	<u>84,816</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Results

The Group recorded a revenue of HK\$29,953,000 for the six months ended 30th June, 2017, which represented an increase of approximately HK\$1,883,000 or 6.7% as compared with the same period in 2016. This was mainly attributable to an increase of rental income from investment properties.

The profit attributable to equity holders for the six months ended 30th June, 2017 was HK\$115,522,000 whereas loss of HK\$10,546,000 was made for the same period in 2016. The profit was mainly resulting from the increase in fair value gain of investment properties held by the Group and share of results of associates from loss to profit mainly resulting from change in fair value from loss to gain of The Redhill Peninsula properties in the associate.

### Business Review

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

For the six months ended 30th June, 2017, the Group's commercial properties situated at Harbour Crystal Centre recorded an average occupancy level of approximately 99% and the performance of rental income was satisfactory.

In respect of the residential properties held by the associate (33.33% owned) situated at The Redhill Peninsula, 1 house which was sold in 2015, 13 apartments and 1 house which were sold in 2016, and 1 house which was sold in 2017, have been completed for the six months period ended 30th June, 2017, while 2 more houses were sold pending completion during the six months ended period. The remaining 42 houses are being launched for sale in batches in the second half of the year 2017.

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 (33.3% owned) recorded an average occupancy level of approximately 69% and the rental income was performed fair due to one of the anchor tenants in Oceanic Industrial Centre surrendered some spaces upon expiration of the leases.

### Financial Review

#### *Group Assets and Charges*

The total assets of the Group have decreased from HK\$5,405,183,000 as at 31st December, 2016 to HK\$5,146,790,000 as at 30th June, 2017. The net assets of the Group have decreased from HK\$5,090,330,000, as at 31st December, 2016 to HK\$4,956,545,000 as at 30th June, 2017. At 30th June, 2017, no investment properties of the Group in Hong Kong (31st December, 2016: HK\$Nil) were pledged as security for banking facilities. The Group has no bank loan, but will undergo a discussion with the bank for the arrangement of banking facilities and the bank has agreed to provide banking facilities if necessary.

## ***Group Financial Position, Liquidity and Financial Resources***

The total liabilities of the Group have decreased from HK\$314,853,000 as at 31st December, 2016 to HK\$190,245,000 as at 30th June, 2017. The Group had cash and bank balances of HK\$746,501,000 as at 30th June, 2017 (31st December, 2016: HK\$981,503,000). The ratio of total liabilities to total assets was approximately 4% (2016: 6%). As at 30th June, 2017, the Group had no bank loans (2016: Nil) and the total equity was HK\$4,956,545,000 (31st December, 2016: HK\$5,090,330,000).

As at 30th June, 2017, the current assets of the Group, amounting to HK\$912,442,000 (31st December, 2016: HK\$994,505,000), which exceeded its current liabilities by HK\$881,637,000 (31st December, 2016: HK\$827,282,000).

For the six months ended 30th June, 2017, the Group had no significant exposure to fluctuations in exchange rates and related hedges and there were no contingent liabilities.

### **Employees**

As at 30th June, 2017, the Group, excluding associates, had 40 (31st December, 2016: 42) employees, which were all employed in Hong Kong.

In addition to basic salaries, employees 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**

Economic and market conditions in Hong Kong in the year 2017 became more stable. The Group's residential properties of the remaining 42 houses situated at The Redhill Peninsula held by the associate (33.33% owned) are now being launched for sale in batches while the rental income from the Harbour Crystal Centre (portion) remained stable.

Looking ahead, the Group will continue to monitor the local and overseas market investment conditions. With a strong financial condition, the Group will endeavour to participate in acquiring local and overseas investing properties in order to strengthen its investment property portfolio when opportunities arise. The Group will grab every good investment chance in the future in order to maintain a healthy growth rate in recurring earnings and a stable financial profile.

### **INTERIM DIVIDEND**

The Board has declared an interim dividend of HK\$25 cents per share for the six months ended 30th June, 2017 (2016 interim dividend: Nil) amounting to approximately HK\$310,606,000 payable on or around Monday, 25th September, 2017 to the shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on Friday, 8th September, 2017.

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

## **CLOSURE OF REGISTER OF MEMBERS**

### **For determining the entitlement to the interim dividend**

For determining the entitlement to the interim dividend for the six months ended 30th June, 2017, the register of members of the Company will be closed on Thursday, 7th September, 2017 and Friday, 8th September, 2017, during which period no transfer of shares of the Company will be registered. In order for a Shareholder to qualify for the interim 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, 6th September, 2017.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

During the six months ended 30th June, 2017, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarised below:

### **1. Code Provision A.5.1**

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

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

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

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

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

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

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

## 5. Rule 3.25 of the Listing Rules

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

The reasons for the above deviations were set out in the Corporate Governance Report contained in the Company's Annual Report for the financial year ended 31st December, 2016.

### AUDIT COMMITTEE REVIEW

On 10th March 2017, the new Audit Committee was formed with two new Independent Non-executive Directors, namely Mr. Li Chak Hung and Mr. Choi Kin Man. Since 21st March, 2017, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Li Chak Hung, Mr. Choi Kin Man and Ms. Lisa Yang Lai Sum.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with management and discussed internal controls and financial reporting matters including a general review of the unaudited interim financial report for the six months ended 30th June, 2017. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by HKICPA as well as reports obtained from management. The Audit Committee has not undertaken detailed independent audit checks.

### PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30th June, 2017.

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

Hong Kong, 17th August, 2017

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

*This interim results announcement is published on the website of the Company (<http://www.asiasec.com.hk>) and the designated issuer website of the Stock Exchange (<http://www.hkex.com.hk>). The Interim Report 2017 containing all the information required by the Listing Rules will be dispatched to shareholders and made available on the above websites on or around 11th September, 2017.*