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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, 2020

The board of directors (“Board”) of Asiasec Properties Limited (“Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30th June, 2020 with the comparative figures for the corresponding period in 2019 are as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30th June, 2020

		(Unaudited)	
		Six months ended 30th June,	
		2020	2019
	Notes	HK\$'000	HK\$'000
Revenue	(4)	28,245	30,752
Other income	(5)	13,393	10,975
Other gains and losses	(6)	(1,870)	(342)
Impairment losses under expected credit loss model, net of reversal		(1,771)	98
Rent and rates		(642)	(782)
Building management fees		(3,458)	(3,191)
Staff costs (including directors' emoluments)		(5,689)	(5,460)
Depreciation and amortisation		(50)	(37)
Repairs and maintenance		(492)	(544)
Other expenses		(4,361)	(3,986)
Operating profit before change in fair value of investment properties		23,305	27,483
Change in fair value of investment properties		(8,100)	34,948
Operating profit		15,205	62,431
Share of (loss) profit of associates		(6,440)	6,947
Profit before taxation		8,765	69,378
Income tax expenses	(7)	(2,092)	(5,293)
Profit for the period	(8)	6,673	64,085
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic	(10)	0.54	5.16

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*for the six months ended 30th June, 2020*

	<b>(Unaudited)</b>	
	<b>Six months ended 30th June,</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit for the period	<u><b>6,673</b></u>	<u>64,085</u>
<b>Other comprehensive (expense) income:</b>		
<i>Item 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	<b>(1,363)</b>	440
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	<u><b>(999)</b></u>	<u>(511)</u>
Other comprehensive expense for the period	<u><b>(2,362)</b></u>	<u>(71)</u>
Total comprehensive income for the period	<u><b>4,311</b></u>	<u>64,014</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30th June, 2020

		(Unaudited) 30th June, 2020 HK\$'000	(Audited) 31st December, 2019 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		977	1,007
Investment properties		1,374,334	1,383,647
Interests in associates		2,684,240	2,690,680
Loan receivables	(12)	203,750	175,152
Equity instrument at fair value through other comprehensive income		37,342	38,705
Club memberships		4,261	4,261
		<b>4,304,904</b>	4,293,452
<b>Current assets</b>			
Debtors, prepayments, deposits and other receivables	(11)	24,760	13,746
Loan receivables	(12)	63,382	44,438
Amounts due from associates		11,229	90,229
Income tax recoverable		–	68
Cash and cash equivalents		227,163	217,031
		<b>326,534</b>	365,512
<b>Total assets</b>		<b>4,631,438</b>	4,658,964
<b>EQUITY</b>			
Share capital		681,899	681,899
Reserves		3,727,499	3,754,690
<b>Total equity</b>		<b>4,409,398</b>	4,436,589
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Deferred tax liabilities		169,138	170,093
<b>Current liabilities</b>			
Creditors and accruals	(13)	27,673	32,497
Amounts due to associates		21,736	17,236
Income tax payable		3,493	2,549
		<b>52,902</b>	52,282
<b>Total liabilities</b>		<b>222,040</b>	222,375
<b>Total equity and liabilities</b>		<b>4,631,438</b>	4,658,964

## 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, 2020 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 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the HKICPA as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company has delivered the financial statements for the year ended 31st December, 2019 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (“CO”).

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the CO.

### (2a) Significant events and transactions in the current interim period

The outbreak of the coronavirus disease 2019 (“COVID-19”) and the subsequent quarantine measures imposed by The Government of the Hong Kong Special Administrative Region (“HKSAR”) as well as the travel restrictions imposed by other countries have had a negative impact on the fair value measurement of investment properties and results of associates of the Group as at 30th June, 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 granted rent concessions to some tenants and the rental income from the Group’s commercial properties decreased that in return have impacts over the fair value of the Group’s investment properties.

Besides, the 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 are reduced.

The Group applied for the first tranche of the Employment Support Scheme provided by HKSAR. In June 2020, the Group received the subsidy amounted to HK\$560,000 as compensation to the Group’s salary costs for June to August 2020, of which HK\$187,000 was related to government grant received and being recognised in relation to salary costs for June 2020.

### (3) Principal accounting policies

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.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2020 are the same as those presented in the Group’s annual financial statements for the year ended 31st December, 2019.

#### **Application of amendments to HKFRSs**

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and 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, 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

#### ***Impacts of application on Amendments to HKAS 1 and HKAS 8 “Definition of Material”***

The amendments provide a new definition of material that states “information is material if omitting misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The Group has assessed that the application of the amendments in the current period had no material impact on the Group’s financial position and performance. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31st December, 2020.

### (3) Principal accounting policies (continued)

#### Accounting policies newly applied by the Group

In addition, the Group has applied the following accounting policies which became relevant to the Group in the current interim period.

##### Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants relate to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

##### Lease modifications (the Group as a lessor)

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications.

### (4) Revenue and segment information

	(Unaudited)	
	Six months ended 30th June,	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income from investment properties that is fixed	23,952	26,801
Estate management fees	2,793	2,451
Dividend income from equity instrument at fair value through other comprehensive income (“FVTOCI”)	1,500	1,500
	<u>28,245</u>	<u>30,752</u>

Revenue from estate management fees is recognised over time. The Group applied the practical expedient in HKFRS 15 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 30th June, 2020 and 2019 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 review financial information accordingly. Therefore, no segment analysis of the Group’s revenue, results, assets and liabilities are presented.

As at 30th June, 2020, other than equity instrument at FVTOCI and loan receivables, the total of non-current assets located in Hong Kong and mainland China is HK\$4,008,633,000 and HK\$55,179,000 (31st December, 2019: HK\$4,023,203,000 and HK\$56,392,000) respectively. During the current interim period, the total revenue derived from Hong Kong and mainland China is HK\$27,559,000 and HK\$686,000 (six months ended 30th June, 2019: HK\$30,217,000 and HK\$535,000) respectively.

(5) Other income

	<b>(Unaudited)</b>	
	<b>Six months ended 30th June,</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Bank interest income	<b>1,469</b>	1,263
Loan interest income	<b>11,525</b>	9,596
Government grants	<b>187</b>	–
Interest income from other receivables	<b>116</b>	116
Income from forfeited tenants' deposits	<b>96</b>	–
	<b>13,393</b>	<b>10,975</b>

During the current interim period, the Group recognised government grants of HK\$187,000 in respect of COVID-19-related subsidies, which related to Employment Support Scheme provided by HKSAR.

(6) Other gains and losses

	<b>(Unaudited)</b>	
	<b>Six months ended 30th June,</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net exchange loss	<b>1,870</b>	342

(7) Income tax expenses

	<b>(Unaudited)</b>	
	<b>Six months ended 30th June,</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong Profits Tax		
Current period	<b>2,833</b>	1,796
Over provision in prior years	<b>(79)</b>	–
	<b>2,754</b>	1,796
Deferred taxation	<b>(662)</b>	3,497
Income tax expenses for the period	<b>2,092</b>	<b>5,293</b>

**(8) Profit for the period**

	<b>(Unaudited)</b>	
	<b>Six months ended 30th June,</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	<b>50</b>	37
Direct operating expenses of investment properties that generated rental income	<b>4,469</b>	4,059
Direct operating expenses of investment properties that did not generate rental income	<b>153</b>	124

**(9) Dividends**

	<b>(Unaudited)</b>	
	<b>Six months ended 30th June,</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Dividend recognised as distributions during the period:		
An interim dividend (in lieu of a final dividend) for 2019 paid of HK2.5 cents (2019: interim dividend (in lieu of a final dividend) for 2018 paid of HK10 cents) per share	<b>31,026</b>	124,106

The Board has resolved not to declare any interim dividend for the six months ended 30th June, 2020 (six months ended 30th June, 2019: Nil).

**(10) Earnings per share**

The calculation of the basic earnings 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>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share (profit for the period attributable to the owners of the Company)	<b>6,673</b>	64,085

	<b>(Unaudited)</b>	
	<b>Six months ended 30th June,</b>	
	<b>2020</b>	<b>2019</b>
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for calculating basic earnings per share	<b>1,240,937</b>	1,241,055

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for share repurchased and cancelled during the period. No diluted earnings per share for both 2020 and 2019 were presented as there were no potential ordinary shares in issue for both 2020 and 2019.



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

	<b>(Unaudited)</b> <b>30th June,</b> <b>2020</b> <i>HK\$'000</i>	(Audited) 31st December, 2019 <i>HK\$'000</i>
Trade debtors	<b>13,788</b>	2,644
Other receivables	<b>9,404</b>	9,120
Prepayments and deposits	<b>1,568</b>	1,982
	<b>24,760</b>	13,746

Trade debtors represent rental income and estate management fees receivable which are receivable on the presentation of debit notes. Rental income and estate management fee are 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 impairment losses and in accordance with the revenue recognition dates, is as follows:

	<b>(Unaudited)</b> <b>30th June,</b> <b>2020</b> <i>HK\$'000</i>	(Audited) 31st December, 2019 <i>HK\$'000</i>
Within 30 days	<b>10,761</b>	2,632
31-60 days	<b>1,487</b>	12
61-90 days	<b>1,385</b>	–
Over 120 days	<b>155</b>	–
	<b>13,788</b>	2,644

**(12) Loan receivables**

	<b>(Unaudited)</b> <b>30th June,</b> <b>2020</b> <i>HK\$'000</i>	(Audited) 31st December, 2019 <i>HK\$'000</i>
Non-current assets	<b>203,750</b>	175,152
Current assets	<b>63,382</b>	44,438
	<b>267,132</b>	219,590

**(13) Creditors and accruals**

	<b>(Unaudited)</b> <b>30th June,</b> <b>2020</b> <i>HK\$'000</i>	(Audited) 31st December, 2019 <i>HK\$'000</i>
Trade creditors	382	340
Other creditors	11,092	15,737
Tenants deposits	13,370	13,579
Accrued operating expenses	2,829	2,841
	<u>27,673</u>	<u>32,497</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>2020</b> <i>HK\$'000</i>	(Audited) 31st December, 2019 <i>HK\$'000</i>
Within 30 days	365	340
31–60 days	2	–
91–120 days	15	–
	<u>382</u>	<u>340</u>

**(14) Operating lease commitments**

As at 30th June, 2020, certain investment properties held had committed leases mainly running for the next one to five years.

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

	<b>(Unaudited)</b> <b>30th June,</b> <b>2020</b> <i>HK\$'000</i>	(Audited) 31st December, 2019 <i>HK\$'000</i>
Within one year	40,041	35,647
In the second year	28,157	33,678
In the third year	15,130	20,256
In the fourth year	13,673	13,673
In the fifth year	5,236	9,824
After five years	–	264
	<u>102,237</u>	<u>113,342</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Results

The Group recorded a revenue of HK\$28,245,000 for the six months ended 30th June, 2020, which represented a decrease of approximately HK\$2,507,000 or 8.15% as compared with the same period in 2019. The decrease in revenue was mainly attributable to a reduction in rental income.

The profit attributable to equity holders for the six months ended 30th June, 2020 was HK\$6,673,000 whereas profit of HK\$64,085,000 was made for the same period in 2019. The decrease in profit was mainly the results of:

- (1) a fair value loss of investment properties in current period where there was a fair value gain of investment properties in the same period last year; and
- (2) a share of loss of associates in current period where there was a share of profit of associates in the same period last year.

### 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 2020, the Group's commercial properties situated at Harbour Crystal Centre recorded an average occupancy level of approximately 99%, 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 to some tenants ranging from 25% to 80% of the original rents since January 2020 resulting a decrease in rental income from Harbour Crystal Centre.

In respect of the residential properties held by the associate (33.33% owned) situated at The Redhill Peninsula, 1 house was sold and 3 houses were completed during the six months ended 30th June, 2020 where 2 houses will be completed before the year end of 31st December, 2020 and 2 houses will be completed in 2021. The remaining 32 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 59% and the rental income was performed moderately.

## **Financial Review**

### ***Group Assets and Charges***

The total assets of the Group have decreased from HK\$4,658,964,000 as at 31st December, 2019 to HK\$4,631,438,000 as at 30th June, 2020. The net assets of the Group have decreased from HK\$4,436,589,000 as at 31st December, 2019 to HK\$4,409,398,000 as at 30th June, 2020. At 30th June, 2020, no investment properties of the Group in Hong Kong (31st December, 2019: 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\$222,375,000 as at 31st December, 2019 to HK\$222,040,000 as at 30th June, 2020. The Group had cash and bank balances of HK\$227,163,000 as at 30th June, 2020 (31st December, 2019: HK\$217,031,000). The ratio of total liabilities to total assets was approximately 4.79% (2019: 4.77%). As at 30th June, 2020, the Group had no bank loans (31st December, 2019: Nil) and the total equity was HK\$4,409,398,000 (31st December, 2019: HK\$4,436,589,000).

As at 30th June, 2020, the current assets of the Group, amounting to HK\$326,534,000 (31st December, 2019: HK\$365,512,000), which exceeded its current liabilities by HK\$273,632,000 (31st December, 2019: HK\$313,230,000).

For the six months ended 30th June, 2020, the Group had no material exposure to fluctuations in exchange rates and related hedges and there were no contingent liabilities.

### **Employees**

As at 30th June, 2020, the Group, excluding associated companies, employed 31 (31st December, 2019: 30) people, 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.

## **COVID-19 Pandemic Response**

The coronavirus disease 2019 (“COVID-19”) spread globally during the first half of 2020. The Group has implemented, since January 2020, certain protocols below 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:

- (1) social distancing protocols;
- (2) meetings are held off-site or by conference calls as far as possible;
- (3) cancellation of all non-essential travel;
- (4) flexible and remote working plans for employees;
- (5) access to office restrictions and temperature screening;
- (6) self-isolation following outbound travel, development of symptoms, or interaction with a confirmed case of COVID-19 and do coronavirus test as and when necessary at the Company’s cost;
- (7) increased inventory of face mask, hand sanitiser and hygiene supplies; and
- (8) increased focus on cleaning and sanitation.

## **Business Outlook**

Due to the impact of the coronavirus pandemic, we expect rents for the Group’s retail space in Harbour Crystal Centre (portion) to continue to be under substantial pressure. The tenants that are subject to government regulations to implement social distancing measures, such as restaurants, will be affected the most.

The government’s decision to restrict inbound travel will also have a significant negative effect for our tenants that rely on mainland Chinese shoppers for most of their business. The Group will be working closely with those tenants to offer short-term concessions and in some instances to restructure the leases.

Recent weakness in the luxury residential market will likely continue for at least until early 2021 as property viewings are limited and many potential buyers are staying in mainland China. This will have a negative impact on the sale of the Group’s joint venture project Redhill Peninsula. The huge decrease in new arrivals of expatriates from North America and Europe will also reduce the rental values of these houses.

However, we are cautiously confident that the current poor economic environment caused by the pandemic will improve by next year, and that the market for commercial and luxury residential property will recover. In the meantime, the Group would consider attractively priced long-term opportunities.

## **INTERIM DIVIDEND**

The Board considers that it is prudent to retain an appropriate level of funds to take advantage of business opportunities as and when they arise, and therefore does not intend to declare an interim dividend for the six months ended 30th June 2020 (2019: Nil).

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

During the six months ended 30th June, 2020, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”), 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 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, 2019. The Board 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 20th May, 2020 ("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 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 of the Company.

**AUDIT COMMITTEE REVIEW**

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group 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, 2020. 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

Save for the Company's purchase of its own shares on the Stock Exchange as disclosed below, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the six months ended 30th June, 2020.

Date of repurchases	Number of shares repurchased	Purchase price per share		Aggregate consideration paid
		Highest HK\$	Lowest HK\$	(before expenses) HK\$
6th May, 2020	200,000	1.25	1.22	245,290
7th May, 2020	186,000	1.22	1.22	226,920
Total:	<u>386,000</u>			<u>472,210</u>

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

Hong Kong, 20th August, 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.*