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 2023

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, 2023 with the comparative figures for the corresponding year ended 31st December, 2022 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31st December, 2023

	Notes	**2023** *HK$'000*	2022 *HK$'000*
Revenue	*(3)*	**46,884**	38,379
Other income	*(4)*	**13,358**	12,728
Other loss	*(5)*	**(1,026)**	(549)
Net gain on disposals of subsidiaries	*(6)*	**6,702**	–
Rent and rates		**(2,336)**	(1,381)
Building management fees		**(7,090)**	(6,959)
Staff costs (including directors' emoluments)		**(12,308)**	(13,084)
Depreciation and amortisation		**(142)**	(198)
Repairs and maintenance		**(4,060)**	(5,870)
Other expenses		**(9,232)**	(10,386)
Finance costs		**(18,211)**	–
Operating profit before change in fair value of investment properties and financial instruments and reversal of impairment losses (impairment losses) under expected credit loss model, net		**12,539**	12,680
Gain (loss) from change in fair value of investment properties		**259,453**	(27,457)
Reversal of impairment losses (impairment losses) under expected credit loss model, net		**1,445**	(21,184)
Net decrease in fair value of financial assets at fair value through profit or loss		**(4,330)**	(8,325)
Profit (loss) before taxation		**269,107**	(44,286)
Income tax (expense) credit	*(7)*	**(4,108)**	585
Profit (loss) for the year	*(8)*	**264,999**	(43,701)
		HK cents	*HK cents*
Earnings (loss) per share			
Basic	*(9)*	**21.36**	(3.52)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31st December, 2023

	2023	2022
	HK$'000	*HK$'000*
Profit (loss) for the year	**264,999**	(43,701)
Other comprehensive income (expense):		
Item that will not be reclassified subsequently to profit or loss:		
Change in fair value of equity instrument at fair value through other comprehensive income	**2,290**	(3,060)
Items that may be reclassified subsequently to profit or loss:		
Exchange reserve related to subsidiaries disposed during the year reclassified to profit or loss	**3,007**	–
Currency translation differences	**(1,650)**	(4,555)
	1,357	(4,555)
Other comprehensive income (expense) for the year, net of tax	**3,647**	(7,615)
Total comprehensive income (expense) for the year	**268,646**	(51,316)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31st December, 2023

	Notes	**2023** **HK$'000**	2022 *HK$'000*
Non-current assets			
Property, plant and equipment		**430**	1,071
Investment properties		**2,269,160**	1,297,022
Interests in an associate		**–**	–
Loan receivables		**–**	78,024
Financial assets at fair value through profit or loss		**–**	43,079
Equity instrument at fair value through other comprehensive income		**31,890**	29,600
Club memberships		**4,261**	4,261
		2,305,741	1,453,057
Current assets			
Trade and other receivables, prepayments and deposits	*(11)*	**15,415**	26,752
Loan receivables		**77,910**	76,705
Financial assets at fair value through profit or loss		**73,902**	35,147
Income tax recoverable		**505**	1,785
Cash and cash equivalents		**130,495**	147,668
		298,227	288,057
Current liabilities			
Creditors and accruals	*(12)*	**34,289**	25,380
Income tax payable		**1,852**	589
		36,141	25,969
Net current assets		**262,086**	262,088
Total assets less current liabilities		**2,567,827**	1,715,145
Capital and reserves			
Share capital		**681,899**	681,899
Reserves		**1,140,852**	872,206
Total equity		**1,822,751**	1,554,105
Non-current liabilities			
Deferred tax liabilities		**145,076**	161,040
Other borrowing		**600,000**	–
		745,076	161,040
		2,567,827	1,715,145

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.

The financial information relating to the financial years ended 31st December, 2023 and 2022 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, 2022 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, 2023 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 new and amendments to HKFRSs

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

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1st January, 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the other 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.

(2) Application of new and amendments to HKFRSs (continued)

Impacts on application of Amendments to HKAS 12 International Tax Reform-Pillar Two Model Rules

The Group has applied the amendments for the first time in the current year. HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1st January, 2023.

The Group is yet to apply the temporary exception during the current year because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in these consolidated financial statements.

(2) Application of new and amendments to HKFRSs (continued)

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1st January, 2024.
3 Effective for annual periods beginning on or after 1st January, 2025.

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

(3a) Revenue and segment information

	2023	2022
	HK$'000	*HK$'000*
Rental income from investment properties that is fixed	**40,366**	32,164
Estate management fees	**5,168**	4,715
Dividend income from equity instrument at fair value through other comprehensive income ("FVTOCI")	**1,350**	1,500
	46,884	38,379

Revenue from estate management fees is recognised over time. The Group applied the practical expedient in HKFRS 15 "Revenue from Contracts with Customers" ("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. As permitted under HKFRS 15, the transaction price of estate management services allocated to the remaining performance obligations as at 31st December, 2023 and 2022 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.

(3a) Revenue and segment information (continued)

As at 31st December, 2023, other than financial instruments, the total of non-current assets located in Hong Kong and the People's Republic of China ("PRC") are HK$2,273,240,000 and HK$611,000 (2022: HK$1,244,637,000 and HK$57,717,000) respectively. During the current year, the total revenue derived from Hong Kong and the PRC are HK$46,315,000 and HK$569,000 (2022: HK$37,115,000 and HK$1,264,000) 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:

	2023	2022
	HK$'000	*HK$'000*
Customer A	**8,239**	N/A[1]
Customer B	**5,307**	5,189

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

(4) Other income

	2023	2022
	HK$'000	*HK$'000*
Bank interest income	**5,262**	1,616
Loan interest income	**6,045**	8,967
Government grants *(Note)*	**–**	540
Interest income from other receivables	**274**	245
Dividend income from financial assets at FVTPL	**–**	347
Management fee income from intermediate holding company	**1,110**	864
Management fee income from a fellow subsidiary	**325**	–
Others	**342**	149
	13,358	12,728

Note: During the year ended 31st December, 2022, the Group has recognised government grants of HK$540,000 in respect of COVID-19-related subsidies, which related to Employment Support Scheme was paid by Hong Kong Special Administrative Region.

(5) Other loss

	2023	2022
	HK$'000	*HK$'000*
Net exchange loss	**1,026**	549

(6) Net gain on disposals of subsidiaries

On 27th February, 2023, the Group entered into two sale and purchase agreements to dispose of its non-core properties. A sale and purchase agreement was entered into between a direct wholly-owned subsidiary of the Company and a direct wholly-owned subsidiary of Tian An China Investments Company Limited ("TACI") to dispose of certain PRC non-core properties of the Group through the disposal of the entire issued share capital of an investment holding company ("TACI Target Companies") and the assignment of shareholder's loan at the consideration of HK$80,000,000. Another sale and purchase agreement was entered into between a direct wholly-owned subsidiary of the Company and an indirect wholly-owned subsidiary of Allied Group Limited ("AGL") to dispose of certain Hong Kong non-core properties of the Group through the disposal of the entire issued share capital of two investment holding companies ("AGL Target Companies") and the assignment of the respective shareholder's loans at the aggregate consideration of HK$250,000,000. These transactions were completed on 3rd July, 2023, and loss on disposal of subsidiaries of HK$2,042,000 and gain on disposal of subsidiaries of HK$8,744,000 respectively were charged and recognised to the profit or loss in 2023. Details of the disposals were disclosed in the joint announcement of the Company, TACI and AGL dated 27th February, 2023 and are as follows:

<u>Disposal of TACI Target Companies</u>

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

	2023
	HK$'000
Net assets disposed of:	
Property, plant and equipment	**4**
Investment properties	**55,066**
Other receivables and deposits	**22**
Cash and cash equivalents	**38,778**
Shareholders' loans	**(65,508)**
Other creditors and tenants deposits	**(425)**
Income tax payable	**(8)**
Deferred tax liabilities	**(14,402)**
Net assets disposed of	**13,527**
Assignment of shareholders' loan	**65,508**
Exchange translation reserve	**3,007**
Loss on disposal	**(2,042)**
Proceeds on disposal	**80,000**
Property revaluation reserve transferred to retained earnings	**14,466**
Net cash inflow arising on disposal:	
Total cash consideration received	**80,000**
Cash and cash equivalents disposed of	**(38,778)**
	41,222

(6) Net gain on disposals of subsidiaries (continued)

<u>Disposal of AGL Target Companies</u>

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

	2023
	HK$'000
Net assets disposed of:	
Property, plant and equipment	**493**
Investment properties	**243,600**
Trade receivables, prepayments and deposits	**266**
Cash and cash equivalents	**1,479**
Shareholders' loans	**(155,768)**
Other creditors and tenants deposits	**(1,874)**
Income tax payable	**(146)**
Deferred tax liabilities	**(2,562)**
Net assets disposed of	**85,488**
Assignment of shareholders' loan	**155,768**
Gain on disposal	**8,744**
Proceeds on disposal	**250,000**
Property revaluation reserve transferred to retained earnings	**64,456**
Net cash inflow arising on disposal:	
Total cash consideration received	**250,000**
Cash and cash equivalents disposed of	**(1,479)**
	248,521

(7) Income tax expense (credit)

	2023	2022
	HK$'000	*HK$'000*
The charge comprises:		
Current year		
– Hong Kong Profits Tax	**2,628**	843
– PRC Enterprise Income Tax	**26**	29
	2,654	872
Overprovision in prior years		
– Hong Kong Profits Tax	**(34)**	(53)
	2,620	819
Deferred taxation	**1,488**	(1,404)
Income tax expense (credit) for the year	**4,108**	(585)

(8) Profit (loss) for the year

	2023	2022
	HK$'000	*HK$'000*
Profit (loss) for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	**142**	198
Salaries and other costs	**12,017**	12,793
Retirement benefits scheme contributions	**291**	291
Total staff costs (including directors' emoluments)	**12,308**	13,084
Direct operating expenses of investment properties that generated rental income	**13,295**	13,557
Direct operating expenses of investment properties that did not generate rental income	**1,949**	2,065
Auditor's remuneration	**1,702**	1,605

(9) Earnings (loss) per share

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

	2023	2022
	HK$'000	*HK$'000*
Earnings (loss)		
Profit (loss) for the year attributable to owners of the Company for the purpose of basic earnings (loss) per share	**264,999**	(43,701)

	2023	2022
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of basic earnings (loss) per share	**1,240,669**	1,240,669

No diluted earnings (loss) per share for both 2023 and 2022 were presented as there were no potential ordinary shares in issue for both 2023 and 2022.

(10) Dividend

The Board of Directors has resolved not to declare any dividend for the years ended 31st December, 2023 and 2022.

(11) Trade and other receivables, prepayments and deposits

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**6,223**	14,624
Other receivables	**6,785**	10,636
Prepayments and deposits	**2,407**	1,492
	15,415	26,752

Trade receivables represent rental receivable which are receivable on the presentation of debit notes. 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:

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**5,109**	13,366
31 – 60 days	**579**	733
61 – 90 days	**–**	6
91 – 120 days	**399**	348
121 – 180 days	**136**	171
	6,223	14,624

(12) Creditors and accruals

	2023	2022
	HK$'000	*HK$'000*
Trade creditors	**474**	1,640
Other creditors	**14,489**	5,951
Tenants deposits	**15,394**	14,377
Accrued operating expenses	**3,932**	3,412
	34,289	25,380

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

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**459**	1,228
31 – 60 days	**–**	397
Over 120 days	**15**	15
	474	1,640

(13) Acquisition of a subsidiary

On 27th February, 2023, an indirect wholly-owned subsidiary of the Company ("Purchaser") entered into a sale and purchase agreement with third parties to acquire a property in Hong Kong through (i) the acquisition of the entire issued share capital of an investment holding company ("Target Company") and (ii) the assignment of loan indebted by Target Company to its shareholder, at the consideration of HK$3. It was further agreed that at completion, the Purchaser shall enter into a loan agreement to provide to the Target Company a loan in the amount of HK$1,000,000,000. The total payment for the acquisition shall be HK$1,000,000,003. The transaction was completed on 5th July, 2023.

On 5th July, 2023, the Group acquired 100% interest in Target Company at a total consideration of HK$1,000,000,003. Target Company holds certain commercial units and car-parking spaces in Hong Kong.

The Group elected to apply the optional concentration test in accordance with HKFRS 3 "Business Combinations" and concluded that:

(a) The land and building components of each commercial units and car-parking spaces are considered a single identifiable asset; and

(b) The group of commercial units and car-parking spaces is a group of similar identifiable assets because the assets are similar in nature and risks associated with managing and creating outputs are not significantly different.

Consequently, the Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents) acquired is concentrated in a group of similar identifiable assets and concluded that the acquired set of activities and assets is not a business.

The assets and liabilities recognised at the date of acquisition were as follows:

	2023 ***HK$'000***
Investment property	**1,003,056**
Other receivables and deposits	**674**
Tenants deposits	**(300)**
Total consideration on acquisition, including transaction costs	**1,003,430**

(13) Acquisition of a subsidiary (continued)

Net cash outflows arising on acquisition of Target Company

	2023
	HK$'000
Total consideration on acquisition	**1,000,000**
Transaction costs attributable to the acquisition	**3,430**
Consideration offset by other borrowing	**(600,000)**
Consideration paid in cash	**403,430**

The Group has subsequently measured the investment property at date of acquisition as follow:

	2023
	HK$'000
Investment property, at cost	**1,003,056**
Increase in fair value recognised in profit or loss	**266,944**
Investment property, at fair value	**1,270,000**

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The revenue of the Group for the year ended 31st December, 2023 was HK$46,884,000 (2022: HK$38,379,000), an increase of HK$8,505,000 or 22% compared to the year before. The profit for the year amounted to HK$264,999,000 (2022: loss for the year of HK$43,701,000). The turnaround of the financial performance of the Group were primarily attributable to:

1. a fair value gain of investment properties of HK$259,453,000, which was mainly attributable to the fair value gain of investment properties held by the acquired subsidiary in current year as compared with a fair value loss of the investment properties of HK$27,457,000 in last year; and

2. a reversal of impairment losses on trade receivables, loan and interest receivables of HK$1,445,000 in current year as compared with an impairment losses of HK$21,184,000 in last year. The impairment losses in last year is mainly caused by the default of a senior note issued by an independent former listed company in Hong Kong, of which the Group has subscribed for investment purpose in 2018.

Earnings per share amounted to HK21.36 cents (2022: loss per share of HK3.52 cents), while the net asset value per share was HK$1.47 as at 31st December, 2023 (2022: HK$1.25).

Business Review

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

For the year ended 31st December, 2023, 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. The recovery of post-COVID in retail sector starting in 2023 helped to drive visitors to spend in the district.

The recent acquisition of a shopping arcade, Concord Square is currently under refurbishment and it is expected to operate in late-2024.

In July 2023, the Group disposed all the office spaces in Billion Centre and the strata residential apartments. The disposed properties recorded 100% average occupancy rate during the six months period held by the Group.

Financial Review

Group Assets and Charges

The total assets of the Group have increased from HK$1,741,114,000 last year to HK$2,603,968,000 in this year. The net assets of the Group have increased from HK$1,554,105,000 to HK$1,822,751,000. At 31st December, 2023, carrying value of investment properties of the Group of HK$1,270,000,000 in Hong Kong (2022: HK$ Nil) were pledged as security for other borrowing granted to an indirect wholly-owned subsidiary of the Group. 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$187,009,000 as at 31st December, 2022 to HK$781,217,000 as at 31st December, 2023. The Group had cash and bank balances of HK$130,495,000 as at 31st December, 2023 (2022: HK$147,668,000) which were mainly denominated in Hong Kong dollars. The ratio of total liabilities to total assets was approximately 30% (2022: 11%). As at 31st December, 2023, the Group had other borrowing of HK$600,000,000 (2022: Nil) included in non-current liabilities but no bank loans (2022: Nil) and the total equity was HK$1,822,751,000 (2022: HK$1,554,105,000). The gearing ratio (net debt over total equity) of the Group was 26% (2022: negative of 10%).

The Group's outstanding borrowing is interest-bearing at floating rates, mature between two to five years and is denominated in Hong Kong dollars which will be repaid in the same currency.

To maintain flexible and sufficient cashflow, the Group intends to obtain proper bank and other borrowings with reasonable pricing terms. The management continuously monitors the gearing ratio and raises new external borrowings when necessary.

For the year ended 31st December, 2023, the Group had no material exposure to fluctuations in exchange rates and no related hedges.

Material Lending Transaction

The Group focuses on property investment, property leasing and estate management as its principal business, and a limited number of transactions may be carried out by the Group as part of its treasury activities with the intention to effectively utilise its available financial resources on hand from time to time, including (i) subscription of loan notes for investment purpose; and (ii) grant of loans to borrowers, both of which contributed to the loan interest income of the Group. Taking advantage of its cash position and after considering the working capital needs, available business and investment opportunities, a comparison between the fixed deposit interest rate at the material time and the expected rate of return of alternative use of such cash resources, the Group will allocate its resources accordingly with the intention to enhance the returns of its shareholders, including subscribing loan notes as well as providing short term loans.

Loan notes, being investment products, are normally issued by the issuer to multiple subscribers, and the Group subscribes such loan notes for investment purpose which are generally available for trading in the financial market. By contrast, short-term loans which are granted by the Group to borrowers are not investment products, nor they are available for trade. The short-term loans are structured to allow the Group to demand repayment from the borrower at any time. Therefore, while such loans bring in interest income for the Group, it provides certain level of liquidity flexibility to the Group to improve and enhance its financial position quickly, and can use its resources to fund its business activities when favourable opportunities arise. During the year, the Group did not grant any loans to borrowers.

The Group will ensure that it has sufficient working capital for its business operations after the allocation of its resources as above mentioned.

Material Acquisition and Disposals

During the year ended 31st December, 2023, the Group entered into three sale and purchase agreements to acquire a property in Hong Kong and to dispose of its non-core properties in PRC and Hong Kong. Further details are set out in notes 6 and 13 to the consolidated financial statements.

Significant Investments

The Group did not have any significant investment which accounted for more than 5% of the Group's total assets as at 31st December, 2023.

Contingent Liabilities

The Group is not aware of any material contingent liabilities as at 31st December, 2023.

Event after the Reporting Date

There are no important events affecting the Group which have occurred after the end of the reporting financial year ended 31st December, 2023 and up to the date of this Announcement.

Employees

As at 31st December, 2023, the Group employed 31 (2022: 34) persons, all (2022: 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, full-time employees in Hong Kong are provided with medical insurance and mandatory provident fund scheme.

Business Outlook

While Hong Kong's travel restrictions have been fully lifted, we still expect significant headwinds in the retail sector due to reduced consumption from visitors as well as from locals. The fall in visitor arrivals compared to before the pandemic is a major concern, especially for travellers from countries other than China. Another concern is the large increase in outbound travel for Hong Kong residents, which has resulted in reduced spending domestically.

On a more positive note, we expect to see a significant increase in large-scale public events and conferences to Hong Kong, which should help the footfall of the Group's retail space in Harbour Crystal Centre (portion) due to the property's nearby transport links.

The completion of refurbishments to Concord Square by year end should result in new rental lease signings later this year. A mild uplift to the Group's total rental revenue is expected this year, and a significant rise in the Group's revenue is expected in 2025.

As before, the key risks are still the uncertainty of the recovery in the Chinese economy as well as the likelihood of a long-awaited fall in interest rates. Nonetheless, we believe Concord Square, which caters largely to the local community in Tsuen Wan, should perform well when it re-opens for business.

DIVIDEND

The Board does not recommend the payment of any dividend for the years ended 31st December, 2023 and 2022.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company ("2024 AGM")

The 2024 AGM is scheduled to be held on Wednesday, 22nd May, 2024. For determining the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Friday, 17th May, 2024 to Wednesday, 22nd May, 2024 (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 2024 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited of 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 16th May, 2024.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31st December, 2023, the Company has applied the principles of, and complied with, the applicable code provisions set out in the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code ("CG Code") under Appendix 14 (restructured as Appendix C1 since 31st December, 2023) of the Listing Rules, except for certain deviations which are summarised below:

Code Provisions E.1.2 and D.3.3

Code provisions E.1.2 and D.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 (the "Remuneration Committee") adopted by the Company are in compliance with the code provision E.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 (the "Audit Committee") adopted by the Company are in compliance with the code provision D.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 are set out in the Corporate Governance Report to be contained in the Company's Annual Report for the financial year ended 31st December, 2023 ("2023 Annual Report"). 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, and will continue to review the terms at least annually and make appropriate changes if considered necessary.

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 2023 Annual Report which will be sent to the shareholders of the Company ("Shareholders") by the end of April 2024.

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, 2023.

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, 2023 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 and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31st December, 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

FORFEITURE OF UNCLAIMED DIVIDENDS

According to Article 160(A) of the articles of association of the Company, all dividends unclaimed for 6 years after having been declared may be forfeited by the Board and shall revert to the Company. The Board wishes to inform the Shareholders that any of the following dividends declared remaining unclaimed on 19th April, 2024 will be forfeited and revert to the Company.

Financial Year End	**Types of Dividends**
2014	Final Dividend
2015	Final Special Dividend
2016	Special Dividend

Shareholders who are entitled to but yet to receive the dividends payments in respect of the aforesaid dividends are advised to contact the share registrar of the Company, Tricor Tengis Limited, 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but no later than 4:30 p.m. on Friday, 19th April, 2024.

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

Hong Kong, 20th March, 2024

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 and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.