

TARGET

Intelligence Report

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ASIASEC PROPERTIES LTD: COULD YOU FALL IN LOVE WITH THIS COMPANY ?

This medium assumes that shareholders of Asiasec Properties Ltd (亞證地產有限公司) (Code: 271, Main Board, The Stock Exchange of Hongkong Ltd) have taken note that 60.58 percent of their Total Assets (Shareholders' Funds) had been wiped out with regard to the 2021 Financial Year, ended December 31.

In the 2020 Financial Year, the Company's Total Assets stood at \$HK4,544,502,000.00 while, in the 2021 Financial Year, Total Assets had been reduced, very materially, to \$HK1,791,326,000.00, a fall of \$HK2,753,176,000.00, Year-On-Year.

At Page 100 of the 2021 Annual Report of Asiasec Properties Ltd, under Note Eight of the Accounts, one is apprised of the situation at the Company as it applies to Shareholders' Funds, as follows:

'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 ...'.

(Tian An China Investments Company Ltd [天安中國投資有限公司], Code 28, Main Board, The Stock Exchange of Hongkong Ltd is the Controlling Shareholder of Asiasec Properties Ltd. Tian An China Investments Company Ltd beneficially owns 74.98 percent of the entire Issued and Fully Paid-Up Share Capital of Asiasec Properties Ltd.)

Management of Asiasec Properties Ltd explains, at Page 61 of the 2021 Annual Report, that its parent company is Autobest Holdings Ltd, a company, domiciled in the **British Virgin**

Islands (**BVI**). Its Ultimate Holding Company, however, is Allied Group Ltd (**'AGL'**) (聯合集團有限公司), a company, incorporated in the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** and listed on the Main Board of The Stock Exchange of Hongkong Ltd (Stock Code: 373).

At Page 101 of the 2021 Annual Report of Asiasec Properties Ltd, the following table was presented, detailing that which is labelled, '*Net assets disposed of*':

	'28th October, 2021 HK\$'000
<i>Net assets disposed of:</i>	
<i>Investment properties</i>	1,150
<i>Interests in associates</i>	2,555,528
<i>Trade and other receivables</i>	16
<i>Income tax recoverable</i>	124
<i>Bank balances and cash</i>	59,355
<i>Deferred tax liabilities</i>	(1)
<i>Creditors and accruals</i>	(6,329)
<i>Amounts due to associates</i>	(57,071)
<i>Amount due to intermediate holding company</i>	<u>(5,814)</u>
<i>Net assets disposed of</i>	2,546,958
<i>Loss on disposal</i>	<u>(1,467,958)</u>
<i>Proceeds on disposal</i>	<u>1,079,000</u>
<i>Cash consideration received in current year</i>	1,080,000
<i>Cash consideration for assignment of shareholders' loans</i>	<u>(1,000)</u>
	<u>1,079,000</u>
<i>Net cash inflow arising on disposals:</i>	
<i>Cash consideration received in current year</i>	1,080,000
<i>Bank balances and cash disposed of</i>	<u>(59,355)</u>
	<u>1,020,645'</u>

Mr Patrick Lee Seng Wei (李成偉), the Chairman of the Board of Directors of Asiasec Properties Ltd, had this to say at Page Five through to Page Seven in respect of the business of the Company, as follows:

'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 ... [CLICK TO ORDER FULL ARTICLE](#)

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