ASEANA PROPERTIES LIMITED

SENI Mont' Kiara
October 2011 saw the completion of SENI Mont' Kiara, the Group's largest and most significant project. SENI Mont' Kiara is an upmarket condominium development situated on one of the highest points in Mont' Kiara, Kuala Lumpur.

Sandakan Harbour Square
Phases 3 and 4 of the Sandakan Harbour Square project, consisting of the Harbour Mall Sandakan and Four Points by Sheraton Sandakan hotel will be completed and opened in Q2 2012.

INVESTMENT GATEWAY TO **MALAYSIA** AND **VIETNAM**

Aseana Properties Limited is a property development company established to take advantage of opportunities in Malaysia and Vietnam. Product innovation and commitment to excellence are hallmarks of Aseana Properties. With a focus on the upmarket segment of the property market, Aseana Properties aims to be the premier investment gateway for investors into Malaysia and Vietnam.

ANNUAL REPORT 2011

CONTENTS

CORPORATE **STRATEGY**

KEY FACTS

Exchange
London Stock Exchange
Main Market

Symbol
ASPL

Lookup
Reuters - ASPL.L;
Bloomberg - ASPL:LN

Domicile
Jersey

Shares Issued
212,525,000

Shares Held in Treasury
500,000

Voting Share Capital
212,025,000

Share Denomination
US Dollars

Management Fee
2% of NAV

Performance Fee
20% of the out performance NAV over a total return hurdle rate of 10%

Admission Date
5 April 2007

ADVISERS & SERVICE PROVIDERS

Development Manager
Ireka Development Management Sdn. Bhd.

Financial Adviser
Murphy Richards Capital LLP

Corporate Broker
Panmure Gordon (UK) Ltd

Auditor
KPMG Audit Plc

SENI Mont' Kiara, Kuala Lumpur, Malaysia

COVER RATIONALE

INVESTMENT GATEWAY TO MALAYSIA AND VIETNAM

Aseana Properties Limited operates a business model designed to deliver sustainable returns, and the results reported in our 2011 Annual Report once again demonstrate the soundness of this approach. The cover design of the Annual Report celebrates not only the successes achieved during the year, but also the strength of the collaboration between Aseana Properties' Malaysian and Vietnamese operations. For it is this collaboration that is the root from which our growth springs.

Aseana Properties Limited ("Aseana Properties") is a London-listed company incorporated in Jersey focusing on property development opportunities in Malaysia and Vietnam.

Ireka Development Management Sdn. Bhd. *(a wholly-owned subsidiary of Ireka Corporation Berhad)*, the Development Manager for Aseana Properties, is responsible for the day-to-day management of its property portfolio as well as the introduction and facilitation of new investment opportunities.

Aseana Properties' investment objective is to provide shareholders with an attractive overall total return achieved primarily through capital appreciation by investing in properties in Malaysia and Vietnam. Aseana Properties seeks to achieve its investment objective through the acquisition, development and redevelopment of upscale residential, commercial, hospitality and healthcare projects leveraging on the Development Manager's experience in these sectors.

Aseana Properties typically invests in development projects at the pre-construction stage. It will also selectively invest in projects under construction and completed projects with the potential for high capital appreciation.

Aseana Properties makes investments both as sole principal and, where appropriate, in joint arrangements with third parties, where management control resides with Aseana Properties. Such joint arrangements are only undertaken with parties who have demonstrable relevant experience or local knowledge.

Currently, Aseana Properties' investment portfolio is equally distributed between Malaysia and Vietnam.

CHAIRMAN'S STATEMENT

2011 was an eventful year for the global economy and for the financial markets. The eurozone debt crisis reached a stage where the sustainability of the euro itself came under threat and in the US, the world's largest economy, the debt rating was downgraded for the very first time. Added to the economic gloom, the natural disasters that befell Japan and Thailand, as well as civil unrest in Africa and the Middle East have tempered growth in 2011, with expectations of another difficult year in 2012. To quote a number of market observers, volatility seems to be the only constant in recent times.

Although Asia's markets remained resilient and relatively calmer, they have not been immune to the 2011 global downturn. Economic growth was inevitably slower as trade flows with Europe and the US dropped, but this growth still outstripped most regions around the world.

Malaysia and Vietnam, Aseana Properties' core markets, experienced moderate growth in 2011, with gross domestic product ("GDP") at 5.1% and 5.9% respectively, lower growth than the year before. The GDP growth for Malaysia was, and will continue to be largely driven by domestic demand, both in private and public spending. Amidst the weaker external environment, the Malaysian economy picked up in the second half of 2011. Notwithstanding the sustainability of domestic consumption, Malaysia will benefit from the timely rollout of the Economic Transformation Programme projects to create a multiplier effect in the service sector.

It was yet another challenging year for Vietnam in 2011, having to grapple with the credit crunch, high interest rates, a weakening currency and high inflation. The economy's dependence on exports with the EU and the US, its major trading partners, will remain a vulnerable threat, although the trade deficit began to improve towards the end of last year. The focus will be to ensure its macroeconomic policies are able to moderate inflation and strengthen its currency, thus allowing Foreign Direct Investment inflow to continue to grow.

Aseana Properties has recorded positive results for the financial year ended 31 December 2011, mainly attributable to the completion and handover of the SENI Mont' Kiara properties. Its revenue stood at US$281.1 million, a 56.8% increase compared to US$179.3 million in 2010. The revenue was attributable to recognition of revenue upon completion and handover of SENI Mont' Kiara properties of US$274.9 million and the sale of completed properties in Tiffani by i-ZEN and Sandakan Harbour Square (Phase 2) totalling US$5.8 million.
The Group's net profit before taxation was US$33.1 million, compared to a loss before taxation of US$15.4 million in 2010.

Aseana Properties remains committed to its development strategy, balancing between growing its property portfolio value against managing the realisation timeline of its assets. The corporate milestones in 2011 and for 2012 to date include:

Residential Development with Nam Long Investment Corporation in Ho Chi Minh City

- 26 April 2011 - Aseana Properties entered into an agreement with Nam Long Investment Corporation to develop a residential project on a 56,212 sq m parcel of land in District 9 of Ho Chi Minh City (referred to as the Phuoc Long B project). The project, consisting of 37 villas and 460 apartment units, will be developed by Aseana Properties and Nam Long on a 55:45 basis. The Investment License for the project was received in November 2011. Preliminary site preparation work has commenced with sales launch and construction expected to begin in the third quarter of 2012.

Withdrawal of PRUPIM from development project

- 3 May 2011 - Aseana Properties announced that it had mutually agreed to terminate the conditional agreement to sell a 49% stake in its wholly-owned subsidiary, ASPL PV Limited to Prudential Property Investment Management (Singapore) Pte. Ltd (PRUPIM). ASPL PV Limited is the joint developer of the Tan Thuan Dong residential development in Ho Chi Minh City. Aseana Properties will continue its partnership with Nam Long to develop the residential project on a 80:20 basis. In December 2011, the project has successfully obtained its Investment License.

Declaration of an Interim Dividend

- 28 October 2011 - The Board recommended an interim dividend for the six months ending 30 June 2011 of US$0.01 per Ordinary Share. The dividend was paid on 15 December 2011 to Shareholders on the register at the close of business on 25 November 2011.

Long-term financing secured for Sandakan Harbour Square properties and Aloft Kuala Lumpur Sentral hotel

- 10 November 2011 - Aseana Properties secured long-term financing in the form of a Medium Term Notes Programme (MTN Programme) of up to US$162 million (RM515.0 million) to be issued in Malaysia. The MTN Programme, with a tenure of up to ten years, is guaranteed by a syndicate of guarantors that include Danajamin Nasional Berhad, Malayan Banking Berhad and OCBC Bank (Malaysia) Berhad. Proceeds raised from the MTN Programme will be utilised to refinance the construction of the Four Points by Sheraton Sandakan hotel and Habour Mall Sandakan and to part finance the acquisition of the Aloft Kuala Lumpur Sentral hotel, all located in Malaysia.

Extraordinary General Meeting

- 15 November 2011 – At an Extraordinary General Meeting, the Shareholders approved the following resolutions:
  a. authorising the Company to continue to reinvest capital realised from existing projects into other ongoing existing projects after 5 April 2012, as the Board may direct;
  b. authorising the Directors to allot up to 63,757,500 Ordinary Shares, an amount equal to 30% of the Company's Issued Share Capital; and
  c. adopting new articles of association of the Company to, amongst other things, adding provisions to allow for all lawful distributions to be capitalised.

Share buy-back programme

- 28 December 2011 – The Group commenced a limited share buy-back programme of up to 500,000 ordinary shares. Between 4 and 24 January 2012, Aseana Properties purchased 500,000 Ordinary Shares at an average price of 34.93 cents. The repurchased shares are currently held as treasury shares.

Progress of property portfolio

October 2011 saw the completion of SENI Mont' Kiara, the Group's largest and most significant project. Sales at SENI Mont' Kiara currently stand at 78% (as at 31 March 2012). Most of the Group's property projects such as Tiffani by i-ZEN and Sandakan Harbour Square (retail lots) are near 100% take-up, if not fully sold. Two major developments are targeted for completion in 2012 – the Harbour Mall Sandakan and Four Points by Sheraton Sandakan hotel (both situated in Sandakan Harbour Square); as well as the office towers and Aloft hotel in Kuala Lumpur Sentral.
The completion of these properties together with securing of long-term financing will bode well for Aseana Properties as the company moves towards the realisation of its completed property portfolio.

Outlook

2012 is shaping up to be another busy year for project launches as well as construction with three projects expected to start in the second half of this year - Phuoc Long B, KLCC Kia Peng and Tan Thuan Dong. These projects, having obtained authorities' approvals in 2011 and 2012, are now undergoing the final stages of detailed design and project planning.

Despite the uncertainty in the global economy, Malaysia is expected to experience stable, moderate growth in the property sector this year; whilst the Vietnam property market may continue to remain challenging. However, the Group's location-centric focus and tailoring of its products on the back of comprehensive and hands-on market research, provides the Board with the confidence to achieve continued success in 2012.

As the Group's assets mature, it is anticipated that the Group should be in a position to realise a number of its assets over the next four years. Such realisations should allow the Board to return capital to shareholders, subject to cash requirements for existing projects.
The Board has asked the Development Manager and its advisers to seek the views of shareholders as to the options of how capital could be returned and also on the Group's management structure going forward.

I wish to extend a note of appreciation to my fellow Directors and our development manager for their continued commitment. Our heartfelt thanks also go out to the Government authorities, financiers, shareholders and business associates who have remained supportive of our business endeavours throughout the year.

MOHAMMED AZLAN HASHIM
Chairman
24 April 2012

DEVELOPMENT MANAGER'S REVIEW

BUSINESS OVERVIEW

It was a milestone year for Aseana Properties in Malaysia, as the Group successfully completed its SENI Mont' Kiara development in October 2011. Phase 1 was handed over to the buyers from April 2011 onwards while Phase 2 commenced hand over in October 2011. The Group also focused its effort in redesigning its Kia Peng project to optimise the development mix and hence value of the project. The Kia Peng project will now feature mid-sized serviced residences with a boutique hotel component to fully capitalise on its strategic location near the Kuala Lumpur City Centre Convention Centre. In November 2011, Aseana Properties appointed Starwood as the operator for the Kuala Lumpur Sentral hotel, under the "Aloft" brand. Kuala Lumpur Sentral is the "Aloft" brand's maiden project in Malaysia, and is set to create excitement in the hospitality industry upon its opening.

In Vietnam, Aseana Properties focused on realigning its launch strategies and refining its product offerings to mitigate against the slowdown in the Ho Chi Minh property market. During the year, progress was also made towards the construction of City International Hospital ("CIH"), working closely with Parkway Health, the operator for CIH. CIH will be the first development at the International Hi-Tech Healthcare Park project to be completed, and will provide a catalyst for future developments at the project.

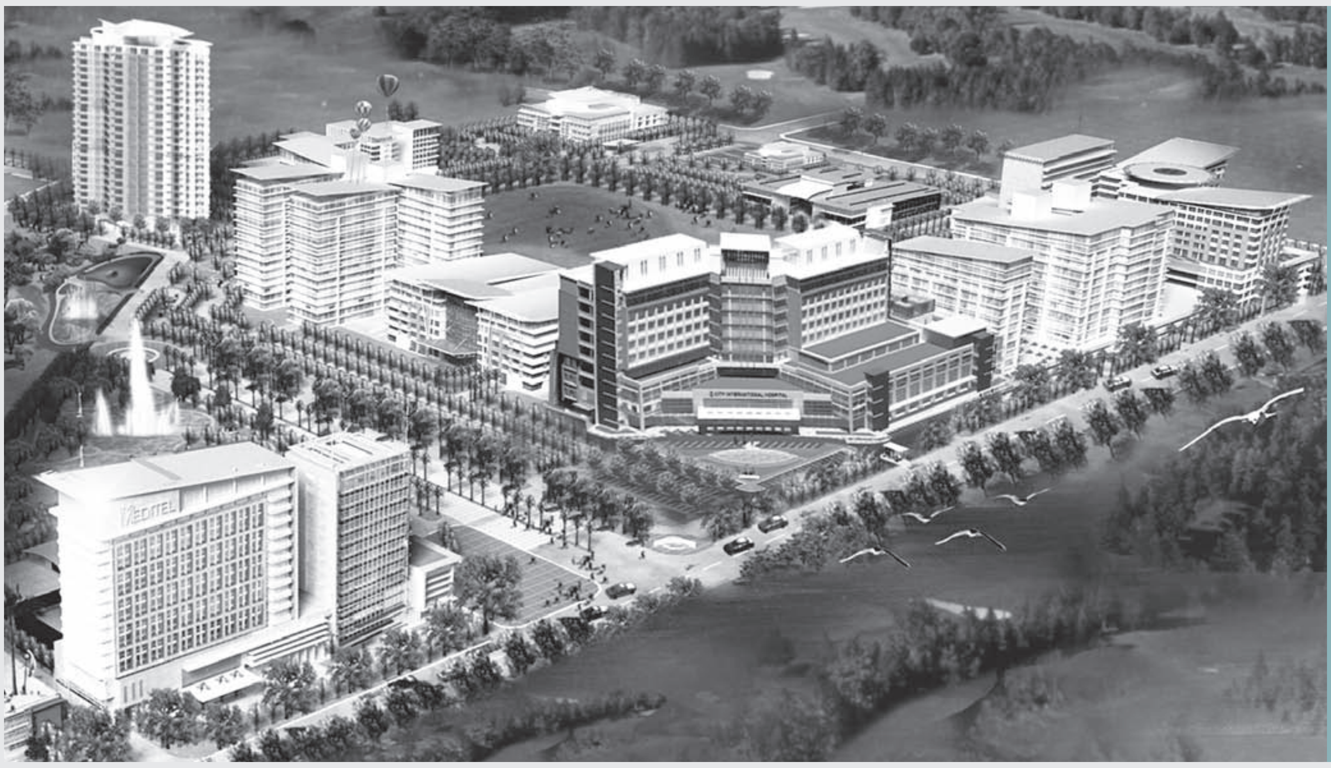
Malaysia Economic Update
In 2011, the Malaysian economy registered a gross domestic product ("GDP") growth of 5.1%, in line with the year's Government forecast of between 5 to 5.5%. Although it was a big drop against the GDP expansion of 7.2% registered in 2010, the decelerating growth rate was expected on the back of a challenging global economy. The GDP growth was largely driven by domestic consumption in the form of expenditure in household, business spending as well as public sector expenditure. These engines of growth mitigated the impact from slower growth in exports.

Malaysia recorded foreign direct investments ("FDI") of RM32.9 billion in 2011, an increase of 12.3% from the RM29.3 billion recorded in 2010. According to AT Kearney's 2011 FDI Confidence Index, Malaysia was ranked 10th (compared to 21st in 2010) in terms of investment attractiveness. The growth of the domestic market has been further supported by higher purchasing power resulting in large part from the indirect effects of the Government and the Economic Transformation Programmes, which were launched in October 2010. Up to November last year, the Economic Transformation Programme ("ETP") had rolled out a total of 113 projects amounting to RM177.03 billion (approximately US$55.9 million), involving 12 national key economic areas that were identified to transform Malaysia into a high income nation by 2020. Effective and timely roll out of the ETP projects would be key in ensuring a sustainable growth path for Malaysia in the mid and longer term.

Government policies in Malaysia continue to be supportive of a growing and sustainable real estate market which includes ample liquidity and lower interest rates. Effective 1 January this year, expatriates are allowed to withdraw their Employees Provident Fund ("EPF") contributions to purchase properties. The introduction of 'My First Home Scheme' in March last year aimed at providing 100% financing to young adults for their first home, will further stimulate growth in the property sector. In an attempt to ensure speculation in the real estate market remains in check, the Government increased Real Property Gain Tax ("RPGT") to 10% from 5% for properties disposed within two years of purchase (RPGT for properties disposed between two to five years remains at 5% and properties sold after five years are exempted from RPGT). Additionally, a Loan-to-Value-Ratio cap of 70% was also implemented for buyers purchasing three properties or more, which did not impact the sales of properties much but will ensure speculation is reduced and the real estate sector remains resilient.

Vietnam Economic Update
Vietnam recorded a GDP growth of 5.9% in 2011, down from 6.8% in 2010. With GDP growth averaging around 6% for the last decade, it is widely acknowledge that greater reform and structural changes are needed for the country to fully capitalise on its potential as the third most populous nation in South East Asia with 86 million people. Despite setbacks in recent years arising from the challenges of managing a growing domestic economy, the Government of Vietnam continues to work on reforms that have in recent months resulted in positive assurances from the World Bank and International Monetary Fund. Although its FDI decreased to US$14.7 billion in 2011 (2010: US$18.6 billion), Vietnam improved its ranking to 12th (compared to 14th in 2010) according to the AT Kearney's 2011 FDI Confidence Index, signaling a more positive future investment flow. The stronger public confidence in the local currency saw the US Dollar weaken against the Vietnamese Dong in year 2011. Although Vietnam recorded inflation at 18.58% in 2011, the Government and the Economist Intelligence Unit ("EIU") have forecast that the inflation rate in 2012 would decrease to a single digit, with the continuous tightening of the country's monetary policy. All these indicators point to a stabilising economy for Vietnam in the coming year.

In the short term, confidence in the property market continues to be dampened by the high lending rate, scarce long-term financing and property lending restrictions, while most are also waiting on expectations for further price reduction in properties. However, the State Bank of Vietnam has removed the loan-to-deposit ratio requirement of 80% on banking institutions and mobilised long-term funds which will facilitate greater growth in the real estate sector. Alongside this, the Ministry of Construction has proposed an increase in housing subsidies as a part of employee wages to facilitate the leasing or purchasing of properties. In March 2012, the State Bank of Vietnam reduced the refinancing rate for banks from 15% to 14% as a result of declining inflation.



" INTERNATIONAL HI-TECH HEALTHCARE PARK LOCATED IN THE BINH TAN DISTRICT "

KLCC Kia Peng Residential & Boutique Hotel
Strategically located in the heart of KLCC on Jalan Kia Peng, the residential and boutique hotel development is targeted for sales launch in Q4 2012.

KL Sentral Office Towers and Hotel
The Kuala Lumpur Sentral project consisting of the two office towers and the Aloft Kuala Lumpur Sentral hotel will be completed by Q4 2012.

PORTFOLIO REVIEW

MALAYSIA

Property Market Review
In the last three years, there has been a significant reduction in new property launches in Malaysia except in established locations. The residential and commercial property market was more active in the first half of 2011, and then softened in the second half amidst weakened investor sentiment and external concerns about the global economic downturn, and this continued until early this year.

It is likely that many residential property buyers will continue to take a 'wait-and-see' approach as prices have remained relatively stable over the past year and with supply of an expected 2,500 units of high-end condominiums in the Golden Triangle area and over 7 million sq ft of office spaces expected in Klang Valley for 2012. Absorption rates for these properties are expected to remain steady throughout the year as the Malaysian economy continues to grow at a relatively healthy pace.

Malaysia's property sector had always remained fairly stable and resilient. Well-located development projects and landed properties will continue to command sustainable pricing growth, especially those in the mid to higher price range. New locations near the proposed mass rail transit ("MRT") or the extension of the light rail transit ("LRT") in areas of Kuala Lumpur are likely to be the next sought-after areas.

In the Klang Valley commercial office sector, a total of 3.6 million sq ft of space in 23 office buildings was completed in 2011. Grade A office buildings remained the best performing sub-segment with interest shown mostly from oil and gas companies, financial institutions, fast-moving consumer goods ("FMCG") organisations, services, IT and business process outsourcing companies ("BPO"). With further supply coming on-stream in 2012 and concerns of a slow global economy, the office sector is likely to see an easing in rental levels in 2012.

On the commercial retail front, rentals are expected to continue to stay relatively healthy in 2012 as they did last year, driven by strong domestic demand. Last year saw an increase of approximately 2,500 hotel rooms in Klang Valley, with new hotel openings as well as refurbishments of existing ones. Average occupancy rate in 2011 was marginally higher at 69%, with international class hotels recording the highest growth in Average Daily Room Rates ("ADRR"), an increase of 5.6%.

Aseana Properties has six development projects in Malaysia, ranging from residential, hotels, commercial offices as well as a retail mall:

- **SENI Mont' Kiara**
  Owned 100% by Aseana Properties, SENI Mont' Kiara is an upmarket condominium development situated on one of the highest points in Mont' Kiara. The project consists of 605 residential units, within two 12-storey blocks and two 40-storey blocks. The majority of the units command impressive views of the city skyline, which includes the 88-storey Petronas Twin Towers and the KL Tower.

  Aseana Properties achieved a significant milestone by completing the final 280 units (Phase 2) at SENI Mont' Kiara luxury condominiums, and obtained the Certificate of Fitness on 24 October 2011. US$274.9 million of revenues were recognised in the financial statements of the Group in year 2011. The sold units are currently being handed over to buyers. Phase 1 was completed in April 2011. The development is currently 78% sold (as at 31 March 2012). Approximately 55% of the units sold are foreign-owned, mostly from Hong Kong, Singapore and Pakistan while the remaining 45% are locally owned. The remaining units will continue to be marketed both locally and in selected foreign markets, targeting home owners seeking immediate occupancy and investors seeking recurring rental yields.

  The development is funded by progressive payments from buyers and a bridging loan facility of RM57.7 million (US$18.2 million), which was fully drawn down as at 31 December 2011.

- **Tiffani by i-ZEN**
  Tiffani by i-ZEN, wholly-owned by Aseana Properties, is a completed luxury condominium project located in Mont' Kiara. 96% of the 399 residential units have been sold (as at 31 March 2012), with sales and purchase agreements signed. The debt on the project has been fully repaid. The Manager is exploring options to fully fit out and furnish the remaining units at Tiffani by i-ZEN to offer buyers and dwellers a hassle-free experience of either owning or renting an apartment unit.

- **KLCC Kia Peng Residential & Boutique Hotel Project**
  This project is strategically located in the heart of KLCC on Jalan Kia Peng, near neighbouring landmarks such as the Grand Hyatt Kuala Lumpur, KLCC Convention Centre, Suria KLCC shopping mall, KLCC park and the world famous Petronas Twin Towers. Aseana Properties owns 70% of this project and 30% is owned by Ireka Corporation Berhad. With a development land area of approximately 43,559 square feet, the Group plans to develop an upmarket residential and boutique hotel project.

"SENI MONT' KIARA IS AN UPMARKET CONDOMINIUM DEVELOPMENT SITUATED ON ONE OF THE HIGHEST POINTS IN MONT' KIARA"

DEVELOPMENT MANAGER'S REVIEW CONT'D

Aseana Properties received the Development Order ("DO") approval in March 2012 with an approval for 200 units of luxury residences and a boutique hotel. The residences consist of small to medium-sized apartments that will be marketed as an affordable luxury for buyers. It is also intended that the hotel rooms will be pre-sold to investors on a sale-and-leaseback basis and operated under an international brand. The boutique hotel is designed to complement the business and leisure activities of travelers in the vicinity of key focal points such as the Petronas Twin Towers and the KLCC Convention Centre. Detailed project planning is now in final stages with a sales launch targeted for Q4 2012 once the building plan approval is obtained.

" SANDAKAN HARBOUR SQUARE, IS AN URBAN REDEVELOPMENT PROJECT IN THE COMMERCIAL CENTRE OF SANDAKAN "

The land was part financed by a term loan facility of RM65.3 million (US$20.6 million) which was fully drawn down, and Aseana Properties expects to secure further financing when the development commences.

- **Kuala Lumpur Sentral Project**
Kuala Lumpur Sentral project is a mixed commercial and hospitality development project consisting of two office towers and a business class hotel, centrally located in Kuala Lumpur's urban transportation hub. The project is owned and developed by Excellent Bonanza Sdn. Bhd. ("EBSB"), which is jointly owned by Aseana Properties and Malaysian Resources Corporation Berhad on a 40:60 basis. The two office towers have been conditionally sold for approximately RM623 million (or US$196.6 million), and construction is expected to complete by the end of 2012. Kuala Lumpur Sentral is currently the most sought after commercial centre in Kuala Lumpur with a number of multinational companies such as General Electric, Shell, BP and PricewaterhouseCoopers locating their headquarters there.

In 2010, Aseana Properties conditionally agreed to purchase the hotel component from EBSB for a total consideration of approximately RM217 million (or US$68.5 million).

Aseana Properties entered into a Management Agreement appointing Starwood Asia Pacific Hotels & Resort Pte Ltd as the operator for Kuala Lumpur Sentral hotel under the 'Aloft' brand name. The 482-room business class hotel is currently under construction and is expected to be completed in the fourth quarter of 2012, and will begin operating in the first quarter of 2013.

The purchase of the Aloft Kuala Lumpur Sentral hotel together with fit-out expenses will be part financed by guaranteed medium term notes of RM270.0 million (US$85.2 million) which is part of the $162 million MTN programme announced in November 2011, and which shall be fully drawn down in Q4 2012/ Q1 2013.

- **Sandakan Harbour Square**
Sandakan Harbour Square, wholly-owned by Aseana Properties, is an urban redevelopment project in the commercial centre of Sandakan, Sabah. Sandakan is a 'Nature City' with a population of approximately 500,000, with eco-tourism and palm oil plantations as the main drivers of the local economy. The completed Phases 1 and 2 comprise 129 shop lots that are fully sold (as at 31 March 2012), while Phases 3 and 4 consist of the first retail mall (Harbour Mall Sandakan) and the first international four-star hotel in Sandakan. The hotel will be managed by Starwood Hotels & Resorts Worldwide, Inc. under the 'Four Points by Sheraton' brand name. Both the third and fourth phases of the development are targeted to complete and open in the second quarter of 2012. Leasing activities at Harbour Mall Sandakan to both local and international retailers are currently on-going, with notable tenants such as Parkwell Departmental Store and Supermarket, Levi's, The Body Shop, Watsons, GNC, Tomei and Bata amongst others.

The development is funded by guaranteed medium term notes of RM245.0 million (US$77.3 million) which is part of the $162 million MTN programme announced in November 2011, and which was fully drawn down as at 31 December 2011.

- **Kota Kinabalu Seafront Resort & Residences**
Facing the South China Sea, this project is a resort-themed development consisting of a boutique resort hotel, resort villas and resort homes at the seaside area in Kota Kinabalu, Sabah. Aseana Properties acquired three adjoining plots of land of approximately 80 acres in September 2008 with the intention of developing a hotel, villas and resort homes. Due to the current market conditions in the resort market, the Board has decided to delay the start of this project.

International Hi-Tech Healthcare Park
Construction of the City International Hospital at the International Hi-Tech Healthcare Park will be completed in Q4 2012.

VIETNAM

Property Market Review
The slowdown in the Ho Chi Minh City ("HCMC") property market continued in 2011, with developers and buyers having to grapple with credit crunch issues amidst high interest rate and capital shortages. 2011 saw a handful of new property launches, but sales were slow despite attractive incentives such as flexible payment terms or large discounts for bulk-purchase buyers. Many developers have delayed launching their projects or decided to redesign their products, especially in the high-end sector. The residential sector remained the hardest hit in 2011. Moving forward, the mid-range properties especially landed properties (villas and townhouses) in favourable locations will be the silver lining in the residential sector this year.

The commercial office sector battled with oversupply, amidst a lackluster economy in 2010 and this continued to 2011. However, with rental rates easing, quality offices in the central business districts became relatively affordable to a wider array of tenants. This will likely result in a healthy absorption of the excess supply in the market throughout this year.

The overall recovery of the property market will need to be supported by structural changes in macroeconomic policies such as the easing of interest rates, as the shortage of capital will continue to plague the industry. The weak banking sector is in the process of being reformed, but these efforts will take time to consolidate and take effect. With a growing globalised middle class and younger generation, rising salaries and strong economic growth, Vietnam's real estate sector is expected to make its comeback in due course.

Aseana Properties has one equity investment and four development projects in Vietnam - the latter comprising two residential projects with its development partner, Nam Long Investment Corporation; an integrated healthcare development and a mixed development in District 4. The highlights are as follow:

- **Nam Long Investment Corporation**
  In 2008, Aseana Properties acquired a strategic minority stake in Nam Long Investment Corporation ("Nam Long"), a private property development company in Vietnam with market leadership in the low to medium-end segment of the market. Aseana Properties currently has an effective ownership of 16.4% in Nam Long. Nam Long's affordable housing projects, called "E-homes", continued to be their main revenue driver. Nam Long currently has a land bank of over 500 hectares, mainly in HCMC and its neighbouring provinces, making it one of the largest property developers by land bank in HCMC. Nam Long is currently undertaking a new township development in Long An Province, approximately 25 km south of HCMC. Through this partnership, Aseana Properties is expected to co-develop at least two projects with Nam Long, which are located in District 7 (Tan Thuan Dong residential project) and District 9 (Phuoc Long B residential project).

- **Tan Thuan Dong Residential Project**
  Tan Thuan Dong Residential Project is an upscale residential development in District 7 of HCMC, a prime suburban residential and commercial location of choice for many Vietnamese and expatriates. This project is developed by Aseana Properties and Nam Long on a 80:20 basis.

  With a land area of approximately 20,158 square metres and a commanding view of the famous Phu My Bridge spanning the Saigon River, the development will consist of two residential towers and supporting commercial facilities.

  The development is expected to have a gross development value of approximately US$91 million. The Investment License for the project was received in December last year, with sales launch and construction expected to commence in the fourth quarter of 2012.

  The development is expected to be funded by progressive payments from buyers, bank debt and further equity contributions from shareholders of the project. Further details will be provided as the project moves toward construction commencement.

- **Phuoc Long B Residential Project**
  On 26 April 2011, Aseana Properties entered into an agreement with Nam Long to develop a residential project on a 56,212 sq m parcel of land in the prime suburban residential area of District 9 in HCMC. The project, consisting of 37 villas and 460 apartment units, will be developed by Aseana Properties and Nam Long on a 55:45 basis. With its low development density, the villas and apartments will be set in a lush green landscape, with the river-front view of the Rach Chiec River adding a sense of nature and tranquility to the development.
  The project is expected to have a gross development value of approximately US$100 million. The Investment License for the project was received in November last year, with sales launch and construction expected to commence in the third quarter of 2012.

  The development is expected to be funded by progressive payments from buyers, bank debt and further equity contributions from shareholders of the project. Further details will be provided as the project moves toward construction commencement.

" TAN THUAN DONG RESIDENTIAL PROJECT IS AN UPSCALE RESIDENTIAL DEVELOPMENT IN A PRIME SUBURBAN LOCATION OF CHOICE FOR VIETNAMESE AND EXPATRIATES. "

DEVELOPMENT MANAGER'S REVIEW CONT'D

- **International Hi-Tech Healthcare Park**
  The International Hi-Tech Healthcare Park ("IHTHP") is a planned mixed development over 37.54 hectares of land comprising world-class private hospitals, mixed commercial, hospitality and residential developments. This development is located in the Binh Tan District, close to Chinatown and is approximately 11 km from District 1, the central business and commercial district of HCMC. Aseana Properties has a 66.4% stake (at 17 April 2012) in this development and its joint venture partner, Hoa Lam Group holds a significant minority stake together with a consortium of investors from Singapore, Malaysia and Vietnam. Approximately 20 hectares will be dedicated to the hospital and commercial developments, and five hectares has been allocated for residential developments.

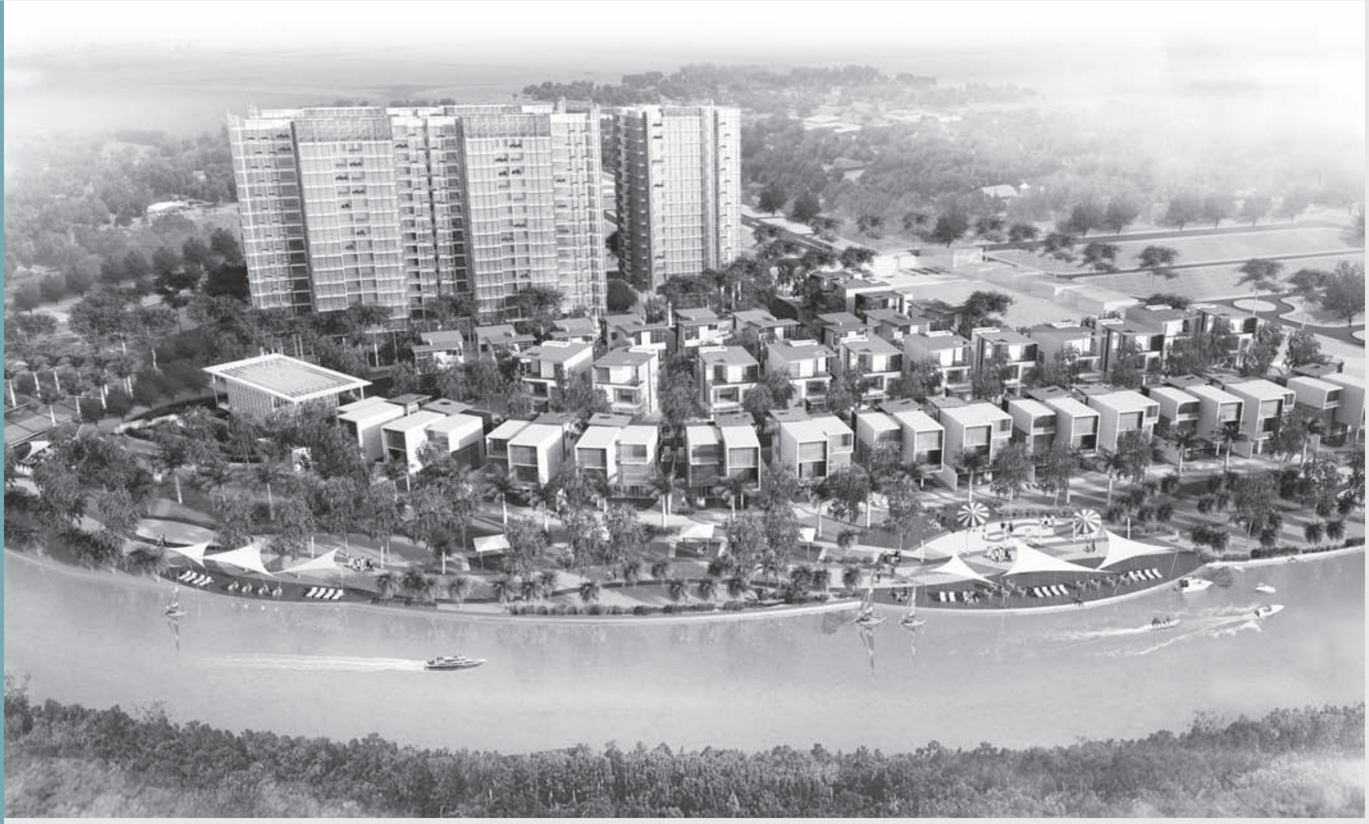
  Construction commenced on the first phase of the 319-bed City International Hospital in May 2010, and completion is expected by the fourth quarter of 2012. The City International Hospital will be managed by Parkway Health, Asia's leading and largest private healthcare group with a presence in Singapore, Malaysia, the Middle East and India. Aseana Properties is currently in discussions with several strategic investors to participate in the development of the City International Hospital development.

  It is expected that the next phase of development at the IHTHP, consisting of mid-end residential apartments will begin later this year, subject to a broader recovery of the property market in HCMC.

  To part finance the payment for the land and working capital, the joint venture companies have secured total loan facilities of US$18.5 million, of which US$11.5 million had been drawn down as at 31 December 2011. The development of City International Hospital is funded by a syndicated term loan of US$43.3 million, which will be drawn down progressively throughout 2012/2013.

- **Queen's Place**
  Queen's Place is a planned mixed residential, office and retail development strategically located on the periphery of District 4, adjacent to District 1, the central business and commercial district of HCMC. This project received its Investment License in June 2008. Aseana Properties has a 65% stake in the development, with Binh Duong Corporation, a Vietnam property development company owning the remaining 35%. The joint venture company has been working on resettlement planning for the last financial year with the relevant authorities in HCMC, with delays resulting from finalisation of public infrastructure planning around the site land. The Board is currently reviewing the project with a view of exiting the project if delays continue to persist in the current financial year.

" PHUOC LONG B RESIDENTIAL PROJECT IS A LOW DENSITY DEVELOPMENT , SET IN A LUSH GREEN LANDSCAPE, FRONTING THE RACH CHIEC RIVER "



Tan Thuan Dong Residential Project
The Tan Thuan Dong residential project in District 7 of Ho Chi Minh City is targeted to be launched in Q4 2012.

Phuoc Long B Residential Project
Construction and sales launch of the Phuoc Long B residential project is targeted for Q3 2012.

OUTLOOK

2012 will be a year in which Aseana Properties takes stock of its property portfolio and will see the completion of several development projects in Malaysia and Vietnam.

In Malaysia, the Sandakan Harbour Square project will complete its final phases 3 and 4, with the opening of the Harbour Mall Sandakan and Four Points by Sheraton Sandakan hotel in the middle of this year. Also completing this year will be the office towers and hotel in Kuala Lumpur Sentral, in which the latter will be operated under the 'Aloft' brand by the Starwood group.

Aseana Properties will see the completion of its maiden City International Hospital at the International Hi-Tech Healthcare Park, by the end of 2012. Having received its Investment License in November last year for the Phuoc Long B project at District 9, Aseana Properties is now ready to roll-out its first residential project in Vietnam, targeting the still robust demand in the villas market, and then at the end of 2012, the Tan Thuan Dong residential project.

All projects within Aseana Properties' portfolio will continue to be evaluated in accordance with its development timeline, the resources required and realisation targets. In Malaysia, domestic policies to encourage spending and an efficient rollout of the ETP is expected to drive the economy forward. The Vietnam property market will continue to remain challenging hence, strategies will be in place to ensure the objectives of each of our investments are met.

It is not as yet certain what the exact impact of the eurozone sovereign debt crisis and the forecasted economic recovery in the United States will have, but it is certain that growth in the volatile global economy will remain slow. Similarly in the countries we operate in, there may be uneven growth before the economies pick up towards the second half or end of this year. Our priorities remain value creation for our shareholders and margin improvement. In this we are unwavering.

I wish to cordially thank the Board of Aseana Properties, our advisers and business associates for their support and guidance throughout the year, as we continue to look towards success in 2012 and the years to come.

LAI VOON HON
President / Chief Executive Officer
Ireka Development Management Sdn. Bhd.
Development Manager
24 April 2012

" KLCC KIA PENG RESIDENTIAL & BOUTIQUE HOTEL PROJECT IS STRATEGICALLY LOCATED IN THE HEART OF KLCC ON JALAN KIA PENG. "

PROPERTY PORTFOLIO

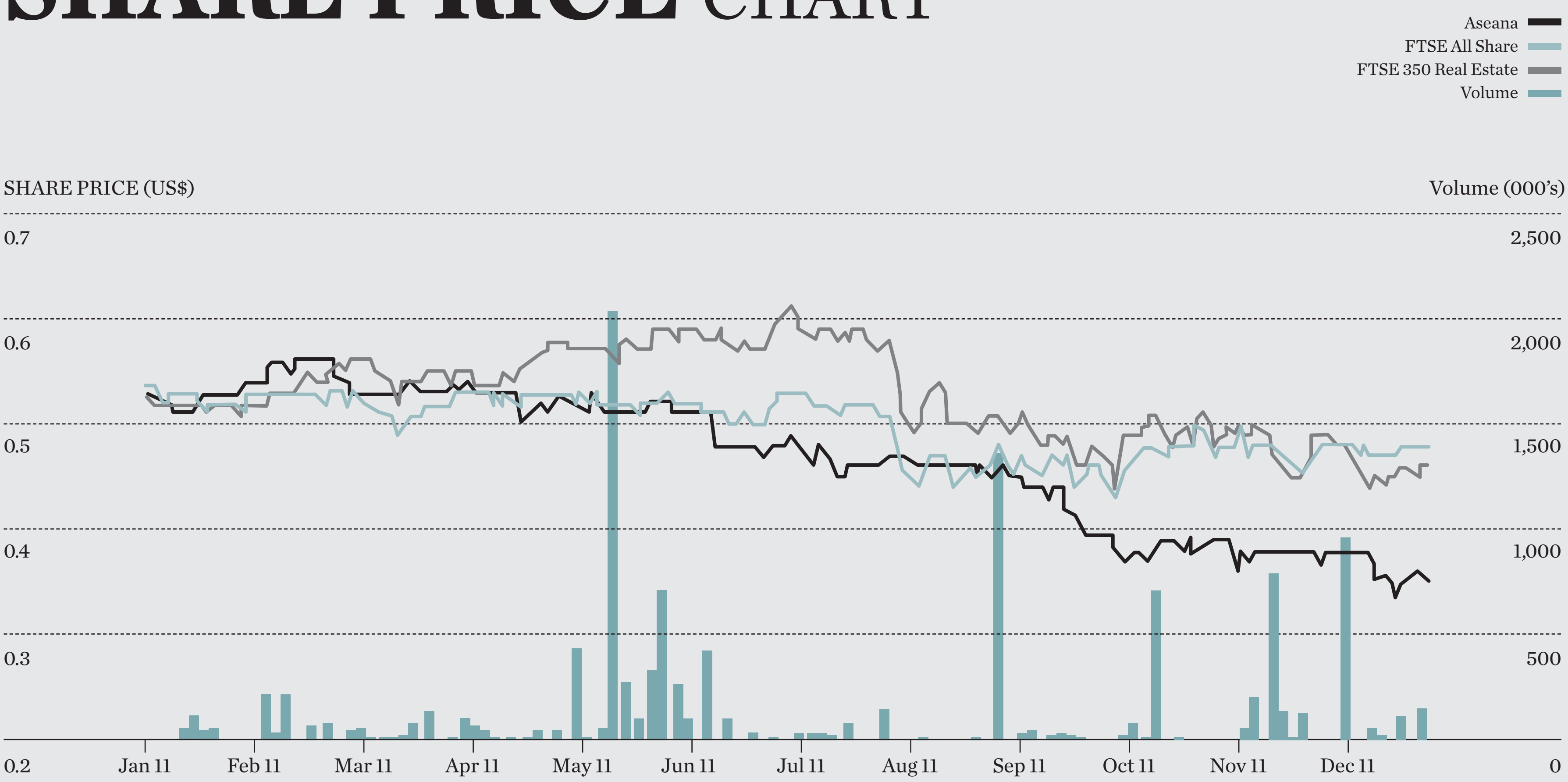
AT 31 DECEMBER 2011

Project	Type	Effective Ownership	Approximate Gross Floor Area (sq m)	Approximate Land Area (sq m)	Scheduled completion of construction
Completed projects					
Tiffani by i-ZEN Kuala Lumpur, Malaysia	Luxury condominiums	100%	81,000	15,000	Completed in August 2009
1 Mont' Kiara by i-ZEN Kuala Lumpur, Malaysia	Office suites, office tower and retail mall	100%	96,000	14,000	Completed in November 2010
SENI Mont' Kiara Kuala Lumpur, Malaysia	Luxury condominiums	100%	225,000	36,000	Phase 1: Completed in April 2011 Phase 2: Completed in October 2011
Projects under development					
Sandakan Harbour Square Sandakan, Sabah, Malaysia	Retail lots, hotel and retail mall	100%	126,000	48,000	Retail lots: Completed in 2009 Retail mall: Completed in March 2012 Hotel: Second quarter of 2012
Kuala Lumpur Sentral Office Towers & Hotel Kuala Lumpur, Malaysia	Office towers and a business hotel	40%	107,000	8,000	Fourth quarter of 2012
Aloft Kuala Lumpur Sentral Hotel Kuala Lumpur, Malaysia	Business-class hotel (a Starwood Hotel)	100%	28,000	5,000	First quarter of 2013
Phase 1: City International Hospital, International Hi-Tech Healthcare Park, Ho Chi Minh City, Vietnam	Private general hospital	66.4%*	48,000	25,000	Fourth quarter of 2012
Private equity investment					
Equity investment in Nam Long Investment Corporation, an established developer in Ho Chi Minh City, Vietnam	Private equity investment	16.4%	n/a	n/a	n/a
Pipeline projects					
KLCC Kia Peng Residential and Boutique Hotel Project Kuala Lumpur, Malaysia	Luxury residences and boutique hotel	70%	40,000	4,000	n/a
Tan Thuan Dong Residential Project Ho Chi Minh City, Vietnam	High-rise apartments	80%	83,000	20,000	n/a
Phuoc Long B Project Ho Chi Minh City, Vietnam	Villa and high-rise apartments	55%	94,000	57,000	n/a
Other developments in International Hi-Tech Healthcare Park, Ho Chi Minh City, Vietnam	Commercial and residential development with healthcare theme	66.4%*	972,000	351,000	n/a
Kota Kinabalu seafront resort & residences Kota Kinabalu, Sabah, Malaysia	i. Boutique resort hotel resort villas ii. Resort homes	100% 80%	n/a	327,000	n/a
Queen's Place Ho Chi Minh City, Vietnam	Residential, office suites and retail mall	65%	n/a	8,000	n/a

* At 17 April 2012. For further details, please refer to Note 45 to the Financial Statements

n/a: Not available / not applicable

SHARE PRICE CHART



PERFORMANCE SUMMARY

	Year ended 31 December 2011	Year ended 31 December 2010
Total Returns Since Listing		
Ordinary share price	-64.50%	-47.25%
FTSE All-share index	-14.22%	-8.07%
FTSE 350 Real Estate Index	-66.50%	-62.26%
One Year Returns		
Ordinary share price	-32.70%	15.30%
FTSE All-share index	-6.69%	10.94%
FTSE 350 Real Estate Index	-11.22%	2.74%
Capital Values		
Total assets less current liabilities (US$ million)	299.27	221.44
Net asset value per share (US$)	0.96	0.91
Ordinary share price (US$)	0.36	0.53
FTSE 350 Real Estate Index	314.21	353.93
Debt-To-Equity Ratio		
Debt-to-equity ratio [1]	60.69%	82.43%
Net debt-to-equity ratio [2]	34.69%	6.17%
Earnings Per Share		
Earnings per ordinary share - basic (US cents)	7.56	-9.51
- diluted (US cents)	7.56	-9.51
Total Expenses Ratio [3]		
As a percentage of total assets less current liabilities	3.99%	8.07%

Notes:
[1] Debt-to-equity ratio = (Total Borrowings ÷ Total Equity) x 100%
[2] Net debt-to-equity ratio = (Total Borrowings less Cash and Cash Equivalent and Held-for-trading Financial Instrument ÷ Total Equity) x 100%
[3] Total expense ratio = Administrative expenses, Management fees, Marketing and Other Operating Expenses ÷ Total Assets less Current liabilities

FINANCIAL REVIEW

INTRODUCTION

The Group has recorded good results for the year, mainly attributable to the completion and handover of the SENI Mont' Kiara properties.

INCOME STATEMENT

The Group's revenue for the year ended 31 December 2011 was US$281.1 million, a 56.8% increase compared to US$179.3 million in 2010. The revenue was attributable to recognition of revenue upon completion and handover of SENI Mont' Kiara properties of US$274.9 million and sale of completed properties in Tiffani by i-ZEN and Sandakan Harbour Square (Phase 2) totalling US$5.8 million.

The Group's net profit before taxation was US$33.1 million, compared to a loss before taxation of US$15.4 million in 2010. The profit was attributable to SENI Mont' Kiara, which recorded a profit of US$38.7 million (2010: US$Nil). Consequently, the tax charge for 2011 was significantly higher at US$19.0 million (2010: US$5.8 million), resulting in a profit for the year of US$14.1 million (2010: Loss for the year of US$21.2 million).

Net profit attributable to equity holders of the parent has improved significantly to US$16.1 million, compared to a net loss of US$20.2 million in 2010.

The consolidated comprehensive income for the year ended 31 December 2011 was US$10.8 million compared to a consolidated comprehensive expense of US$13.3 million in 2010. The former has included a loss arising from foreign currency translation differences for foreign operations of US$3.4 million (2010: gain of US$3.1 million). There were no changes in the fair value of available-for-sale investments in 2011 (2010: gain of US$4.8 million).

Basic and diluted earning per share for the year ended 31 December 2011 were both at US cents 7.56 (2010: Loss per share of US cents 9.51).

STATEMENT OF FINANCIAL POSITION

Total assets have decreased by US$261.8 million to US$415.1 million, compared to US$676.9 million in 2010. The reduction was mainly due to a decreased in inventories and cash and cash equivalents. Inventories have decreased by US$146.5 million following the completion and handover of SENI Mont' Kiara. Cash and cash equivalents were also significantly lower at US$32.6 million (2010: US$150.4 million) mainly due to repayment of the medium term notes relating to the 1 Mont' Kiara project of US$72.9 million and also the placement of US$21.4 million in a money market fund which is classified under held-for-trading financial instrument.

Total liabilities have decreased by US$272.2 million to US$207.5 million compared to US$479.7 million in 2010. The reduction was substantially attributable to a decreased in deferred revenue of US$188.5 million following the recognition of revenue upon completion and handover of the SENI Mont' Kiara properties. In addition, trade and other payables and borrowings have decreased by US$38.6 million and US$36.5 million respectively in 2011 compared to 2010.

Net asset value per share at 31 December 2011 was US cents 95.7 (2010: US cents 90.8).

CASH FLOW AND FUNDING

Changes in cash flow in 2011 was negative at US$105.3 million, compared to the positive cash flow of US$91.8 million in 2010. The Group had placed US$21.4 million in a money market fund and repaid US$72.9 million relating to its medium term notes for 1 Mont' Kiara project in 2011.

The Group's subsidiaries borrow to fund property development projects. At 31 December 2011, the Group had gross borrowings of US$126.0 million (2010: US$162.6 million), a decreased of 22.5% over the previous year. The Group had fully settled the medium term notes relating to the 1 Mont' Kiara project of US$72.9 million during the year. Net debt-to-equity ratio increased from 6.2% in 2010 to 35.0% in 2011 due to lower cash and cash equivalents at 31 December in 2011.

During 2011, the Group has also successfully completed a programme to issue medium term notes of up to US$162 million, of which US$77.3 million was issued. The 10-year programme will ensure that the Group's largest assets, being the Harbour Mall Sandakan, Four Points by Sheraton Sandakan hotel and Aloft Kuala Lumpur Sentral hotel, are fully funded upon completion.

Finance income decreased from US$0.8 million in 2010 to US$0.6 million in 2011. Finance costs increased from US$0.5 million in 2010 to US$1.1 million in 2011.

DIVIDEND

An interim dividend of US$0.01 per share amounted to US$2.1 million was paid on 15 December 2011 to the shareholders during the financial year under review.

PRINCIPAL RISKS AND UNCERTAINTIES

A review of the principal risks and uncertainties facing the Group is set out in the Directors' Report.

TREASURY AND FINANCIAL RISK MANAGEMENT

The Group undertakes risk assessments and identifies the principal risks that affect its activities. The responsibility for the management of each key risk has been clearly identified and delegated to the senior management of the Development Manager. The Development Manager's senior management team is involved in the day-to-day operation of the Group.

A comprehensive discussion on the Group's financial risk management policies is included in the notes to the financial statements of the Annual Report.

MONICA LAI VOON HUEY
Chief Financial Officer
Ireka Development Management Sdn. Bhd.
Development Manager
24 April 2012

CORPORATE SOCIAL RESPONSIBILITY

Aseana Properties' Corporate Social Responsibility ("CSR") guiding principles are built on the following areas that reflect the existing and emerging standards of CSR:

MANAGING CORPORATE RESPONSIBILITY

Aseana Properties believes in responsible business practice. This means having in place appropriate policies and procedures approved by the Board to ensure a consistent, fair and transparent standard that governs the manner in which it treats its customers, employees and shareholders. Aseana Properties manages its corporate responsibility through the development and management of sustainable, commercially viable properties that are attractive to customers and contributing higher returns to our shareholders. It reviews corporate responsibility issues as part of the risks of business, and ensure that the reputation of the Group is protected and shareholders' values are enhanced.

ENVIRONMENTAL MANAGEMENT

Aseana Properties is committed to environmental protection and stewardship. It recognises that development activities will have effects on the environment and always aims to operate in manners that mitigate the impact on the environment. For example, Aseana Properties, through its Development Manager, works with local authorities and planners to ensure that environmental protection and amenity improvement are key criteria in any project scheme. It also works with architects and designers to incorporate natural elements such as water, greenery, light and air into its schemes. It promotes best practice among contractors and suppliers in all issues relating to resource conservation and pollution control.

HEALTH AND SAFETY

Aseana Properties is committed to protecting the health and safety of its customers, suppliers and the public by providing a safe and healthy environment.

As a property developer, health and safety at project sites is a top priority for Aseana Properties. Its Development Manager works very closely with contractors to ensure that effective health and safety measures are implemented at all work sites. It also ensures that contractors implement health and safety education and training programmes to promote health and safety policies and procedures to site personnel and ensure continuous improvement of health and safety standards.

EMPLOYEES

Ireka Development Management Sdn. Bhd., Aseana Properties' Development Manager, is responsible for overseeing the day-to-day operation of the Group. The Company, however, works with the Development Manager to ensure that their employees are treated fairly and with dignity, are provided with an environment that is safe and healthy and where they may achieve their personal and career goals.

COMMUNITY

Aseana Properties believes in supporting social benefit work, and participates in community activities that enhance social progress and public welfare. Aseana Properties links its development projects closely with those of the societies it serves. During the year, Aseana Properties participated in various charity events that contributed in the areas of education, arts, as well as causes that benefit children.

STAKEHOLDERS

Aseana Properties is committed to meaningful dialogue and relevant actions with all stakeholders and will engage with them in a clear, honest and respectful way, by ongoing roadshows, conference calls and maintaining an informative website.

SENI Mont' Kiara,
Kuala Lumpur, Malaysia

CALENDAR OF **EVENTS**

Monthly:

Medical Check-up for Construction Workers of International Hi-Tech Healthcare Park

Ten (10) medical staff from Auxiliary Health Department of Binh Tan District (under Health Ministry) conducts monthly medical check-up for construction workers of International Hi-Tech Healthcare Park. The check-up includes general examination (blood pressure, heart pulse, height and weight), eyesight test, ENT and blood test. This is to ensure workers are healthy and fit to work; and to monitor any injuries at site.

February 2011:

Donation to "The Poor Fund"

Aseana Properties, through Hoa Lam-Shangri-La donated VND50,000,000 to "The Poor Fund" to meet the needs of the poor, homeless, disabled and orphaned towards better living conditions and a more secure future.

Issuance of i-ZEN Privilege Card to Buyers

Selected lifestyle brands were listed as merchant partners for the i-ZEN Privilege Card offering special benefits to the i-ZEN Community. The i-ZEN Privilege Card offers exclusive privileges ranging from shopping, dining, home and décor, health and beauty products and services, as well as special offers in celebration of birthday.

11 February 2011:
Site Visit to International Hi-Tech Healthcare Park by Ho Chi Minh City People's Committee

Ho Chi Minh City People's Committee, headed by Chairman Mr Le Hoang Quan visited International Hi-Tech Healthcare Park during their site visit to selected mega-scale projects in Ho Chi Minh City. Chairman Mr Le Hoang Quan was pleased with the project progress.

March 2011:

Contribution for Japanese Earthquake and Tsunami Victims

Aseana Properties, through Hoa Lam-Shangri-La supported the Vietnam Red Cross by donating VND 20,000,000 to aid the Japanese earthquake and tsunami victims which happened in March 2011.

02 March 2011:
Exclusive Private Preview of Tiffani by i-ZEN and SENI Mont' Kiara Penthouse Collection

The i-ZEN Penthouse Collection for SENI Mont' Kiara and Tiffani by i-ZEN was unveiled during a private preview event. The launch entitled 'Wine & Dine in The Sky' witnessed American Express® (AMEX) Platinum and Maybank Private Banking guests treated to authentic Japanese cuisine and a live jazz performance .

16 March 2011:
Appreciation Dinner for 1 Mont' Kiara Office Suites Buyers

Buyers of Menara 1MK Office Suites gathered for an informal event to celebrate the successful completion of the overall 1 Mont' Kiara integrated development. The event was also in appreciation of the buyers for their continuous support.

April 2011:

Successful Hand Over of SENI Mont' Kiara

SENI Mont' Kiara started its Vacant Possession hand over to buyers commencing April 2011 for its Phase 1 of 325 units. The Phase 2 of 280 units was handed over in October 2011. Comprising two 40-level tower blocks (Van Gogh and Picasso) and two 12-level low-rise blocks (Monet and Dali), SENI Mont' Kiara is a residential resort development perched on an 8.8-acre ridge that places it on the highest point of Mont' Kiara.

09 May 2011:
Site Visit to City International Hospital by Ho Chi Minh City People's Committee

Vice Chairman of Ho Chi Minh City People's Committee, Mr Hua Ngoc Thuan, visited the City International Hospital construction site and was satisfied with the work progress.

13 June 2011:
MOU Signing between Hoa Lam-Shangri-La and Parkway College

Hoa Lam-Shangri-La signed a Memorandum of Understanding (MOU) with the Parkway College *(a member of Parkway Group, one of the largest healthcare providers in South East Asia)* to set up a Nursing College at Lot PT2 and PT3 of International Hi-Tech Healthcare Park. Parkway College was represented by its CEO, Madam Nellie Tang.

17 June 2011:
Working Visit by Maybank Investment to International Hi-Tech Healthcare Park

Maybank Investment Bank Berhad conducted a working visit to Hanoi and Ho Chi Minh City, Vietnam to visit several development projects including the International Hi-Tech Healthcare Park project. The project presentation and site visit gave the entourage great insights into the project's selling points and the potential of Vietnam as an investment destination.

26 July 2011:
Topping Up Ceremony of Harbour Mall Sandakan and Four Points by Sheraton Sandakan Hotel and Signing of the Mall's Anchor Tenant

July 26 marked two significant milestones for the award-winning urban renewal development Sandakan Harbour Square with its topping up ceremony of Harbour Mall Sandakan and Four Points by Sheraton Sandakan hotel, as well as the signing of the mall's anchor tenant, Parkwell Departmental Store and Supermarket.

September & October 2011:

The SENI Soiree Wine & Dinner Series with Guest Chefs in SENI Mont' Kiara

As a gesture of thanks and recognition to i-ZEN buyers, Ireka hosted a series of fine dining experiences at its newly-completed residential resort development, SENI Mont' Kiara. More than a hundred i-ZEN buyers were treated to fine dining experiences over two evening soiree at SENI Mont' Kiara.

September 2011:

"For the Love of Animals" Art Exhibitions by Jolly Koh

"For the Love of Animals" Art Exhibitions by Jolly Koh marks a significant celebration at the opening of Art Salon@SENI in SENI Mont' Kiara. All proceeds from the exhibition went to three animal welfare organisations namely the Society for the Prevention of Cruelty to Animals (SPCA), Paws and Lassie.

11 November 2011:
Aseana Properties inks Hotel Management Agreement with Starwood Group to Bring In the Aloft Hotel to Asean

The signing of the Hotel Management Agreement was inked between the hotel owner, Iringan Flora Sdn. Bhd. *(a subsidiary of Aseana Properties)* and the Starwood Asia Pacific Hotels & Resorts Pte Ltd. Aloft Kuala Lumpur Sentral will bring a dynamic mix of urban style and social interplay to the KL Sentral area. The Aloft brand's bold design and social atmosphere is a big draw for the next generation of travellers who expect their lodging to reflect their constantly evolving lifestyle.

Property Roadshows:

a) **International Marketing Initiatives for SENI Mont' Kiara:**
- BANGLADESH (Dhaka) in March, May - June 2011 & February 2012
- SINGAPORE in April/ May; June – November 2011
- CHINA (Suzhou) and Taiwan in April/ May 2011
- HONG KONG in September and November 2011

b) **Local Marketing Initiatives for SENI Mont' Kiara:**
- Weekend Preview in Kuala Lumpur in July 2011
- E-mailer & website campaigns in July – December 2011
- Press advertisements in local magazines and online portals from October 2011 to January 2012
- SARAWAK (Kuching, Sibu and Miri) in November 2011
- SABAH (Kota Kinabalu and Sandakan) in December 2011
- SENI Referral Reward Programme in January, November 2011
- Bunting advertising in Kuala Lumpur from December 2011 to January 2012

BOARD OF DIRECTORS

MOHAMMED AZLAN HASHIM
Non-Executive Chairman

Mohammed Azlan Hashim was appointed as Chairman (Non-Executive) of Aseana Properties in March 2007. Currently, Azlan is also Non-Executive Chairman of Parkway Pantai Limited and Asiasons Capital Limited, which are companies based in Singapore. He is also a Non-Executive Director of Acibadem Saglik Hizmetleri Ve Ticaret A.S., a company listed on the Istanbul Stock Exchange.

In Malaysia, Azlan serves as Chairman of several public entities, listed on Bursa Malaysia Securities Berhad, including D&O Green Technologies Berhad and SILK Holdings Berhad and director of Scomi Group Bhd.

He has extensive experience working in the corporate sector including financial services and investments. Among others, he has served as Chief Executive, Bumiputra Merchant Bankers Berhad, Group Managing Director, Amanah Capital Malaysia Berhad and Executive Chairman, Bursa Malaysia Berhad Group.

Azlan also serves as a Board Member of various government related organisations including Khazanah Nasional Berhad, Labuan Financial Services Authority and is a member of Employees Provident Fund and the Government Retirement Fund Inc. Investment Panels.

Azlan holds a Bachelor of Economics from Monash University, Melbourne and qualified as a Chartered Accountant in 1981. He is a Fellow Member of the Institute of Chartered Accountants, Australia, Member of the Malaysian Institute of Accountants, Fellow Member of the Malaysian Institute of Directors, Fellow Member of the Institute of Chartered Secretaries and Administrators and Hon. Member of the Institute of Internal Auditors, Malaysia.

Christopher Henry Lovell was appointed as Director (Non-Executive) of Aseana Properties in March 2007. He was a partner in Theodore Goddard between 1983 and 1993 before setting up his own legal practice in Jersey. In 2000, he was one of the founding principals of Channel House Trustees Limited, a Jersey regulated trust company, which was acquired by Capita Group plc in 2005, when he became a director of Capita's Jersey regulated trust company.

Christopher was a director of BFS Equity Income & Bond plc between 1998 and 2004, BFS Managed Properties plc between 2001 and 2005 and Yatra Capital Limited between 2005 and 2010. His other current non-executive directorships include NR Nordic & Russia Properties Limited and Public Service Properties Investments Limited.

CHRISTOPHER HENRY LOVELL
Non-Executive Director

DAVID HARRIS
Non-Executive Director

David Harris was appointed as Director (Non-Executive) of Aseana Properties in March 2007. David is currently Chief Executive of InvaTrust Consultancy Ltd, a company that specialises in the provision of investment marketing services to the Financial Services Industry in both the UK and Europe. He was formerly Managing Director of Chantrey Financial Management Ltd, a successful investment and fund management company linked to Chartered Accountants, Chantrey Vellacott. Additionally, he also served as Director of the Association of Investment Companies overseeing marketing and technical training.

He is currently a non-executive director of a number of quoted companies in the UK including Character Group plc, COBRA Holdings plc, Small Companies Dividend Trust plc, F&C Managed Portfolio Trust plc, Manchester & London Investment Trust plc and Core VCT V plc. He writes regularly for both the national and trade press and appears regularly on TV and Radio as an investment commentator. He is a previous winner of the award "Best Investment Adviser" in the UK.

Ismail Shahudin was appointed as Director (Non-Executive) of Aseana Properties in March 2007. Ismail is chairman of Maybank Islamic Berhad, Opus Group Berhad, SMPC Corporation Berhad and also serves as Independent Non-Executive board member of several Malaysia public listed entities, among others, Malayan Banking Berhad which is Malaysia's largest bank, Nadayu Properties Berhad, EP Manufacturing Berhad, UEM Group Berhad which is a non-listed wholly-owned subsidiary of Khazanah Nasional Berhad, one of the Malaysia government's investment arms. He is also a Non-Independent Non-Executive Director of Opus International Consultants Limited, a company listed on the New Zealand Stock Exchange and a director of MCB Bank Limited, Pakistan, a company listed on the Karachi Stock Exchange.

Ismail started his career in ESSO Malaysia in 1974 before joining Citibank Malaysia in 1979. He was subsequently posted to Citibank's headquarters in New York in 1984, returning to Malaysia in 1986 as the Vice President & Group Head of Public Sector and Financial Institutions Group. Subsequently, he served as the Deputy General Manager for the then United Asian Bank Berhad before joining Maybank in 1992 in which he had spent 10 years. Ismail subsequently assumed the position of Group CEO of MMC Corporation Berhad in 2002.

Ismail holds a bachelor of Economics (Hons) degree from University of Malaya.

ISMAIL SHAHUDIN
Non-Executive Director

JOHN LYNTON JONES
Non-Executive Director

John Lynton Jones was appointed as Director (Non-Executive) of Aseana Properties in March 2007. Lynton is chairman of Bourse Consult, a consultancy that advises clients on initiatives relating to exchange trading, regulation, clearing and settlement. He has an extensive background as a chief executive of several exchanges in London, including the International Petroleum Exchange, the OM London Exchange and Nasdaq International (whose operations he set up in Europe in the late 1980s). He was chairman of the Morgan Stanley/OMX joint venture Jiway in 2000 and 2001.

He spent the first 15 years of his career in the British Diplomatic Service where he became private secretary to a minister of state and Financial Services Attaché at the British Embassy in Paris.

He has been a board member of London's Futures and Options Association, of the London Clearing House and of Kenetics Group Limited. He was the founding chairman of the Dubai International Financial Exchange (now known as Nasdaq Dubai) from 2003 until 2006. He is an advisor to the City of London Corporation and a Fellow of the Chartered Institute for Securities and Investments. He serves on the board of and is a Trustee of the Horniman Museum in London. He studied at the University of Wales, Aberystwyth, where he took a first class honours in International Politics.

Gerald Ong was appointed as Director (Non-Executive) of Aseana Properties in September 2009. Gerald is Chief Executive Officer of PrimePartners Corporate Finance Group, has over 20 years of corporate finance related experience at various financial institutions providing a wide variety of services from advisory, M&A activities and fund raising exercises incorporating various structures such as equity, equity-linked and derivative-enhanced issues. He was appointed a Director of Metro Holdings Limited listed on the Singapore Exchange Securities Trading Limited in June 2007. He served as the Chairman of the Singapore Investment Banks Association Corporate Finance Committee from 2007 to 2011.

Gerald has been granted the Financial Industry Certified Professional status and is an alumnus of the National University of Singapore, University of British Columbia and Harvard Business School.

GERALD ONG
CHONG KENG
Non-Executive Director

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The Directors present their report together with the audited financial statements of the Group for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Group are acquisition, development and redevelopment of upscale residential, commercial, hospitality and healthcare projects in the major cities of Malaysia and Vietnam.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The statement of comprehensive income for the year is set out on pages 27 to 28. A review of the development and performance of the business has been set out in the Chairman's Statement, the Development Manager's Review and the Financial Review reports.

OBJECTIVES AND STRATEGY

The Company's investment objective is to provide shareholders with an attractive overall total return achieved primarily through capital appreciation by investing in properties in Malaysia and Vietnam. The Company intends to achieve its investment objective through acquisition, development and redevelopment of upscale residential, commercial, hospitality and healthcare projects leveraging on the Development Manager's experience in these sectors. The Company will typically invest in development projects at the pre-construction stage. It will also selectively invest in projects under construction and newly completed projects with the potential for high capital appreciation.

The Company will only invest in projects where, at the time the investment is made, both the Company and the Development Manager reasonably believe that there will be a minimum 30% annualised Return on Equity ("ROE") where the Company makes investments in Vietnam and a minimum of 20% ROE where the Company makes investments in Malaysia.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's business is property development in Malaysia and Vietnam. Its principal risks are therefore related to the property market in these countries in general, and also the particular circumstances of the property development projects it is undertaking. More detailed explanations of these risks and the way they are managed are contained under the heading of Financial and Capital Risk Management Objectives and Policies in Note 4 to the financial statements.

Other risks faced by the Group in Malaysia and Vietnam include the following:

Economic	Inflation, economic recessions and movements in interest rates could affect property development activities.
Strategic	Incorrect strategy, including sector and geographical allocations and use of gearing, could lead to poor returns for shareholders.
Regulatory	Breach of regulatory rules could lead to suspension of the Company's Stock Exchange listing and financial penalties.
Law and regulations	Changes in laws and regulations relating to planning, land use, development standards and ownership of land could have adverse effects on the business and returns for the shareholders.
Tax regimes	Changes in the tax regimes could affect the tax treatment of the Company and/or its subsidiaries in these jurisdictions.
Management and control	Changes that cause the management and control of the Company to be exercised in the United Kingdom could lead to the Company becoming liable to United Kingdom taxation on income and capital gains.
Operational	Failure of the Development Manager's accounting system and disruption to the Development Manager's business, or that of a third party service providers, could lead to an inability to provide accurate reporting and monitoring leading to a loss of shareholders' confidence.
Financial	Inadequate controls by the Development Manager or third party service providers could lead to a misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations or a qualified audit report.
Going Concern	Failure of property development projects due to poor sales and collection, construction delay, inability to secure financing from banks may result in inadequate financial resources to continue operational existence and to meet financial liabilities and commitments.

The Board seeks to mitigate and manage these risks through continual review, policy setting and enforcement of contractual rights and obligations. It also regularly monitors the economic and investment environment in countries that it operates in and the management of the Group's property development portfolio. Details of the Group's internal controls are described on page 24.

RESULTS AND DIVIDENDS

The results for the year ended 31 December 2011 are set out in the attached financial statements.

An interim dividend of US$0.01 per share amounting US$2,125,250 for the financial year ended 31 December 2011 was paid to the shareholders on 15 December 2011.

PURCHASE OF OWN SHARES

The authority to purchase its own shares up to a total aggregate value of 14.99% of the issued ordinary shares capital of the Company was renewed in a resolution at its Annual General Meeting held on 14 June 2011. The authority shall expire 12 months from the date of passing of the resolution unless otherwise renewed, varied or revoked. No purchase of own shares by the Company occurred during the year ended 31 December 2011.

In January 2012, the Company purchased 500,000 of its ordinary shares of US$0.05 each in series at prices between US$0.3375 and US$0.35. Following the purchases, the Company holds 500,000 shares in treasury and has 212,025,000 shares in issue (excluding shares held in treasury).

SHARE CAPITAL

No shares have been issued in 2011. Further details on share capital are stated in Note 27 to the financial statements.

DIRECTORS

The following were directors of Aseana who held office throughout the financial year and up to the date of this report:

- Mohammed Azlan Hashim – Chairman
- Christopher Henry Lovell
- David Harris
- Ismail Shahudin
- John Lynton Jones
- Gerald Ong Chong Keng

DIRECTORS' INTERESTS

The interests of the directors in the Company's shares at 31 December 2011 and at the date of this report were as follows:

Number of Shares held:

Director	Ordinary Shares of US$0.05 Each
Christopher Henry Lovell	48,000
John Lynton Jones	20,000
David Harris	120,000
Gerald Ong Chong Keng	1,000,000

None of the other directors in office at the end of the financial year had any interest in shares in the Company during the financial year.

MANAGEMENT

The Board has contractually delegated the development management of the property development portfolio to Ireka Development Management Sdn. Bhd. (the "Development Manager"). The Development Manager is a wholly-owned subsidiary of Ireka Corporation Berhad, a company listed on Bursa Malaysia since 1993 which has over 45 years of experience in construction and property development. Under the management contract, the Development Manager will be principally responsible for, inter alia, implementing the real estate strategy for the Company, engaging, managing and coordinating third parties in relation to the development and management of properties to be acquired and lead the negotiation for the acquisition or disposal of assets and the financing of such assets.

SUBSTANTIAL SHAREHOLDERS

The Board was aware of the following direct and indirect interests comprising a significant amount of more than 3% issued share capital of the Company at the latest practicable date before the publication of this Report at 2 April 2012:

	Number of Ordinary Shares Held	Percentage of Issued Share Capital
Ireka Corporation Berhad	48,913,623	23.07%
Legacy Essence Limited	39,086,377	18.43%
Henderson Global Investors	26,246,171	12.38%
European Clearing	26,153,270	12.34%
Funds managed by Cayenne Asset Management	12,750,000	6.01%
Dr. Thong Kok Cheong	10,610,532	5.00%
Damille Investments	6,880,000	3.24%
Charlemagne Capital IOM	6,849,412	3.23%

EMPLOYEES

The Company has no executive directors or employees. A management agreement exists between the Company and its Development Manager which sets out the role of the Development Manager in managing the operating units of the Company. The Development Manager had sixty-one managerial and technical staff under its employment in Malaysia and Vietnam at 31 December 2011.

GOING CONCERN

The Directors are confident that the Group has adequate financial resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS' REPORT CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2011

CREDITORS PAYMENT POLICY

The Group's operating companies are responsible for agreeing on the terms and conditions under which business transactions with their suppliers are conducted. It is the Group's policy that payments to suppliers are made in accordance with all relevant terms and conditions. Trade creditors at 31 December 2011 amounted to 39 days (2010: 98 days) of purchases made in the year.

FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise cash balances, balances with related parties and other payables and receivables that arise in the normal course of business. The Group's Financial and Capital Risk Management Objectives and Policies are set out in Note 4 to the financial statements.

DIRECTORS' LIABILITIES

Subject to the conditions set out in the Companies (Jersey) Law 1991 (as amended), the Company has arranged appropriate Directors and Officers liability insurance to indemnify the directors against liability in respect of proceedings brought by third parties. Such provisions remain in force at the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with International Financial Reporting Standards ("IFRS"), interpretations from the International Financial Reporting Interpretations Committee ("IFRIC") and Companies (Jersey) Law 1991 (as amended).

Jersey Law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Company and of the Group for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, comparable, understandable and prudent;
- ensure that the financial statements comply with IFRS; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Jersey Law. The directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the Group's website on the internet. However, information is accessible in many different countries where legislation governing the preparation and dissemination of financial statements may differ from that applicable in the United Kingdom and Jersey.

The Directors of the Company confirm that to the best of their knowledge that:

(a) the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board; and

(b) the sections of this Report, including the Chairman's Statement, Development Manager's Review, Financial Review and Principal Risks and Uncertainties, which constitute the management report include a fair review of all information required to be disclosed by the Disclosure and Transparency Rules 4.1.8 to 4.1.11 issued by the Financial Services Authority of the United Kingdom.

DISCLOSURE OF INFORMATION TO AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditors, each director has taken all the steps that he is obliged to take as a director in order to have made himself aware of any relevant audit information and to establish that the auditor is aware of that information.

RE-APPOINTMENT OF AUDITOR

The auditor, KPMG Audit Plc, has expressed their willingness to continue in office. A resolution proposing their re-appointment will be tabled at the forthcoming Annual General Meeting.

BOARD COMMITTEES

Information on the Audit Committee, Nomination Committee, Remuneration Committee, Management Engagement Committee and Investment Committee is included in the Corporate Governance section of the Annual Report on pages 22 to 24.

ANNUAL GENERAL MEETING

The tabling of the 2011 Annual Report and Financial Statements to shareholders will be at an Annual General Meeting ("AGM") to be held in June 2012.

During the AGM, investors will be given the opportunity to question the board and to meet with them thereafter. They will be encouraged to participate in the meeting.

On behalf of the Board

MOHAMMED AZLAN HASHIM
Director

CHRISTOPHER HENRY LOVELL
Director
24 April 2012

REPORT OF DIRECTORS' REMUNERATION

DIRECTORS' EMOLUMENTS

The Company has no executive directors or employees. Since all the directors are non-executive, the provisions of the UK Corporate Governance Code in respect of the directors' remuneration are not relevant except in so far as they relate specifically to non-executive directors.

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for all non-executive directors before recommending the same to the Board for approval. The Remuneration Committee assesses the appropriateness of the emoluments on an annual basis by reference to comparable market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high calibre Board. No director participates in any discussion regarding his own remuneration.

During the year the Directors received the following emoluments in the form of fees from the Company:

Director	Year ended 31 December 2011 (US$)	Year ended 31 December 2010 (US$)
Mohammed Azlan Hashim (Chairman of the Board)	70,000	52,549
Christopher Henry Lovell (Chairman of the Audit Committee)	55,000	42,958
David Harris	48,000	41,208
Ismail Shahudin	48,000	41,208
John Lynton Jones	48,000	41,208
Gerald Ong Chong Keng	48,000	41,208
Total	317,000	260,339

SHARE OPTIONS

The Company did not operate any share option schemes during the year ended 31 December 2011.

SHARE PRICE INFORMATION

- High for the year - US$0.57
- Low for the year - US$0.34
- Close for the year - US$0.36

PENSION SCHEMES

In view of the non-executive nature of the directorships, no pension schemes exist in the Company.

SERVICE CONTRACTS

In view of the non-executive nature of the directorships, there are no service contracts in existence between the Company and any of the directors. Each director was appointed by a letter of appointment that states his appointment subject to the Articles of Association of the Company which set out the main terms of his appointment.

JOHN LYNTON JONES
Chairman of the Remuneration Committee
24 April 2012

CORPORATE GOVERNANCE STATEMENT

The Financial Services Authority requires all companies with a Premium Listing to comply with the UK Corporate Governance Code (the "Code"). Aseana is a Jersey incorporated company with a Standard Listing is therefore not subject to the Code. However, the Board recognises the importance and value of good corporate governance and voluntarily seeks to apply the principles of the Code where practical and relevant for a company of Aseana's size and nature. The following explains how the relevant principles of governance are applied to the Company.

THE BOARD

The Company currently has a Board of six non-executive directors, including the non-executive Chairman. The brief biographies of the following directors appear on pages 16 to 17 of the Annual Report 2011:

- Mohammed Azlan Hashim (Non-Executive Chairman)
- Christopher Henry Lovell
- David Harris
- Ismail Shahudin
- John Lynton Jones
- Gerald Ong Chong Keng

The Board did not appoint a Chief Executive and a Senior Independent Director as set out in the Code.

ROLE OF THE BOARD OF DIRECTORS

The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Company's strategic objectives, monitors and reviews the Company's operational and financial performance, ensures the Company has sufficient funding, examines and approves all major potential investment, acquisitions and disposals. The Board also sets the Company's values and standards and ensures that its obligations to its shareholders and other stakeholders are met. The implementation of the Company's strategy are delegated to the Development Manager and such performance is assessed by the Board regularly.

Appropriate Directors and Officers liability insurance is maintained by the Company.

MEETINGS OF THE BOARD OF DIRECTORS

The Board meets at least four times a year and at such other times as the Chairman shall require. The Board met seven times during the year ended 31 December 2011. The meetings were attended by all the directors except for David Harris who was absent once. To enable the Board to discharge its duties effectively, all directors receive accurate, timely and clear information, in an appropriate form and quality, including Board papers distributed in advance of Board meetings. All directors have access to the advice and services of the Development Manager, Company Secretary and advisors, who are responsible to the Board on matters of corporate governance.

BOARD BALANCE AND INDEPENDENCE

Being an externally-managed company, the Board consists solely of non-executive directors of which Mohammed Azlan Hashim is the non-executive Chairman. The Board considers that the directors are independent.

The Chairman is responsible for leadership of the Board, ensuring effectiveness in all aspects of its role and setting its agenda. Together, the directors bring a wide range of experience and expertise in business, law, finance and accountancy, which are required to successfully direct and supervise the business activities of the Company.

PERFORMANCE APPRAISAL

The Board undertakes an annual evaluation of its own performance and that of its Committees and individual directors in November 2011. The directors are encouraged to continually attend training courses at the Company's expense to enhance their skills and knowledge, where relevant.

RE-ELECTION OF DIRECTORS

The Company's Articles of Association provides that all Directors shall submit themselves for election at the first opportunity after their appointment, and shall not remain in office for longer than three years since their last election or re-election without submitting themselves for re-election. At the Annual General Meeting held on 14 June 2011, Mohammed Azlan Hashim and John Lynton Jones who retired by rotation as directors were re-elected to the Board.

BOARD COMMITTEES

The Board has established Audit, Nomination, Remuneration, Management Engagement and Investment Committees which deal with specific aspects of the Company's affairs, each of which has written terms of reference which are reviewed annually. No one other than the committee chairman and members of the relevant committee is entitled to be present at a meeting of board committees, but others may attend at the invitation of the board committees. Copies of the terms of reference are kept by the Company Secretary and are available on request at the Company's registered office at 12 Castle Street, St. Helier, Jersey, JE2 3RT, Channel Islands.

AUDIT COMMITTEE

The Audit Committee consists of three members and is chaired by Christopher Henry Lovell. Its other members are Mohammed Azlan Hashim and Ismail Shahudin. The Committee members have no links with the Company's external auditor and are independent of the Company's management. The Board considers that collectively the Audit Committee has sufficient recent and relevant financial experience with the ability to discharge its duties properly, through extensive service on the Boards and Audit Committees of other listed companies.

The Committee meets at least twice a year and at such other times as the Chairman of the Audit Committee shall require. Any member of the Audit Committee or the auditor may request a meeting if they consider that one is necessary. The Committee met three times during the year ended 31 December 2011. The meetings were attended by all the committee members. Representatives of the auditor, the Chief Financial Officer and Chief Executive Officer of the Development Manager may attend by invitation.

The Committee is responsible for:

- monitoring, in discussion with the auditor, the integrity of the financial statements of the Company, any formal announcements relating to the Company's financial performance and reviewing significant financial reporting judgements contained in them;
- reviewing the Company's internal financial controls and risk management system operated by the Development Manager;
- making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor to be put to the shareholders for their approval in general meetings;
- reviewing and monitoring the external auditor's independence and objectivity and effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- developing and implementing policy on engagement of the external auditor to supply non-audit services; and
- reporting to the Board any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

During the year ended 31 December 2011, the Audit Committee performed its duties as set out in the terms of reference. The main activities carried out by the Audit Committee encompassed the following:

- reviewed the audit plan for the year ended 31 December 2010 with the Company's Auditor;
- reviewed the interim financial statements, annual audited financial statements and results announcements together with the Company's Auditor before tabling to the Board for consideration and approval; and
- reviewed and discussed the Audit Committee Report for the year ended 31 December 2010 with the Company's Auditor.

NOMINATION COMMITTEE

The Nomination Committee is chaired by Mohammed Azlan Hashim. Its other members are David Harris and John Lynton Jones. The Committee meets annually and at any such times as the Chairman of the Nomination Committee shall require. The Committee met once during the year ended 31 December 2011 and the meeting was attended by all the committee members as well as other board members at the invitation of the Nomination Committee.

During the year ended 31 December 2011, the Nomination Committee carried out its functions as set out in its terms of reference which are summarised below:

- regularly reviewing the structure, size and composition (including skills, knowledge and experience) of the Board and making recommendations to the Board with regard to any change;
- considering the re-appointment of any Directors at the conclusion of their specified term of office or retiring in accordance with the Company's Articles of Association;
- identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise; and
- considering any matter relating to the continuation in office of any Director at any time.

REMUNERATION COMMITTEE

The Remuneration Committee is chaired by John Lynton Jones. Its other members are David Harris and Ismail Shahudin.

The Committee meets at least once a year and at any such times as the Chairman of the Remuneration Committee shall require. The Committee met once during the year ended 31 December 2011. The meeting was attended by all the committee members. Other board members attended the meeting at the invitation of the Remuneration Committee.

During the year ended 31 December 2011, the Remuneration Committee carried out its duties as set out in its terms of reference which are summarised below:

- determining and agreeing with the Board the framework for the remuneration of the Directors;
- setting the remuneration for all Directors; and
- ensuring that provisions regarding disclosure of remuneration as set out in the Directors' Remuneration Report Regulations 2002, are fulfilled.

MANAGEMENT ENGAGEMENT COMMITTEE

The Management Engagement Committee is chaired by Mohammed Azlan Hashim. Its other members are David Harris and John Lynton Jones. The Committee meets at least once a year and at any such times as the Chairman of the Management Engagement Committee shall require. The Committee met once during the year ended 31 December 2011. The meeting was attended by all the committee members as well as other board members at the invitation of the Management Engagement Committee.

During the year ended 31 December 2011, the Management Engagement Committee carried out its duties as set out in its terms of reference which are summarised below:

- monitoring compliance by the Development Manager with the terms of the Management Agreement;
- reviewing the terms of the Management Agreement from time to time to ensure that the terms thereof conform with market and industry practice and remain in the best interest of shareholders;
- from time to time monitor compliance by providers of other services to the Company with the terms of their respective agreements; and
- review and consider the appointment and remuneration of providers of services to the Company.

INVESTMENT COMMITTEE

The Investment Committee is appointed by the Board and comprises five members, being Kumar Tharmalingam, Lai Voon Hon, Mai Xuan Loc, Monica Lai Voon Huey and Dang The Duc. Kumar Tharmalingam, Mai Xuan Loc and Dang The Duc are independent while Lai Voon Hon and Monica Lai are the Chief Executive Officer and the Chief Financial Officer of the Development Manager respectively. The Investment Committee meets at such time as required to review and evaluate potential investments for recommendation to the Board. All the committee members attended the two meetings held during the year ended 31 December 2011. The Investment Committee is responsible for providing advisory services to the Board to consider investment and disposal recommendations of the Development Manager. During the year, the Investment Committee had reviewed and recommended two investments, one each in Malaysia and Vietnam, to the Board for consideration.

CORPORATE GOVERNANCE STATEMENT CONT'D

FINANCIAL REPORTING

The Board aims to present a balanced and understandable assessment of the Company's position and prospects in all reports to shareholders, investors and regulatory authorities. This assessment is primarily provided in the Annual Report through the Chairman's Statement, Development Manager's Review Statement, Financial Review Statement, Directors' Report and Independent Auditor's Report.

The Audit Committee has reviewed the significant reporting issues and judgements made in connection with the preparation of the Company's financial statements including significant accounting policies, significant estimates and judgements. The Audit Committee has also reviewed the clarity, appropriateness and completeness of disclosures in the financial statements.

INTERNAL AUDIT

The Board has confirmed that the systems and procedures employed by the Development Manager, including the work carried out by the internal auditor of the Development Manager, provide sufficient assurance that a sound system of internal control is maintained. An internal audit function specific to the Company is therefore considered not necessary.

AUDITOR

The Audit Committee's responsibilities include monitoring and reviewing the performance and independence of the Company's Auditor, KPMG Audit Plc.

Pursuant to audit and ethical standards, the auditor is required to assess and confirm to the Board their independence, integrity and objectivity. The auditor has carried out assessment and considers themselves to be independent, objective and in compliance with the APB (Auditing Practices Board) Ethical Standards.

INTERNAL CONTROL

The Board is responsible for the effectiveness of the Company's internal control system and is supplied with information to enable it to discharge its duties. Internal control systems are designed to meet the particular needs of the Company and to manage rather than eliminate the risk of failure to meet business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss. The process is based principally on the Development Manager's existing risk-based approach to internal controls.

During the year, the Board discharged its responsibility for internal controls through the following key procedures:

- clearly defined delegation of responsibilities to the committees of the Board and to the Development Manager, including authorisation levels for all aspects of the business;
- regular and comprehensive information provided to the Board covering financial performance and key business indicators;
- a detailed system of budgeting, planning and reporting which is approved by the Board and monitoring of results against budget with variances being followed up and action taken, where necessary; and
- regular visits to operating units and projects by the Board.

RELATIONSHIP WITH SHAREHOLDERS

The Board is committed to maintaining good communications with shareholders and has designated the Development Manager's Chief Executive Officer, Chief Financial Officer and designated members of its senior management as the principal spokesmen with investors, analysts, fund managers, the press and other interested parties. The Board is informed on material information provided to shareholders and are advised on their feedback. In addition, the Company seeks to regularly update shareholders through stock exchange announcements, press releases and participation in road shows.

To promote effective communication, the Company has a website, www.aseanaproperties.com that shareholders and investors can access for timely information.

ANNUAL GENERAL MEETING ("AGM")

The AGM is the principal forum for dialogue with shareholders. At and after the AGM, investors are given the opportunity to question the Board and seek clarification on the business and affairs of the Group.

Notices of the AGM and related papers are sent out to shareholders in good time to allow for full consideration prior to the AGM. Each item of special business included is accompanied by an explanation of the purpose and effect of a proposed resolution. The Chairman declares the number of proxy votes received for, against and withheld in respect of each resolution.

On behalf of the Board

MOHAMMED AZLAN HASHIM
Director

CHRISTOPHER HENRY LOVELL
Director
24 April 2012

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASEANA PROPERTIES LIMITED

We have audited the group and parent company financial statements of Aseana Properties Limited for the year ended 31 December 2011 which comprise the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities set out on page 20, the directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view, in accordance with International Financial Reporting Standards of the state of the group's and parent company's affairs as at 31 December 2011 and of the group's profit and the parent company's loss for the year then ended; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company; or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

WEJ HOLLAND
for and on behalf of
KPMG Audit Plc
Chartered Accountants
and Recognised Auditor
15 Canada Square
London E14 5GL
24 April 2012

Notes:

- *The maintenance and integrity of Aseana's website is the responsibility of the directors; the work carried out by auditors does not involve consideration of these matters and accordingly, KPMG Audit Plc accepts no responsibility for any changes that may have occurred to the financial statements or our audit report since 24 April 2012. KPMG Audit Plc has carried out no procedures of any nature subsequent to 24 April 2012 which in any way extends this date.*
- *Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The directors shall remain responsible for establishing and controlling the process for doing so, and for ensuring that the financial statements are complete and unaltered in any way.*

FINANCIAL
STATEMENTS

INVESTMENT GATEWAY TO **MALAYSIA** AND **VIETNAM**

CONTENTS

CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

Continuing activities	Notes	2011 US$'000	2010 US$'000
Revenue	5	**281,142**	179,345
Cost of sales	6	**(236,645)**	(177,184)
Gross profit		**44,497**	2,161
Other income	7	**2,146**	679
Administrative expenses		**(2,053)**	(1,017)
Foreign exchange loss	8	**(1,014)**	(670)
Management fees	9	**(3,972)**	(3,994)
Marketing expenses		**(2,720)**	(10,036)
Other operating expenses		**(3,210)**	(2,816)
Operating profit/ (loss)		**33,674**	(15,693)
Finance income		**602**	794
Finance costs		**(1,144)**	(534)
Net finance (costs)/ income	11	**(542)**	260
Net profit/ (loss) before taxation	12	**33,132**	(15,433)
Taxation	13	**(18,992)**	(5,795)
Profit/ (loss) for the year		**14,140**	(21,228)
Other comprehensive income, net of tax			
Foreign currency translation differences for foreign operations		**(3,364)**	3,107
Increase in fair value of available-for-sale investments		–	4,828
Total other comprehensive (expense)/ income for the year		**(3,364)**	7,935
Total comprehensive income/ (expense) for the year		**10,776**	(13,293)
Profit/ (loss) attributable to:			
Equity holders of the parent		**16,058**	(20,205)
Non-controlling interests		**(1,918)**	(1,023)
Total		**14,140**	(21,228)
Total comprehensive income/ (expense) attributable to:			
Equity holders of the parent		**12,625**	(12,206)
Non-controlling interests		**(1,849)**	(1,087)
Total		**10,776**	(13,293)
Earnings/ (loss) per share			
Basic and diluted (US cents)	14	**7.56**	(9.51)

The notes to the financial statements form an integral part of the financial statements.

COMPANY STATEMENT OF
COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

Continuing activities	Notes	2011 US$'000	2010 US$'000
Revenue	5	–	–
Cost of sales	6	–	–
Gross profit		–	–
Other income	7	–	–
Gain on remeasurement of loan receivable	25	–	14,518
Administrative expenses		**(716)**	(385)
Foreign exchange gain/ (loss)	8	**450**	(442)
Management fees	9	**(1,613)**	(1,380)
Impairment of amount due from subsidiaries	25	**(634)**	(14,957)
Other operating expenses		**(683)**	(710)
Operating loss		**(3,196)**	(3,356)
Finance income		**68**	298
Finance costs		**(4)**	(134)
Net finance income	11	**64**	164
Net loss before taxation	12	**(3,132)**	(3,192)
Taxation		–	–
Loss for the year/ Total comprehensive expense for the year		**(3,132)**	(3,192)

The notes to the financial statements form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2011

	Notes	2011 US$'000	2010 US$'000
Non-current assets			
Property, plant and equipment	15	**4,629**	4,497
Investment in an associate	16	**–**	–
Available-for-sale investments	18	**22,052**	22,052
Intangible assets	19	**15,003**	17,174
Deferred tax assets	20	**691**	19,400
Total non-current assets		**42,375**	63,123
Current assets			
Inventories	21	**285,006**	431,473
Held-for-trading financial instrument	22	**21,384**	–
Trade and other receivables	23	**33,485**	31,499
Amount due from an associate	24	**122**	382
Current tax asset		**142**	–
Cash and cash equivalents	26	**32,610**	150,385
Total current assets		**372,749**	613,739
TOTAL ASSETS		**415,124**	676,862
Equity			
Share capital	27	**10,626**	10,626
Share premium	28	**219,101**	221,226
Capital redemption reserve	30	**1,874**	1,874
Translation reserve	31	**(262)**	3,171
Fair value reserve	32	**4,828**	4,828
Accumulated losses	33	**(32,797)**	(48,858)
Shareholders' equity		**203,370**	192,867
Non-controlling interests		**4,276**	4,346
Total equity		**207,646**	197,213
Current liabilities			
Deferred revenue	34	**–**	188,462
Trade and other payables	35	**74,338**	112,940
Bank loans and borrowings	36	**37,393**	68,463
Medium term notes	39	**–**	72,923
Current tax liabilities		**4,118**	12,637
Total current liabilities		**115,849**	455,425
Non-current liabilities			
Amount due to non-controlling interests	37	**3,006**	3,048
Bank loans	38	**12,889**	21,176
Medium term notes	39	**75,734**	–
Total non-current liabilities		**91,629**	24,224
Total liabilities		**207,478**	479,649
TOTAL EQUITY AND LIABILITIES		**415,124**	676,862

The financial statements were approved on 24 April 2012 and authorised for issue by the Board and were signed on its behalf by

MOHAMMED AZLAN HASHIM
Director

CHRISTOPHER HENRY LOVELL
Director

The notes to the financial statements form an integral part of the financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2011

	Notes	2011 US$'000	2010 US$'000
Non-current assets			
Investment in subsidiaries	17	**80,946**	80,946
Total non-current assets		**80,946**	80,946
Current assets			
Trade and other receivables	23	**198**	14
Amounts due from subsidiaries	25	**150,014**	131,056
Cash and cash equivalents	26	**5,188**	33,569
Total current assets		**155,400**	164,639
TOTAL ASSETS		**236,346**	245,585
Equity			
Share capital	27	**10,626**	10,626
Share premium	28	**219,101**	221,226
Capital redemption reserve	30	**1,874**	1,874
Accumulated losses	33	**(17,044)**	(13,912)
Total equity		**214,557**	219,814
Current liabilities			
Trade and other payables	35	**947**	588
Amounts due to subsidiaries	25	**20,842**	15,727
Bank loans and borrowings	36	–	9,456
Total current liabilities		**21,789**	25,771
Total liabilities		**21,789**	25,771
TOTAL EQUITY AND LIABILITIES		**236,346**	245,585

The financial statements were approved on 24 April 2012 and authorised for issue by the Board and were signed on its behalf by

MOHAMMED AZLAN HASHIM
Director

CHRISTOPHER HENRY LOVELL
Director

The notes to the financial statements form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

Consolidated	Share Capital US$'000	Share Premium US$'000	Capital Redemption Reserve US$'000	Translation Reserve US$'000	Fair Value Reserve US$'000	Accumulated Losses US$'000	Total Equity Attributable to Equity Holders of the Parent US$'000	Non-Controlling Interest US$'000	Total Equity US$'000
1 January 2010	10,626	221,226	1,874	–	–	(28,653)	205,073	4,365	209,438
Acquisition of a subsidiary	–	–	–	–	–	–	–	93	93
Non-controlling interest contribution	–	–	–	–	–	–	–	975	975
Loss for the year	–	–	–	–	–	(20,205)	(20,205)	(1,023)	(21,228)
Total other comprehensive income	–	–	–	3,171	4,828	-	7,999	(64)	7,935
Total comprehensive expense	–	–	–	3,171	4,828	(20,205)	(12,206)	(1,087)	(13,293)
At 31 December 2010/ 1 January 2011	10,626	221,226	1,874	3,171	4,828	(48,858)	192,867	4,346	197,213
Acquisition from non-controlling interest (Note 42)	–	–	–	–	–	3	3	(14)	(11)
Non-controlling interest contribution	–	–	–	–	–	–	–	1,793	1,793
Profit for the year	–	–	–	–	–	16,058	16,058	(1,918)	14,140
Total other comprehensive expense	–	–	–	(3,433)	–	–	(3,433)	69	(3,364)
Total comprehensive expense	–	–	–	(3,433)	–	16,058	12,625	(1,849)	10,776
Dividends to equity holders of the parent	–	(2,125)	–	–	–	–	(2,125)	–	(2,125)
Shareholders' equity at 31 December 2011	**10,626**	**219,101**	**1,874**	**(262)**	**4,828**	**(32,797)**	**203,370**	**4,276**	**207,646**

Company	Share Capital US$ '000	Share Premium US$ '000	Capital Redemption Reserve US$ '000	Accumulated Losses US$ '000	Total Equity US$ '000
1 January 2010	10,626	221,226	1,874	(10,720)	223,006
Loss for the year/ Total comprehensive expense	–	–	–	(3,192)	(3,192)
At 31 December 2010/ 1 January 2011	10,626	221,226	1,874	(13,912)	219,814
Loss for the year/ Total comprehensive expense	–	–	–	(3,132)	(3,132)
Dividends to equity holders of the parent	–	(2,125)	–	–	(2,125)
Shareholders' equity at 31 December 2011	**10,626**	**219,101**	**1,874**	**(17,044)**	**214,557**

The notes to the financial statements form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 US$'000	2010 US$'000
Cash Flows from Operating Activities		
Net profit/ (loss) before taxation	**33,132**	(15,433)
Finance income	**(602)**	(794)
Finance costs	**1,144**	534
Unrealised foreign exchange loss/ (gain)	**20**	(618)
Impairment of trade receivables	**419**	–
Impairment of goodwill	**2,171**	–
Depreciation of property, plant and equipment	**142**	117
Property, plant and equipment written off	**156**	–
Fair value gain on held-for-trading financial instrument	**(26)**	–
Operating profit/ (loss) before working capital changes	**36,556**	(16,194)
Changes in working capital:		
Decrease in inventories	**150,591**	520
Increase in receivables	**(2,390)**	(7,107)
(Decrease)/ increase in deferred revenue	**(188,462)**	78,660
(Decrease)/ increase in payables	**(37,543)**	22,874
Cash (used in)/ generated from operations	**(41,248)**	78,753
Interest paid	**(5,268)**	(4,978)
Tax paid	**(8,453)**	(7,394)
Net cash (used in)/ generated from operating activities	**(54,969)**	66,381
Cash Flows from Investing Activities		
Acquisition of subsidiaries, net of cash	**–**	(18)
Acquisition of non-controlling interests	**(11)**	–
Repayment from associate	**260**	403
Proceeds from disposal of property, plant and equipment	**–**	17
Purchase of held-for-trading financial instrument	**(24,145)**	–
Disposal of held-for-trading financial instrument	**2,787**	–
Purchase of property, plant and equipment	**(591)**	(3,573)
Finance income received	**602**	794
Net cash used in investing activities	**(21,098)**	(2,377)
Cash Flows from Financing Activities		
Repayment of borrowings, bank loans and MTN	**(131,822)**	(44,763)
Drawdown of borrowings, bank loans and MTN	**104,732**	72,590
Dividend paid to equity holders of the parent	**(2,125)**	–
Net cash (used in)/ generated from financing activities	**(29,215)**	27,827
NET CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR	**(105,282)**	91,831
Effect of changes in exchange rates	**(3,037)**	2,102
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**140,929**	46,996
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Note 26)	**32,610**	140,929

The notes to the financial statements form an integral part of the financial statements.

COMPANY STATEMENT OF
CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 US$'000	2010 US$'000
Cash Flows from Operating Activities		
Net loss before taxation	**(3,132)**	(3,192)
Gain on remeasurement of loan receivable	**–**	(14,518)
Impairment of amount due from subsidiaries	**634**	14,957
Finance income	**(68)**	(298)
Finance costs	**4**	134
Unrealised foreign exchange gain	**(89)**	(295)
Operating loss before working capital changes	**(2,651)**	(3,212)
Changes in working capital:		
(Increase)/ decrease in receivables	**(184)**	24
Increase in payables	**359**	85
Cash used in operations	**(2,476)**	(3,103)
Interest paid	**(4)**	(134)
Net cash used in operating activities	**(2,480)**	(3,237)
Cash Flows from Investing Activities		
Advances to subsidiaries	**(19,592)**	(3,014)
Finance income received	**68**	298
Net cash used in investing activities	**(19,524)**	(2,716)
Cash Flows from Financing Activities		
Advances from subsidiaries	**5,115**	6,445
Dividend paid to equity holders of the parent	**(2,125)**	–
Net cash generated from financing activities	**2,990**	6,445
NET CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR	**(19,014)**	492
Effect of changes in exchange rates	**89**	295
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**24,113**	23,326
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Note 26)	**5,188**	24,113

The notes to the financial statements form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The principal activities of the Group and the Company are acquisition, development and redevelopment of upscale residential, commercial, hospitality and healthcare projects in the major cities of Malaysia and Vietnam. The Group typically invests in development projects at the pre-construction stage and may also selectively invest in projects in construction and newly completed projects with potential capital appreciation.

2 BASIS OF PREPARATION

2.1 Statement of compliance and going concern

The Group and the Company financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and IFRIC interpretations issued, and effective, or issued and early adopted, at the date of these financial statements.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The Board has reviewed the accounting policies set out below and considers them to be the most appropriate to the Group's business activities.

The financial statements have been prepared on the historical cost basis except for available-for-sale investments which are measured at fair value and on the assumption that the Group and the Company are going concerns.

The Group has prepared and considered prospective financial information derived based on assumptions and events that may occur for at least 12 months from the date of approval of the financial statements and the possible actions to be taken by the Group. Prospective financial information includes the Group's profit and cash flow forecasts for the ongoing projects. In preparing the cash flow forecasts, the Directors have considered the availability of cash and held-for-trading financial instruments, along with the adequacy of bank loans and medium term notes described in Notes 38 and 39. The forecasts incorporate current payables, committed expenditure included in Note 44 and other future expected expenditures, along with a prudent estimate of sales.

Based on these forecasts, cash resources and existing credit facilities, the Directors consider that the Group and the Company have adequate resources to continue in business for the foreseeable future. For this reason, the Directors continue to adopt going concern basis in preparing the financial statements.

The Group and the Company have not applied the following new/revised accounting standard that has been issued by International Accounting Standards Board but is not yet effective.

New/Revised International Financial Reporting Standards		Issued/ Revised	Effective Date
IFRS 9	Financial Instruments - Classification and Measurement	November 2009	Annual periods beginning on or after 1 January 2015
IFRS 10	Consolidated Financial Statements - First Impressions: Consolidated Financial Statements	May 2011	Annual periods beginning on or after 1 January 2013
IFRS 11	Joint Arrangements - First Impressions: Joint Arrangements	May 2011	Annual periods beginning on or after 1 January 2013
IFRS 12	Disclosure of Interests in Other Entities - In the Headlines - Issue 2011/16	May 2011	Annual periods beginning on or after 1 January 2013
IFRS 13	Fair Value Measurement - First Impressions: Fair Value Measurement	May 2011	Annual periods beginning on or after 1 January 2013

The Directors anticipate that the adoption of IFRS 9, 10, 11, 12 and 13 in future periods will have no material impact on the financial information of the Group or Company. IFRS 9, which becomes mandatory for the Group's 2015 Consolidation Financial Statements, could change the classification and measurement of financial assets. The Directors are currently determining the impact of IFRS 9.

2.2 Functional and presentation currency

These financial statements are presented in US Dollar (US$), which is the Company's functional currency. All financial information is presented in US$ and has been rounded to the nearest thousand, unless otherwise stated.

2.3 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are discussed below:

(a) Net realisable value of inventories
The Group assesses the net realisable of inventories under development and completed properties held for sale according to their recoverable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience and committed contracts and estimated net sales based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

(b) Fair value of available-for-sale financial assets
The fair value of available-for-sale investments which are not traded in an active market is determined based on the transaction price of the investment agreed between the shareholders of the investee company or based on the latest transacted price of the new issue of shares by the investee company or by the use of relevant valuation model.

(c) Amortisation of licence contracts and related relationships
Licence contracts and related relationships represent the rights to develop the Hi-Tech Healthcare Park venture with the operation period ending on 9 July 2077.

The Group amortises licence contracts and related relationships when a component of the venture is disposed of.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Consolidation

(a) Business combinations
Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus

3 **SIGNIFICANT ACCOUNTING POLICIES** cont'd

3.1 Basis of Consolidation cont'd

(a) Business combinations cont'd

- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combinations are expensed incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity.

Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions prior to 1 January 2010

For acquisitions prior to 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

(b) Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale.

(d) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(e) Associates

Associates are those entities in which the Group exercises significant influence, but not control over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% to 50% of the voting power of another entity.

Investments in associated entities are accounted for using the equity method and are recognised initially at cost. The cost of investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence until the date that significant influence ceases.

When the Group's shares of losses exceeds its interest in an equity-accounted investee, the carrying amount of investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(f) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but to the extent that there is no evidence of impairment.

3.2 Foreign Currencies

(a) Foreign currency transactions

The Group financial statements are presented in United States Dollar ("US$"), which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity investments, which are recognised in other comprehensive income.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to US$ at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to US$ at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interest. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed

NOTES TO THE FINANCIAL STATEMENTS CONT'D

3 **SIGNIFICANT ACCOUNTING POLICIES** cont'd

3.2 **Foreign Currencies** cont'd

(b) **Foreign operations** cont'd
to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

3.3 **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(a) **Sale of development properties**
Revenue from sales of properties is recognised when effective control of ownership of the properties is transferred to the purchasers which is the completion certificate or occupancy permit has been issued as described in Note 5.

(b) **Interest income**
Interest income is recognised as it accrues using the effective interest method in profit or loss.

(c) **Services**
Revenue from services rendered is recognised in profit or loss based on the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to work performed.

(d) **Rental income**
Rental income is recognised in profit or loss on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income is recognised as other income.

3.4 **Property, Plant and Equipment**

All property, plant and equipment are stated at cost less depreciation unless otherwise stated. Cost includes all relevant external expenditure incurred in acquiring the asset.

The Group selects its depreciation rates carefully and reviews them regularly to take account of any changes in circumstances. When determining expected economic lives, the Group considers the expected rate of technological developments and the intensity at which the assets are expected to be used. All assets are subject to annual review and where necessary, further write-downs are made for any impairment in value.

Property, plant and equipment are recorded at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing parts of such plant and equipment when that cost is incurred if the recognition criteria are met. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a reducing balance basis over its expected useful life:

Leasehold building	6 - 25 years
Furniture, fittings and equipment	4 - 10 years
Motor vehicles	5 years

The initial cost of equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the equipment has been placed into operation, such as repairs and maintenance and overhaul costs, are normally charged to the statement of comprehensive income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of equipment beyond its original assessed standard of performance, the expenditures are capitalised as an additional cost of equipment. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of equipment.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period the asset is derecognised.

3.5 **Income tax**

Income tax expense comprises current tax and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.6 **Financial instruments**

(a) **Non-derivatives financial assets**
The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a

3 SIGNIFICANT ACCOUNTING POLICIES cont'd

3.6 Financial instruments cont'd

(a) Non-derivatives financial assets cont'd

legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

(b) Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and at bank, deposits held at call and short term highly liquid investments that are subject to an insignificant risk of changes in value. Bank overdrafts are included within borrowings in the current liabilities section on the statement of financial position.

(e) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

(f) Non-derivatives financial liabilities

All financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when the contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into other financial liability category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loan and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Accounting for interest income and finance cost is discussed in Note 3.3(b) and 3.11.

(g) Share capital

Equity instruments are measured at the proceeds received net of direct issue costs.

Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are reissued by re-sale in the open market, the sales consideration is recognised in equity.

Where treasure shares are cancelled, the equivalent will be credited to capital redemption reserves.

(h) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expire. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.7 Intangible Assets

Intangible assets comprise of licence contracts and related relationships and goodwill.

(a) Licence Contracts and Related Relationships

On acquisition, value is attributable to non-contractual relationships and other contracts of long-standing to the extent that future economic benefits are expected to flow from the relationships. Acquired licence contracts and related relationships have finite useful lives.

Subsequent measurement

When a component of the project to which the licence contracts and related relationships relate is disposed of, the part of the carrying amount of the licence contracts and related relationships that has been allocated to the component is recognised in profit or loss.

(b) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1 (a).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

3 **SIGNIFICANT ACCOUNTING POLICIES** cont'd

3.8 Inventories

Inventories comprise land held for property development, work-in-progress and stock of completed units.

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated net selling price in the ordinary course of business, less estimated total costs of completion.

Land held for property development consists of reclaimed land, freehold land, leasehold land and land use rights on which development work has not been commenced along with related costs on activities that are necessary to prepare the land for its intended use. Land held for property development is transferred to work-in-progress when development activities have commenced.

Work-in-progress comprises all costs directly attributable to property development activities or that can be allocated on a reasonable basis to these activities.

Upon completion of development, unsold completed development properties are transferred to stock of completed units.

3.9 Impairment

(a) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economics conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

(b) Loans and receivables

The Group considers evidence of impairment for loans and receivables at a specific asset level. All individually significant receivables are assessed for specific impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the loss is recognised in the statement of comprehensive income within administrative expenses. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of comprehensive income.

When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(c) Impairment of available-for-sale investment

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

(d) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax asset) are reviewed at the end of each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. For other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

3.10 Employee Benefits

Defined contribution plan

Certain companies in the Group maintain a defined contribution plan in Malaysia and Vietnam for providing employee benefits, which is required by laws in Malaysia and Vietnam respectively. The retirement benefit plan is funded by contributions from both the employees and the companies to the employees' provident fund. The Group's contributions to employees' provident fund are charged to the statement of comprehensive income in the year to which they relate.

3.11 Finance Costs

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale, are capitalised to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other finance costs are recognised in the statement of comprehensive income in the period in which they are incurred.

3.12 Separately Disclosable Items

Items that are both material in size and unusual and infrequent in nature are presented as separately disclosable items in the statement of comprehensive income or separately disclosed in the notes to the financial statements. The Directors are of the opinion that the separate recording of these items provides helpful information about the Group's underlying business performance.

3 **SIGNIFICANT ACCOUNTING POLICIES** cont'd

3.13 Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.14 Provisions

Provisions are recognised if, as a result of past event, the Group has a present legal or constructive obligation that can be estimated reliably as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

3.15 Commitments and Contingencies

Commitments and contingent liabilities are disclosed in the financial statements and described in Note 44. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activitie from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Management of Ireka Development Management Sdn. Bhd. ("IDM"), to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Executive Management of IDM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly the Group's administrative functions.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

4 **FINANCIAL RISK MANAGEMENT**

4.1 Financial Risk Management Objectives and Policies

The Group's international operations and debt financing arrangements expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign exchange risk, interest rate risk and price risk). The Group's financial risk management policies and their implementation on a group-wide basis are under the direction of the Board of Aseana Properties Limited.
The Group's treasury policies are formulated to manage the financial impact of fluctuations in interest rates and foreign exchange rates to minimise the Group's financial risks. The Group has not used derivative financial instruments, principally interest rate swaps and forward foreign exchange contracts for hedging transactions. The Group does not envisage using these derivative hedging instruments in the short term as it is the Group's policy to borrow in the currency to match the revenue stream to give it a natural hedge against foreign currency fluctuation. The derivative financial instruments will only use under the strict direction of the Board. It is also the Group's policy not to enter into derivative transactions for speculative purposes.

4.2 Credit Risk

The Group's credit risk is primarily attributable to deposits with banks and credit exposures to customers. The Group has credit policies in place and the exposures to these credit risks are monitored on an ongoing basis. The Group manages its deposits with banks and financial institutions by monitoring credit ratings and limiting the aggregate risk to any individual counterparty. At 31 December 2011, 100% (2010: 100%) of deposits and cash balances were placed at banks and financial institutions with credit ratings of no less than A (Moody's/ Rating Agency Malaysia) and with State Affiliated Banks, in the case of Vietnam. Management did not expect any counterparty to fail to meet its obligations.

In respect of credit exposures to customers, the Group receives progress payments from sales of commercial and residential properties to individual customers prior to the completion of transactions. In the event of default by customers, the Group companies undertake legal proceedings to recover the properties. The Group has limited its credit exposure to customers due to secured bank loans taken by the purchasers. At 31 December 2011, there was no significant concentration of credit risk within the Group.

Amount due from an associate is supported by underlying assets. The maximum exposure to credit risk was represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

The Group's exposure to credit risk arising from total debtors was set out in Note 23 and totalled US$33.5 million (2010: US$31.5 million). The Group's exposure to credit risk arising from deposits and balances with banks are set out in Note 26 and totalled US$32.6 milllion (2010: US$150.3 million).

At the end of the reporting period, the maximum exposure to credit risk as represented by the outstanding banking and credit facilities of the subsidiaries is as follows:

Corporate guarantees issues to:

Company	2011 US$'000	2010 US$'000
Financial institutions for bank facilities granted to its subsidiaries	77,322	–

At the end of the reporting period there was no indication that any subsidiary would default on payment.

The financial guarantee has not been recognised since the fair value on initial recognition was not material.

4.3 Liquidity Risk

The Group raises funds as required on the basis of budgeted expenditure and inflows for the next twelve months with the objective of ensuring adequate funds to meet commitments associated with its financial liabilities. When funds are sought, the Group balances the costs and benefits of equity and debt financing against the developments to be undertaken. At 31 December 2011, the Group's borrowings to fund the developments had tenors of less than five years.

Cash flows are monitored on an on-going basis. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long term and short term financial liabilities as well as cash out flows due in its day to day operations while ensuring sufficient headroom on its undrawn committed borrowing facilities at all times so that borrowing limits and covenants are not breached. Capital investments are committed only after confirming the source of funds, e.g. securing financial liabilities.

Management is of the opinion that most of the bank borrowings can be renewed or re-financed based on the strength of the Group's earnings, cash flow and asset base.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

4 FINANCIAL RISK MANAGEMENT cont'd

4.3 Liquidity Risk cont'd

The maturity profile of the Group's and the Company's financial liabilities at the statement of financial position date, based on the contracted undiscounted payments, were as follows:

Group	Carrying amount US$'000	Contractual interest rate	Contractual cash flows US$'000	Under 1 year US$'000	1 – 2 years US$'000	2 – 5 years US$'000	More than 5 years US$'000
At 31 December 2011							
Interest bearing loans and borrowings	**126,016**	**5.33% - 23%**	**146,836**	**44,184**	**33,487**	**69,165**	–
Trade and other payables	**74,338**	–	**74,338**	**74,338**	–	–	–
	200,354		**221,174**	**118,522**	**33,487**	**69,165**	–
At 31 December 2010							
Interest bearing loans and borrowings	153,106	4.85% - 13%	162,992	139,991	9,217	13,784	–
Bank overdraft	9,456	0.84%	9,456	9,456	–	–	–
Trade and other payables	112,940	–	112,940	112,940	–	–	–
	275,502		285,388	262,387	9,217	13,784	–

Company	Carrying amount US$'000	Contractual interest rate	Contractual cash flows US$'000	Under 1 year US$'000	1 – 2 years US$'000	2 – 5 years US$'000	More than 5 years US$'000
At 31 December 2011							
Trade and other payables	**947**	–	**947**	**947**	–	–	–
	947		**947**	**947**	–	–	–
At 31 December 2010							
Bank overdraft	9,456	0.84%	9,456	9,456	–	–	–
Trade and other payables	588	–	588	588	–	–	–
	10,044		10,044	10,044	–	–	–

The above table excludes current tax liabilities.

4.4 Market Risk

(a) Foreign Exchange Risk

Entities within the Group are exposed to foreign exchange risk from future commercial transactions and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency. The foreign currency exposure is not hedged.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Management monitors the foreign currency exposure closely and takes necessary actions in consultation with the bankers to avoid unfavourable exposure.

The Group is exposed to foreign currency risk on cash and cash equivalents which are denominated in currencies other than the functional currency of the relevant Group entity. The Group's exposure to foreign currency risk on cash and cash equivalents at year end is as follows:

Group	2011 US$'000	2010 US$'000
Swiss Francs	–	15,465
Euros	**411**	5,074
Australian Dollars	–	1,986
Others	**10**	9
	421	22,534

At 31 December 2011, if cash and cash equivalents denominated in a currency other than the functional currency of the Group entity strengthened / (weakened) by 10% and all other variables were held constant, the effects on the Group profit and loss and equity expressed in US$ would have been US$42,100 / (US$42,100).

4 FINANCIAL RISK MANAGEMENT cont'd

4.4 Market Risk cont'd

(a) Foreign Exchange Risk cont'd

Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

Subsequent to year end, there are no significant monetary balances held by group companies that are denominated in a non-functional currency.

(b) Interest Rate Risk

The Group's policy is to minimise interest rate risk on bank loans and borrowings using a mix of fixed and variable rate debts that represent market rates. The Group prefers to maintain flexibility on the desired mix of fixed and variable interest rate as this will depend on the economic environment, the type of borrowings available and the funding requirements of the project when a decision is to be made.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instrument, based on carrying amounts at the end of the reporting period was:

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Fixed rate instruments:				
Financial assets	**32,610**	150,385	**5,188**	33,569
Financial liabilities	**75,734**	72,923	–	–
Floating rate instruments:				
Financial liabilities	**50,282**	89,639	–	9,456

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's liabilities with a floating interest rate. The fixed and floating interest rates were not hedged and would therefore expose the Group to cash flow interest rate risk. Borrowings at fixed rate represent 60% (2010: 45%) of the Group's borrowings at 31 December 2011.

Interest rate risk is reported internally to key management personnel via a sensitivity analysis, which is prepared based on the exposure to variable interest rate for non-derivative instruments at the statement of financial position date. For variable-rate borrowings, the analysis is prepared assuming that the amount of liabilities outstanding at the statement of financial position date will be outstanding for the whole year. A 100 basis point increase or decrease is used and represents the management's assessment of the reasonable possible change in interest rate.

Sensitivity analysis for floating rate instrument

At 31 December 2011, if interest rate had been 100 basis point higher/ lower and all other variables were held constant, this would (decrease)/ increase the Group's profit for the year by approximately (US$502,820)/ US$502,820 (2010: increase/(decrease) by US$896,390/ (US$896,390)).

(c) Price Risk

Equity price risk arises from the Group's investments in unquoted shares which are available-for-sale and held by the Group at fair value at reporting date. Gains and losses arising from changes in the fair value of available-for-sale investments are recognised in other comprehensive income/expense.

The Group had no exposure to listed equity investments at the reporting date.

4.5 Fair Values

The carrying amount of trade and other receivables, deposits, cash and cash equivalents, trade and other payables, accruals and current bank loans and borrowings approximate their fair values in the current and prior years due to relatively short term in nature of these financial instruments.

Non-current bank loans and borrowings earn interest at floating rates and the fair value in the current and prior years approximates to the carrying value.

The fair value of Medium Term Notes ("MTN"), together with the carrying amounts shown in the statement of financial position, is as follows:

	2011		2010	
Group	Carrying amount US$'000	Fair value US$'000	Carrying amount US$'000	Fair value US$'000
MTN	**75,734**	**72,175**	72,923	72,923

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest rate at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

At 31 December 2011, the interest rate used to discount estimated cash flows of the MTN is 7.08%.

At 31 December 2010, the MTN was due for repayment within the next 12 months. Hence, the fair value approximated the carrying value.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

4 FINANCIAL RISK MANAGEMENT cont'd

4.6 Management and Control

Changes that cause the management and control of the Company to be exercised in the United Kingdom could lead to the Company becoming liable to United Kingdom taxation on income and capital gains.

4.7 Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the Group consisted of held-for-trading financial instrument, cash and cash equivalents, bank loans and borrowings, medium term notes and equity attributable to equity holders of the Company, comprising issued share capital and reserves, were as follows:

Group	2011 US$'000	2010 US$'000
Capital structure analysis:		
Held-for-trading financial instrument	**21,384**	–
Cash and cash equivalents	**32,610**	150,385
Bank loans and borrowings	**(50,282)**	(89,639)
Medium term notes	**(75,734)**	(72,923)
Equity attributable to equity holders of the parent	**(203,370)**	(192,867)
Total capital	**(275,392)**	(205,044)

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of net debt-to-equity ratio.

Net debt-to-equity ratio is calculated as a total of interest-bearing borrowings less cash and cash equivalents to the total equity.

The Group's policy is to maintain the net debt-to-equity ratio of less than 1.0. The net debt-to-equity ratios at 31 December 2011 and 31 December 2010 were as follows:

Group	2011 US$'000	2010 US$'000
Total borrowings	**126,016**	162,562
Less: Held-for-trading financial instrument (Note 22)	**(21,384)**	–
Less: Cash and cash equivalents (Note 26)	**(32,610)**	(150,385)
Net debt	**72,022**	12,177
Total equity	**207,646**	197,213
Net debt-to-equity ratio	**0.35**	0.06

5 REVENUE AND SEGMENTAL INFORMATION

The gross revenue represents the sales value of development properties where the effective control of ownership of the properties is transferred to the purchasers when the completion certificate or occupancy permit has been issued.

The Company is an investment holding company and has no operating revenue. The Group's operating revenue for the year was mainly attributable to the sale of development properties in Malaysia.

5.1 Revenue recognised during the year as follows:

	Group 2011 US$'000	Group 2010 US$'000	Company 2011 US$'000	Company 2010 US$'000
Sale of development properties	**280,788**	178,778	–	–
Project management fee	**354**	567	–	–
	281,142	179,345	–	–

5 **REVENUE AND SEGMENTAL INFORMATION** cont'd

5.2 Segmental Information

The Group's assets and business activities are managed by Ireka Development Management Sdn. Bhd. ("IDM") as the Development Manager under a management agreement dated 27 March 2007.

Segmental information represents the level at which financial information is reported to the Executive Management of IDM, being the chief operating decision maker as defined in IFRS 8. The Executive Management consists of the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer of IDM. The management determines the operating segments based on reports reviewed and used by the Executive Management for strategic decision making and resource allocation. For management purposes, the Group is organised into project units.

The Group's reportable operating segments are as follows:

(i) Ireka Land Sdn. Bhd. – develops Tiffani by i-ZEN and 1 Mont' Kiara by i-ZEN;
(ii) ICSD Ventures Sdn. Bhd. – develops Sandakan Harbour Square; and
(iii) Amatir Resources Sdn. Bhd. – develops SENI Mont' Kiara.

Other non-reportable segments comprise the Group's Vietnam subsidiaries which develop the Hi-Tech Healthcare Park and other new development projects. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2011 and 2010.

Information regarding the operations of each reportable segment is included below. The Executive Management monitors the operating results of each segment for the purpose of performance assessments and making decisions on resource allocation. Performance is based on segment gross profit and profit before taxation, which the Executive Management believes are the most relevant in evaluating the results relative to other entities in the industry. Segment assets and liabilities are presented inclusive of inter-segment balances and inter-segment pricing is determined on an arm's length basis.

The Group's revenue generating development projects are currently only in Malaysia since development activities in Vietnam are still at approved and construction stages.

5.3 Analysis of the group's reportable operating segments is as follows:

Operating Segments – ended 31 December 2011

	Ireka Land Sdn. Bhd. US$'000	ICSD Ventures Sdn. Bhd. US$'000	Amatir Resources Sdn. Bhd. US$'000	Total US$'000
Segment profit/ (loss) before taxation	**2,204**	**(1,488)**	**38,725**	**39,441**
Included in the measure of segment profit/ (loss) are:				
Revenue	1,885	3,932	274,971	280,788
Cost of acquisition written down	(1,216)	(1,030)	(40,053)	(42,299)
Goodwill impairment	–	–	(2,171)	(2,171)
Marketing expenses	–	(80)	(2,640)	(2,720)
Depreciation of property, plant and equipment	(19)	(23)	(1)	(43)
Finance costs	–	(65)	(203)	(268)
Finance income	238	95	163	496
Segment assets	**23,913**	**94,286**	**128,669**	**246,868**
Included in the measure of segment assets are:				
Addition to non-current assets other than financial instruments and deferred tax assets	–	63	–	63

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities and other material items

Profit or loss	US$'000
Total profit or loss for reportable segments	39,441
Other non-reportable segments	(5,440)
Depreciation	(99)
Finance cost	(876)
Finance income	106
Consolidated profit before tax	33,132

NOTES TO THE FINANCIAL STATEMENTS CONT'D

5 REVENUE AND SEGMENTAL INFORMATION cont'd

5.3 Analysis of the group's reportable operating segments is as follows: cont'd

Operating Segments – ended 31 December 2010

	Ireka Land Sdn. Bhd. US$'000	ICSD Ventures Sdn. Bhd. US$'000	Amatir Resources Sdn. Bhd. US$'000	Total US$'000
Segment loss before taxation	(5,977)	(1,101)	(4,631)	(11,709)
Included in the measure of segment loss are:				
Revenue	176,337	2,441	–	178,778
Cost of acquisition written down	(28,329)	(1,276)	–	(29,605)
Marketing expenses	(6,219)	(204)	(3,613)	(10,036)
Depreciation of property, plant and equipment	(28)	(7)	–	(35)
Finance costs	–	(400)	–	(400)
Finance income	253	64	56	373
Segment assets	139,927	75,767	316,015	531,709
Included in the measure of segment assets are:				
Addition to non-current assets other than financial instruments and deferred tax assets	–	67	–	67

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities and other material items

Profit or loss	US$'000
Total profit or loss for reportable segments	(11,709)
Other non-reportable segments	(3,929)
Depreciation	(82)
Finance cost	(134)
Finance income	421
Consolidated loss before tax	(15,433)

2011 US$'000	Revenue	Depreciation	Finance costs	Finance income	Segment assets	Addition to non-current assets
Total reportable segment	**280,788**	**(43)**	**(268)**	**496**	**246,868**	**63**
Other non-reportable segments	**354**	**(99)**	**(876)**	**106**	**168,256**	**528**
Consolidated total	**281,142**	**(142)**	**(1,144)**	**602**	**415,124**	**591**

2010 US$'000	Revenue	Depreciation	Finance costs	Finance income	Segment assets	Addition to non-current assets
Total reportable segment	178,778	(35)	(400)	373	531,709	67
Other non-reportable segments	567	(82)	(134)	421	145,153	3,506
Consolidated total	179,345	(117)	(534)	794	676,862	3,573

5 REVENUE AND SEGMENTAL INFORMATION cont'd

5.3 Analysis of the group's reportable operating segments is as follows: cont'd

Geographical Information – ended 31 December 2011

	Malaysia US$'000	Vietnam US$'000	Others US$'000	Consolidated US$'000
Revenue	**281,142**	–	–	**281,142**
Non-current assets	**8,504**	**33,871**	–	**42,375**

Others include Jersey, British Virgin Islands and Singapore.

In 2011, no single customer exceeded 10% of the Group's total revenue.

Geographical Information – ended 31 December 2010

	Malaysia US$'000	Vietnam US$'000	Others US$'000	Consolidated US$'000
Revenue	179,345	–	–	179,345
Non-current assets	29,267	33,856	–	63,123

Others include Jersey, British Virgin Islands and Singapore.

In 2010, major customers which exceeded 10% of the Group's total revenues were as follows:

	Revenue US$'000	Segments
1MK Office Sdn. Bhd.	31,150	Ireka Land Sdn. Bhd.
1MK Retail Sdn. Bhd.	72,580	Ireka Land Sdn. Bhd.

6 COST OF SALES

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Direct costs attributable to property development	**236,645**	177,184	–	–

7 OTHER INCOME

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Dividend income	**268**	237	–	–
Forfeiture income	–	89	–	–
Investment income	**295**	93	–	–
Late payment interest income	**514**	121	–	–
Rental income	**643**	–	–	–
Sundry income	**426**	139	–	–
	2,146	679	–	–

NOTES TO THE FINANCIAL STATEMENTS CONT'D

8 FOREIGN EXCHANGE (LOSS)/ GAIN

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Foreign exchange (loss)/ gain comprises:				
Realised foreign exchange (loss)/ gain	**(994)**	(1,288)	**361**	(737)
Unrealised foreign exchange (loss)/ gain	**(20)**	618	**89**	295
	(1,014)	(670)	**450**	(442)

9 MANAGEMENT FEES

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Management fees	**3,972**	3,994	**1,613**	1,380

The management fees payable to the Development Manager are based on 2% of the Group's net asset value calculated on the last business day of March, June, September and December of each calendar year and payable quarterly in advance. The management fees were allocated to the subsidiaries and Company based on where the service was provided.

In addition to the annual management fee, the Development Manager is entitled to a performance fee calculated at 20% of the out performance net asset value over a total return hurdle rate of 10%. No performance fee has been paid during the year.

10 STAFF COSTS

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Wages, salaries and others	**924**	918	**–**	–
Employees' provident fund, social security and other pension costs	**33**	30	**–**	–
	957	948	**–**	–

The Company has no executive directors or employees under its employment. The Group's subsidiaries, ICSD Ventures Sdn. Bhd., ASPL PLB-Nam Long Ltd Liability Co, Aseana-BDC Co Ltd and Hoa Lam–Shangri-La Healthcare Ltd Liability Co have a total of 56 (2010: 46) employees.

11 FINANCE (COSTS)/ INCOME

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Interest income from banks	**602**	794	**68**	298
Agency fees	**(26)**	–	**–**	–
Annual trustees monitoring fee	**(6)**	–	**–**	–
Bank guarantee commission	**(152)**	–	**–**	–
Interest on bank overdraft	**(4)**	(134)	**(4)**	(134)
Interest on short term loan	**(956)**	(400)	**–**	–
	(542)	260	**64**	164

All finance costs above are carried at amortised cost.

12 NET PROFIT/ (LOSS) BEFORE TAXATION

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Net profit/ (loss) before taxation is stated after charging/(crediting):				
• Auditor's remuneration				
- current year	**193**	163	**106**	100
- under/(over) provision in prior year	**29**	(27)	**13**	(29)
• Directors' fees	**317**	260	**317**	260
• Depreciation of property, plant and equipment	**142**	117	**–**	–
• Fair value gain on held-for-trading financial instrument	**(26)**	–	**–**	–
• Impairment of amount due from subsidiaries	**–**	–	**634**	14,957
• Impairment of goodwill	**2,171**	–	**–**	–
• Impairment of trade receivables	**419**	–	**–**	–
• Property, plant and equipment written off	**156**	–	**–**	–
• Staff costs	**957**	948	**–**	–
• Tax services	**8**	6	**–**	–

13 TAXATION

Group	2011 US$'000	2010 US$'000
Current tax	**128**	16,788
Deferred tax	**18,864**	(10,993)
Total tax expense for the year	**18,992**	5,795

The numerical reconciliation between the income tax expenses and the product of accounting results multiplied by the applicable tax rate is computed as follows:

Group	2011 US$'000	2010 US$'000
Accounting profit/ (loss)	**33,132**	(15,433)
Income tax at a rate of 25%*	**8,283**	(3,858)
Add:		
Tax effect of expenses not deductible in determining taxable profit	**9,179**	10,076
Movement of unrecognised deferred tax benefits	**1,190**	68
Tax effect of different tax rates in subsidiaries**	**477**	288
Less:		
Tax effect of income not taxable in determining taxable profit	**(186)**	(555)
Under/(over) provision	**49**	(224)
Total tax expense for the year	**18,992**	5,795

* The applicable corporate tax rate in Malaysia and Vietnam is 25%.

** The applicable corporate tax rate in Singapore is 17%. A subsidiary of the Group, Hoa Lam-Shangri-La Healthcare Ltd Liability Co is granted preferential corporate tax rate of 10%. The preferential income tax is given by the government due to the subsidiary's involvement in the healthcare and education industries.

The Company is treated as a tax resident for the purpose of Jersey tax laws and is subject to a tax rate of 0%.

A Goods and Services Tax was introduced in Jersey in May 2008. The Company has been registered as an International Services Entity so that it does not have to charge or pay local GST. The cost for this application has been £100 p.a., increasing to £200 from 1 January 2011.

The Directors intend to conduct the Group's affairs such that the central management and control is not exercised in the United Kingdom and so that neither the Company nor any of its subsidiaries carries on any trade in the United Kingdom. The Company and its subsidiaries will thus not be residents in the United Kingdom for taxation purposes. On this basis, they will not be liable for United Kingdom taxation on their income and gains other than income derived from a United Kingdom source.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

14 EARNINGS/ (LOSS) PER SHARE

Basic and diluted earnings/ (loss) per ordinary share
The calculation of basic and diluted earnings/ (loss) per ordinary share for the year ended 31 December 2011 was based on the profit/ (loss) attributable to equity holders of the parent and a weighted average number of ordinary shares outstanding, calculated as below:

Group	2011 US$'000	2010 US$'000
Profit/ (loss) attributable to equity holders of the parent	**16,058**	(20,205)
Weighted average number of shares	**212,525**	212,525
Earnings/ (loss) per share (US cents):		
Basic and diluted	**7.56**	(9.51)

15 PROPERTY, PLANT AND EQUIPMENT

Group	Furniture, Fittings & Equipment US$'000	Motor Vehicles US$'000	Leasehold Building US$'000	Work In Progress US$'000	Total US$'000
Cost					
At 1 January 2011	**779**	**142**	**735**	**3,075**	**4,731**
Exchange adjustments	**(29)**	**(8)**	**(53)**	**(81)**	**(171)**
Additions	**88**	**3**	**165**	**335**	**591**
Written off	**(243)**	**–**	**–**	**–**	**(243)**
At 31 December 2011	**595**	**137**	**847**	**3,329**	**4,908**
Accumulated Depreciation					
At 1 January 2011	**171**	**24**	**39**	**–**	**234**
Exchange adjustments	**(5)**	**(1)**	**(4)**	**–**	**(10)**
Charge for the year	**81**	**15**	**46**	**–**	**142**
Written off	**(87)**	**–**	**–**	**–**	**(87)**
At 31 December 2011	**160**	**38**	**81**	**–**	**279**
Net carrying amount at 31 December 2011	**435**	**99**	**766**	**3,329**	**4,629**
Cost					
At 1 January 2010	370	81	732	–	1,183
Exchange adjustments	37	–	(38)	–	(1)
Additions	396	61	41	3,075	3,573
Disposals	(24)	–	–	–	(24)
At 31 December 2010	779	142	735	3,075	4,731
Accumulated Depreciation					
At 1 January 2010	96	12	5	–	113
Exchange adjustments	10	1	–	–	11
Charge for the year	72	11	34	–	117
Disposals	(7)	–	–	–	(7)
At 31 December 2010	171	24	39	–	234
Net carrying amount at 31 December 2010	608	118	696	3,075	4,497

In 2010, a subsidiary of the Company entered into a sales and purchase agreement with an associate to purchase a hotel property. Included in work in progress is the deposit paid for the purchase of the hotel property, which the subsidiary intends to manage and operate when the construction is completed.

16 INVESTMENT IN AN ASSOCIATE

The Company, via a wholly-owned subsidiary ASPL M3A Limited, maintains 40% equity interest in a company known as Excellent Bonanza Sdn. Bhd., a company incorporated in Malaysia, which is a vehicle set up to undertake a commercial development in Kuala Lumpur, Malaysia.

The summary of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the associate is as follows:

Group	2011 US$'000	2010 US$'000
Statement of Financial Position		
Non-current assets	**4,527**	1,330
Current assets	**125,409**	69,762
Total assets	**129,936**	71,092
Non-current liabilities	**–**	36,173
Current liabilities	**131,392**	35,913
Total liabilities	**131,392**	72,086
Equity	**(1,456)**	(994)
Total Equity and Liabilities	**129,936**	71,092
Statement of Comprehensive Income		
Other operating income	**12**	205
Cost of sales, expenses including finance costs and taxation	**(500)**	(619)
Loss	**(488)**	(414)

The amount of unrecognised share of loss for the current year and cumulatively is US$184,732 (2010: US$184,727) and US$582,294 (2010: US$397,562) respectively.

17 INVESTMENT IN SUBSIDIARIES

Company	2011 US$'000	2010 US$'000
Unquoted shares, at cost	**66,428**	66,428
Discount on loans to subsidiaries	**14,518**	14,518
	80,946	80,946

A list of the main operating subsidiaries is provided in Note 43.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

18 AVAILABLE-FOR-SALE INVESTMENTS

Group 2011	Unquoted shares US$'000
1 January – fair value	**22,052**
At 31 December – fair value	**22,052**

The available-for-sale investments represent the investment in shares of Nam Long Investment Corporation which the Group acquired over four tranches in 2008 and 2009.

Group 2010	Unquoted shares US$'000
At 1 January - cost	17,224
Revaluation	4,828
At 31 December – fair value	22,052

In 2010, the fair value of the available-for-sale investments was determined by reference to the latest transacted price paid by a new investor during the year. The Directors are of the opinion that the fair value remained unchanged at the end of the reporting period.

In March 2009, IFRS 7 Financial Instruments: Disclosures was amended by the IASB to require certain additional disclosures to be included in IFRS financial statements. This includes a requirement that financial instruments carried at fair value be analysed by level of the IFRS 7 defined fair value hierarchy. This hierarchy is based on the inputs of the fair value measurement and reflects the lowest level input that is significant to that measurement. The Directors are of the opinion that the available-for-sale investments at 31 December 2011 is classified under Level 3 (fair values measured using inputs for the asset or liability that are not based on observable market data).

The Directors assessed the fair value of the available-for-sale investment internally by reference to relevant valuation techniques and deemed that the carrying value approximates the investment's fair value at 31 December 2011.

19 INTANGIBLE ASSETS

Group	Licence Contracts and Related Relationships US$'000	Goodwill US$'000	Total US$'000
Cost			
At 1 January 2010 / 31 December 2010 / 31 December 2011	**10,695**	**6,479**	**17,174**
Accumulated impairment losses			
At 1 January 2010 / 31 December 2010	–	–	–
Impairment loss	–	2,171	2,171
At 31 December 2011	**–**	**2,171**	**2,171**
Carrying amounts			
At 1 January 2010 / 31 December 2010/ 1 January 2011	10,695	6,479	17,174
At 31 December 2011	**10,695**	**4,308**	**15,003**

The licence contracts and related relationships represented the rights to develop the International Hi-Tech Healthcare Park venture with an operation period ending on 9 July 2077. The project is at its preliminary stage.

For the purpose of impairment testing, goodwill and licence contracts and related relationships are allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill and licence contracts and related relationships are monitored for internal management purposes.

19 INTANGIBLE ASSETS cont'd

The aggregate carrying amounts of intangible assets allocated to each unit are as follows:

Group	2011 US$'000	2010 US$'000
Licence, contracts and related relationships		
International Hi-Tech Healthcare Park	**10,695**	10,695
Goodwill		
SENI Mont' Kiara	**1,415**	3,586
Sandakan Harbour Square	**2,893**	2,893
	4,308	6,479

The recoverable amount of licence, contract and related relationships has been tested based on the fair value less cost to sell of the Land Use Rights ("LUR") owned by the subsidiaries, discounted using a discount rate at 17% (2010: 17%) per annum. The key assumption used is the expected market value of the LUR. The Group believes that any reasonably possible changes in the above key assumptions applied is not likely to materially cause the recoverable amount to be lower than its carrying amount.

The recoverable amount of goodwill has been tested by reference to underlying profitability of the developments using discounted cash flow projections for the next financial year. The Group believes that any reasonably possible changes to the above methodology are not likely to materially cause the recoverable amount to be lower than its carrying amount.

20 DEFERRED TAX ASSETS

Group	2011 US$'000	2010 US$'000
At 1 January	**19,400**	7,167
Exchange adjustments	**155**	1,240
Deferred tax credit relating to origination and reversal of temporary differences during the year	**(18,864)**	10,993
At 31 December	**691**	19,400

The deferred tax assets comprise:

Group	2011 US$'000	2010 US$'000
Taxable temporary differences between net carrying amount and tax written down value of property, plant and equipment and others	**(20)**	(22)
Deductible temporary differences recognised for the impairment loss on trade receivables	**101**	–
Deductible temporary differences arising from unused tax losses and unabsorbed capital allowances	**25**	–
Deductible temporary differences recognised for the accrual of construction costs	**585**	6,099
Deductible temporary differences between accounting profit and taxable profit of property development units sold	**–**	13,323
At 31 December	**691**	19,400

Deferred tax assets have not been recognised in respect of unused tax losses of US$7,533,932 (2010: US$4,264,757) and other tax benefits which includes temporary differences between net carrying amount and tax written down value of property, plant and equipment and accrual of construction costs of US$1,492,107 (2010: US$Nil) which are available for offset against future taxable profits. Deferred tax assets have not been recognised due to the uncertainty of the recovery of the losses.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

21 INVENTORIES

Group	Notes	2011 US$'000	2010 US$'000
Land held for property development	(a)	**23,525**	27,749
Work-in-progress	(b)	**148,024**	385,579
Stock of completed units, at cost		**113,457**	18,145
At 31 December		**285,006**	431,473

(a) Land held for property development

Group	2011 US$'000	2010 US$'000
At 1 January	**27,749**	22,112
Exchange adjustments	**(1,338)**	971
Additions	**411**	602
Transfer (to)/ from work-in-progress	**(3,297)**	4,064
At 31 December	**23,525**	27,749

(b) Work-in-progress

Group	2011 US$'000	2010 US$'000
At 1 January	**385,579**	354,022
Add :		
Additions through acquisition of a subsidiary	–	28,507
Work-in-progress incurred during the year	**107,950**	157,296
Transfer from/ (to) land held for property development	**3,297**	(4,064)
Transfer to stock of completed units	**(142,139)**	(10,437)
Exchange adjustments	**(1,234)**	19,386
	353,453	544,710
Less :		
Costs recognised as expenses in the statement of comprehensive income recognised during the year	**(205,429)**	(159,131)
At 31 December	**148,024**	385,579

The above amounts included borrowing cost capitalised of US$4,124,274 (2010: US$4,443,829).

22 HELD-FOR-TRADING FINANCIAL INSTRUMENT

The financial asset represents a placement in money market fund ("Fund"), which is held as a trading instrument. The market value and the market price per unit of the Fund at 31 December 2011 were US$21,383,754 and US$0.32 respectively. During the year, the Group recognised a fair value gain of US$26,066 in relation to the investment.

The fund is permitted under the Deed to invest in the following:

(i) Bank deposits;
(ii) Money market instruments such as treasury bills, bankers acceptance, negotiable certificates of deposits, Bank Negara Malaysia bills, Bank Negara Malaysia negotiable notes, Negotiable Instruments of Deposit and Negotiable Islamic Debt Certificate with maturities not exceeding one (1) year;
(iii) Malaysian Government Securities and/or securities guaranteed by the Government of Malaysia and/or notes/securities issued by Bank Negara Malaysia with maturity not exceeding two (2) years.

In March 2009, IFRS 7 Financial Instruments: Disclosures was amended by IASB to require certain additional disclosures to be included in IFRS financial statements. This includes a requirement that financial instruments carried at fair value be analysed by level of the IFRS 7 defined fair value hierarchy. This hierarchy is based on the inputs of the fair value measurement and reflects the lowest level input that is significant to the remeasurement. The Directors are of the opinion that the held-for-trading financial asset at 31 December 2011 is classified under Level 2 (fair value measured using inputs for the asset or liability that are observable for the asset or liability, either directly or indirectly).

23 TRADE AND OTHER RECEIVABLES

Group	2011 US$'000	2010 US$'000
Gross trade receivables	**18,170**	21,693
Impairment loss	**(419)**	–
Exchange adjustments	**15**	–
Net trade receivables	**17,766**	21,693
Other receivables	**12,126**	8,894
Sundry deposits	**362**	892
Prepayments	**659**	20
Accrued revenue	**2,572**	–
	33,485	31,499

Company	2011 US$'000	2010 US$'000
Other receivables	**198**	14

Trade receivables represent progress billings receivable from the sale of development properties, which are generally due for settlement within three weeks from the date of invoice and are recognised and carried at the original invoice amount less allowance for any uncollectible amounts. They are recognised at their original invoice amounts which represent their fair values on initial recognition less provision for impairment where it is required.

The ageing analysis of trade receivables past due are set out below. These relate to a number of independent customers for whom there is no recent history of default.

Group 2011 US$'000	Gross	Individual Impairment	Net
Within credit terms	**4,022**	**–**	**4,022**
Stakeholder sums	**13,071**	**–**	**13,071**
Past due			
0 – 60 days	**457**	**(153)**	**304**
61 –120 days	**67**	**(60)**	**7**
More than 120 days	**553**	**(191)**	**362**
	18,170	**(404)**	**17,766**

Group 2010 US$'000	Gross	Individual Impairment	Net
Within credit terms	17,668	–	17,668
Past due			
0 – 60 days	1,248	–	1,248
61 –120 days	640	–	640
More than 120 days	2,137	–	2,137
	21,693	–	21,693

Included in the stakeholder sums is approximately US$9.4 million in respect of SENI Mont' Kiara which is receivable upon the expiry of 6 months and 18 months from the date of vacant possession. It also includes stakeholder sums of approximately US$3.4 million receivable from 1MK Retail Sdn. Bhd. and 1MK Office Sdn. Bhd. upon the expiry of the defect liability period and issuance of strata title from land office. The Group received approximately US$2.5 million upon the expiry of defect of liability period in March 2012.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers whose property purchases are mainly secured by personal bank financing. No allowance for impairment loss of trade receivables has been made for the remaining past due receivables as the Group monitors the repayment of the customers regularly and are confident of the ability of the customers to repay the balance outstanding.

Other receivables, sundry deposits and prepayments are for normal transactions of the Group.

Accrued revenue represents the excess of revenue recognised in the statement of comprehensive income over billings to purchasers of development properties. The remaining amount will be billed upon the application of strata title to the purchasers. The billings have been made subsequent to the financial year end.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

24 AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate represents project management fee receivable.

25 AMOUNTS DUE FROM / (TO) SUBSIDIARIES

Company	2011 US$'000	2010 US$'000
Due from subsidiaries (Current portion)	**165,605**	146,013
Less : Impairment loss	**(15,591)**	(14,957)
	150,014	131,056
Due to subsidiaries (Current portion)	**20,842**	15,727

The amounts due from / (to) subsidiaries are current, unsecured and repayable on demand.

In 2010, the Company has changed the repayment terms relating to the loans, the amounts due from/(to) subsidiaries are classified as current, unsecured and repayable on demand. Accordingly, no discounting is required as the fair value equals its face value. This has resulted in a gain of US$14,518,321 being recognised in the Company Statement of Comprehensive Income in the prior year.

26 CASH AND CASH EQUIVALENTS

Group	2011 US$'000	2010 US$'000
Cash and bank balances	**27,788**	41,109
Short term bank deposits	**4,822**	109,276
	32,610	150,385

Company	2011 US$'000	2010 US$'000
Cash and bank balances	**5,188**	33,569
	5,188	33,569

For the purpose of presenting the statement of cash flows, the cash and cash equivalents comprise the following:

Group	2011 US$'000	2010 US$'000
Cash and cash equivalents	**32,610**	150,385
Less: Bank overdraft (Note 36)	–	(9,456)
	32,610	140,929

Company	2011 US$'000	2010 US$'000
Cash and cash equivalents	**5,188**	33,569
Less: Bank overdraft (Note 36)	–	(9,456)
	5,188	24,113

The interest rate of short term bank deposits ranges from 2.25% to 2.85% per annum (2010: 2.25% to 2.86% per annum) and the maturity period ranges from 1 day to 1 month (2010: 3 days to 1 month).

27 SHARE CAPITAL

Group & Company	2011 Number of Shares'000	2010 Number of Shares'000
Authorised Share Capital	**2,000,000**	2,000,000
Issued Share Capital		
At 1 January / 31 December	**212,525**	212,525

Group & Company	2011 US$'000	2010 US$'000
Authorised Share Capital of US$0.05 each	**100,000**	100,000
Issued Share Capital of US$0.05 each		
At 1 January / 31 December	**10,626**	10,626

28 SHARE PREMIUM

Share premium represents the excess of proceeds raised on the issuance of shares over the nominal value of those shares. The costs incurred in issuing shares were deducted from the share premium.

Group & Company	2011 US$'000	2010 US$'000
At 1 January	**221,226**	221,226
Dividend paid to equity holders of the parent	**(2,125)**	–
At 31 December	**219,101**	221,226

The Company paid an interim dividend of US$0.01 per share amounting US$2,125,250 for the financial year ended 31 December 2011 on 15 December 2011 from the share premium account.

29 SHARE OPTIONS

During 2007, the Company issued share options to Fairfax I.S. PLC, the financial adviser and placing agent, for work carried out on the Admission of the Company on the London Stock Exchange.

Group & Company	2011 Number'000	2010 Number'000
At 1 January	–	3,240
Expired during the year	–	(3,240)
Options outstanding and exercisable at 31 December	–	–

The exercise period of the share options is for three years and they lapsed on 5 April 2010.

Group & Company	2011	2010
Weighted average exercise price of share options granted	**N/A**	US$1.00
Weighted average exercise price of share options outstanding at the end of the year	**N/A**	US$1.00

NOTES TO THE FINANCIAL STATEMENTS CONT'D

30 CAPITAL REDEMPTION RESERVE

The capital redemption reserve was incurred after the Company cancelled its 37,475,000 ordinary shares of US$0.05 per share in 2009.

31 TRANSLATION RESERVE

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

32 FAIR VALUE RESERVE

The fair value reserve comprises the cumulative change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

33 ACCUMULATED LOSSES

Group	2011 US$'000	2010 US$'000
At 1 January	**(48,858)**	(28,653)
Profit/ (loss) attributable to equity holders of the parent	**16,058**	(20,205)
Acquisition of non-controlling interests	**3**	–
At 31 December	**(32,797)**	(48,858)

Company	2011 US$'000	2010 US$'000
At 1 January	**(13,912)**	(10,720)
Loss attributable to equity holders of the parent	**(3,132)**	(3,192)
At 31 December	**(17,044)**	(13,912)

34 DEFERRED REVENUE

Deferred revenue represents excess of progress billings to purchasers of development properties over revenue recognised in the statement of comprehensive income.

35 TRADE AND OTHER PAYABLES

Group	2011 US$'000	2010 US$'000
Trade payables	**25,528**	47,780
Other payables	**16,517**	19,434
Deposits refundable	**173**	301
Accruals	**32,120**	45,425
	74,338	112,940

Company	2011 US$'000	2010 US$'000
Other payables	**17**	462
Accruals	**930**	126
	947	588

Trade payables represent trade purchases and services rendered by suppliers as part of the normal business transactions of the Group. The credit terms granted by trade suppliers range from 30 to 90 days.

35 TRADE AND OTHER PAYABLES cont'd

Included in the other payables is cost of land use rights due and payable amounting to US$8,597,371 (2010: US$10,302,753) .

Deposits and accruals arose from normal business transactions of the Group.

36 BANK LOANS AND BORROWINGS

Group	2011 US$'000	2010 US$'000
Bank loans	**37,393**	59,007
Bank overdraft	–	9,456
	37,393	68,463

Company	2011 US$'000	2010 US$'000
Bank overdraft	–	9,456

The effective interest rates of the bank loans for the year ranged from 5.84% to 23% (2010: 4.85% to 7.13%) per annum.

The effective interest rates of the bank overdraft for 2010 was 0.84% per annum.

Borrowings are denominated in Malaysian Ringgit and United States Dollars.

Bank loans are repayable by monthly or quarterly instalments and the overdraft was repayable on demand.

Bank loans are secured by land held under property development cost and the corporate guarantee of the Company.

The carrying amount of borrowings approximates its fair value at statement of financial position date.

In April 2012, the bank has approved the deferral of repayment of principal outstanding of US$7,732,831 from May 2012 to October 2013.

37 AMOUNT DUE TO NON-CONTROLLING INTERESTS

Group	2011 US$'000	2010 US$'000
Minority Shareholders of Shangri-La Healthcare Investment Pte Ltd:		
- Tran Thi Lam	**533**	533
- Econ Medicare Centre Holdings Pte Ltd	**632**	632
- Value Energy Sdn. Bhd.	**189**	189
- Thang Shieu Han	**72**	72
- Nguyen Quang Duc	**14**	15
Minority Shareholders of Bumiraya Impian Sdn. Bhd.:		
- Global Evergroup Sdn. Bhd.	**1,566**	1,607
	3,006	3,048

The amount due to non-controlling interests are unsecured and without fixed term of repayment and no repayment is expected until profit is generated from the subsidiaries which is not expected in the following 12 months.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

38 BANK LOANS

Group	2011 US$'000	2010 US$'000
Outstanding loans	**50,282**	80,183
Less:		
Repayment due within twelve months	**(37,393)**	(59,007)
Repayment due after twelve months	**12,889**	21,176

The effective interest rates of the bank loans for the year range from 5.84% to 23% (2010: 4.85% to 7.13%) per annum.

Bank loans of the Group are secured by land held under property development costs and the corporate guarantee of the Company.

Bank loans are denominated in Malaysian Ringgit and United State Dollars.

Bank loans are repayable by monthly or quarterly instalments.

Non-current bank loans earn interest at floating rates and the fair value in the current and prior year approximates the carrying value.

39 MEDIUM TERM NOTES

Group	2011 US$'000	2010 US$'000
Outstanding medium term notes	**77,322**	72,923
Finance costs	**285**	–
Transaction costs	**(1,873)**	–
Less:		
Repayment due within twelve months	–	(72,923)
Repayment due after twelve months	**75,734**	–

2011
The medium term notes were issued by a subsidiary, incorporated on 5 May 2011, to fund two development projects known as Sandakan Harbour Square and Aloft Kuala Lumpur Sentral hotel in Malaysia. US$77.3 million has been drawn down in 2011 for Sandakan Harbour Square and the remaining US$85.2 million will be drawn down by the first quarter of 2013 for Aloft Kuala Lumpur Sentral hotel. The weighted interest rate of the loan was 5.42% per annum at the statement of financial position date. The effective interest rates of the medium term notes and their outstanding amounts are as follows:

		Maturity Dates	Interest rate % per annum	US$'000
Series 1	Tranche FG 001	8 December 2014	5.38	7,890
Series 1	Tranche BG 001	8 December 2014	5.33	6,312
Series 1	Tranche FG 002	8 December 2015	5.46	14,202
Series 1	Tranche BG 002	8 December 2015	5.41	9,468
Series 2	Tranche FG 001	8 December 2015	5.46	22,092
Series 2	Tranche BG 001	8 December 2015	5.41	17,358
				77,322

The medium term notes are secured by way of:

(i) bank guarantee from two financial institutions in respect to the BG Tranches;
(ii) financial guarantee insurance policy from Danajamin Nasional Berhad in respect to the FG Tranches;
(iii) a first fixed and floating charge over the present and future assets and properties of Silver Sparrow Berhad, ICSD Ventures Sdn. Bhd. and Iringan Flora Sdn. Bhd. by way of a debenture;
(iv) a third party first legal fixed charge over ICSD Ventures Sdn. Bhd.'s assets and land;
(v) Assignment of all Iringan Flora Sdn. Bhd.'s present and future rights, title, interest and benefits in and under the Sales and Purchase Agreement to purchase the Aloft Kuala Lumpur Sentral hotel from Excellent Bonanza Sdn. Bhd.;
(vi) first fixed land charge over the Aloft Kuala Lumpur Sentral hotel and the Aloft Kuala Lumpur Sentral hotel's land (to be executed upon construction completion);
(vii) a corporate guarantee by Aseana Properties Limited;

39 MEDIUM TERM NOTES cont'd

(viii) letter of undertaking from Aseana Properties Limited to provide financial and other forms of support to ICSD Ventures Sdn. Bhd. to finance any cost overruns associated with the development of the Sandakan Harbour Square;
(ix) assignment of all its present and future rights, interest and benefits under the ICSD Ventures Sdn. Bhd.'s and Iringan Flora Sdn. Bhd.'s Put Option Agreements and under the proceeds from the Harbour Mall Sandakan, Four Points by Sheraton Sandakan hotel and Aloft Kuala Lumpur Sentral hotel;
(x) assignment over the disbursement account, revenue account, Harbour Mall Sandakan operating account, sales proceed account, debt service reserve account and sinking fund account;
(xi) assignment of all ICSD Ventures Sdn. Bhd.'s and Iringan Flora Sdn. Bhd.'s present and future rights, title, interest and benefits in and under the insurance policies; and
(xii) a first legal charge over all the shares of the Silver Sparrow Berhad, ICSD Ventures Sdn. Bhd. and Iringan Flora Sdn. Bhd. and any dividends, distributions and entitlements.

2010
The medium term notes were issued by a subsidiary, acquired on 30 March 2009, to fund a development project known as 1 Mont' Kiara in Malaysia. The weighted interest rate of the loan was 6.17% per annum at the statement of financial position date. The effective interest rates of the medium term notes and their outstanding amounts were as follows:

	Interest rate % per annum	US$'000
Tranche A1	3.95	14,585
Tranche A2	4.05	3,889
Tranche A3	4.05	1,621
Tranche A4	4.05	3,241
Tranche A5	4.70	4,213
Tranche A6	4.90	3,889
Tranche A7	4.15	1,621
Tranche A8	4.10	972
Tranche B2	4.40	5,510
Tranche B3	4.50	7,454
Tranche B4	4.15	6,482
Tranche B5	3.75	3,241
Tranche C	13.00	16,205
		72,923

The medium term notes were secured by way of:

(i) bank guarantee from financial institutions (except for Tranche C);
(ii) a first fixed and floating charge over the subsidiary's assets by way of a debenture;
(iii) an assignment over all the present and future sales and insurance policies from 1 Mont' Kiara;
(iv) an assignment over a debt service reserve account;
(v) a third party first legal charge over a freehold land under a development project in conjunction with the joint venture agreement between the subsidiary and Ireka Land Sdn. Bhd.; and
(vi) a corporate guarantee issued by Ireka Corporation Berhad (except for Tranches A and B).

The medium term notes were denominated in Malaysian Ringgit. On 29 December 2010, the subsidiary informed all parties of its intention to early redeem all outstanding medium term notes. The redemption was completed and fully paid on 6 January 2011.

40 PURCHASE OF OWN SHARES AND CANCELLATION OF SHARES

The Company renewed its authority to purchase its own shares up to a total aggregate value of 14.99% of the issued ordinary shares capital in a resolution at its Annual General Meeting held on 14 June 2011. The authority shall expire 12 months from the date of passing of the resolution unless otherwise renewed, varied or revoked. No purchase of own shares by the Company occurred during the year ended 31 December 2011.

In January 2012, the Company purchased 500,000 of its ordinary shares of US$0.05 each in series at prices between US$0.3375 and US$0.35. Following the purchases, the Company holds 500,000 shares in treasury and has 212,025,000 shares in issue (excluding shares held in treasury).

NOTES TO THE
FINANCIAL STATEMENTS CONT'D

41 RELATED PARTY TRANSACTIONS

Transactions between the Group and the Company with Ireka Corporation Berhad ("ICB") and its group of companies are classified as related party transactions based on ICB's 23.07% shareholding in the Company. ICB's relationship with the Group is also mentioned on page 19 of the Directors' Report under the headings of 'Management'.

Group	2011 US$'000	2010 US$'000
Project management fee charged to an associate	**354**	567
Accounting and financial reporting services fee charged by an ICB subsidiary	**53**	–
Cleaning services fee charged by an ICB subsidiary	**16**	–
Construction progress claims charged by an ICB subsidiary	**75,767**	112,176
Management fees charged by an ICB subsidiary	**4,196**	4,142
Office rental and deposit charged by ICB	**10**	–
Project management fee for interior fit out works charged by an ICB subsidiary	**52**	–
Sales and administration fees and marketing commissions charged by an ICB subsidiary	**324**	1,053
Secretarial and administrative services fee charged by an ICB subsidiary	**53**	–
Project staff costs reimbursed to an ICB subsidiary	**947**	644
Remuneration of key management personnel		
- Salaries	**76**	90

Company	2011 US$'000	2010 US$'000
Accounting and financial reporting services fee charged by an ICB subsidiary	**53**	–
Management fees charged by an ICB subsidiary	**1,613**	1,380
Secretarial and administrative services fee charged by an ICB subsidiary	**53**	–

Group	2011 US$'000	2010 US$'000
Amount due by an associate for project management fee	**122**	382
Amount due to an ICB subsidiary for contract works performed net of LAD's recoverable of US$7,273,633 (2010: US$2,932,133)	**10,264**	34,586
Amount due to an ICB subsidiary for cleaning services fee	**10**	–
Amount due to an ICB subsidiary for management fees	**2,097**	1,002
Amount due to an ICB subsidiary for marketing commissions	**486**	807
Amount due to an ICB subsidiary for project staff costs	**748**	618

Company	2011 US$'000	2010 US$'000
Amount due to an ICB subsidiary for management fees	**808**	371

Transactions between the parent company and its subsidiaries are eliminated in these consolidated financial statements. A list of the main operating subsidiaries is provided in Note 43.

42 ACQUISITION OF BUSINESS

Aseana Properties Limited is the parent company of a group of companies involved in property development business.

2011
On 31 July 2011, the Group acquired the remaining 14.9% of the issued share capital of Legolas Capital Sdn. Bhd. for a total consideration of US$10,611, increasing in ownership from 85.1% to 100%. The carrying amount of Legolas Capital Sdn. Bhd.'s net asset in the Group's financial statement on the date of acquisition was US$100,752. The Group recognised a decrease in non-controlling interest of US$13,595 and an increase in retained earnings of US$2,942. The transaction was accounted for using the purchase mehod of accounting.

The following summarises the effect of changes in the equity interest in Legolas Capital Sdn. Bhd. that is attributable to the equity holders of the parent.

Group	US$'000
Equity interest at 1 Jan 2011	**85**
Effect of increase in Company's ownership interest	**11**
Share of comprehensive loss	**(1)**
Equity interest at 31 December 2011	**95**

42 ACQUISITION OF BUSINESS cont'd

2010

On 20 April 2010, the Company had, via its wholly-owned subsidiary ASPL M9 Limited, subscribed for 700,000 ordinary shares representing 70% of the issued share capital of Urban DNA Sdn. Bhd. (formerly known as World Trade Frontier Sdn. Bhd.) for a total consideration of US$218,330. The transaction was accounted for using the purchase method of accounting. Urban DNA Sdn. Bhd. is a developer to develop a residential tower at No.7, Jalan Kia Peng, 50450 Kuala Lumpur.

The Group had accounted for the business combination of Urban DNA Sdn. Bhd. using fair values assigned to Urban DNA Sdn. Bhd.'s identifiable assets and liabilities determined at 20 April 2010.

At 20 April 2010, Urban DNA Sdn. Bhd. had a shareholders' equity of US$309,492 of which 70% was owned by the Group. Against a consideration of US$218,330, a fair value adjustment of US$1,686 on property development cost was recorded.

The acquisition had the following effect on the Group's asset and liabilities on acquisition date:

	Pre-acquisition carrying amounts US$'000	Fair value adjustments US$'000	Recognised values on acquisition US$'000
Current assets	28,507	2	28,509
Cash and cash equivalents	200	–	200
Non-current liabilities	(20,379)	–	(20,379)
Current liabilities	(8,019)	–	(8,019)
Net assets	309	2	311
Non-controlling interest, based on their proportion interest in the recognised amounts of the assets and liabilities of the acquiree	(93)	–	(93)
Net assets acquired	216	2	218
Consideration paid, satisfied in cash			218
Cash and cash equivalents acquired			(200)
Net cash outflow			18

The acquisition of Urban DNA Sdn. Bhd. had not increased nor reduced the Group's loss before taxation for the period as no income or expenses were incurred by Urban DNA Sdn. Bhd. after it became a subsidiary of the Group.

If the acquisition of Urban DNA Sdn. Bhd. had occurred on 1 January 2010, this would have increased the Group's revenue and loss before taxation for the period by approximately US$Nil and US$26 respectively.

43 INVESTMENT IN PRINCIPAL SUBSIDIARIES AND ASSOCIATE

Name	Country of incorporation	Principal activities	Effective ownership interest 2011	2010
Ireka Land Sdn. Bhd.	Malaysia	Property development	**100%**	100%
Bumijaya Mawar Sdn. Bhd.	Malaysia	Property development	**100%**	100%
Bumijaya Mahligai Sdn. Bhd.	Malaysia	Property development	**100%**	100%
Amatir Resources Sdn. Bhd.	Malaysia	Property development	**100%**	100%
ICSD Ventures Sdn. Bhd.	Malaysia	Property development	**100%**	100%
Priority Elite Sdn. Bhd.	Malaysia	Project management services	**100%**	100%
Iringan Flora Sdn. Bhd.	Malaysia	Hotel ownership and operation	**100%**	100%
Legolas Capital Sdn. Bhd.	Malaysia	Project and finance management and supervisory services	**100%**	85.1%
Silver Sparrow Berhad*	Malaysia	Participating in the transactions contemplated under the Guaranteed MTN Programme	**100%**	–
ASPL PV-Nam Long Ltd Liability Co*	Vietnam	Property development	**80%**	–
Bumiraya Impian Sdn. Bhd.	Malaysia	Property development	**80%**	80%
Urban DNA Sdn. Bhd.	Malaysia	Property development	**70%**	70%

NOTES TO THE FINANCIAL STATEMENTS CONT'D

43 INVESTMENT IN PRINCIPAL SUBSIDIARIES AND ASSOCIATE cont'd

Name	Country of incorporation	Principal activities	Effective ownership interest 2011	2010
Aseana-BDC Co Ltd	Vietnam	Property development	**65%**	65%
ASPL PLB-Nam Long Ltd Liability Co*	Vietnam	Property development	**55%**	–
Hoa Lam Services Co Ltd	Vietnam	Property development	**51%**	51%
Shangri-La Healthcare Investment Pte Ltd and its subsidiaries	Singapore	Property development	**51%**	51%
Hoa Lam-Shangri-La Healthcare Ltd Liability Co	Vietnam	Property development	**51%**	51%
*Hoa Lam-Shangri-La 1 Liability Ltd Co**	Vietnam	Property development	**51%**	–
Excellent Bonanza Sdn. Bhd.**	Malaysia	Property development	**40%**	40%

* These subsidiaries were incorporated during the current financial year.
** Not audited by KPMG

Principal subsidiaries and associate are those which materially affect the results or assets of the Group.

The shareholdings of the principal subsidiaries and associate are held through subsidiaries.

44 COMMITMENT AND CONTINGENCIES

The Group and Company have no contingencies at the statement of financial position date except as follows:

(a) Investment in Aseana-BDC Co Ltd
On 31 December 2011, Aseana Properties (BVI) Ltd had contributed US$1,755,714 out of its total capital contribution of US$5,525,000 to its investment in subsidiary – Aseana-BDC Co Ltd. The remaining committed capital contribution of US$3,769,286 will be contributed by Aseana Properties (BVI) Ltd as and when it is called by Aseana-BDC Co Ltd.

(b) Investment in Hoa Lam - Shangri-La Healthcare Ltd Liability Co
On 10 February 2012, Shangri-La Healthcare Investment Pte Ltd had contributed US$14,747,231 out of its total capital contribution of US$16,940,000 to its investment in subsidiary - Hoa Lam - Shangri-La Healthcare Ltd Liability Co. The remaining committed capital contribution of US$2,192,769 was made by Shangri-La Healthcare Investment Pte Ltd on 17 April 2012.

On 30 November 2011, Hoa Lam Services Co Ltd had completed its capital contribution of US$7,260,000 for its investment in subsidiary - Hoa Lam - Shangri-La Healthcare Ltd Liability Co.

(c) Investment in ASPL PV - Nam Long Ltd Liability Co
At 31 December 2011, ASPL PV Ltd had not made any capital contribution to its investment in subsidiary - ASPL PV - Nam Long Ltd Liability Co. The committed capital contribution of US$9,600,000 will be contributed by ASPL PV Ltd as and when it is called by ASPL PV - Nam Long Ltd Liability Co.

(d) Purchase of hotel property
On 6 July 2010, a subsidiary of the Group entered into a Sales and Purchase Agreement with an associate to purchase a hotel property. The remaining estimated contracted sum of US$67 million is payable upon completion of hotel property by end of year 2012 and it is funded by the medium term notes programme stated in Note 39.

(e) Debt service reserve account
Under the medium notes programme of up to US$162 million, Silver Sparrow Berhad ("SSB") had opened a Malaysia Ringgit debt service reserve account ("DSRA") and shall ensure that an amount equivalent to RM30.0 million (US$9.50 million) (the "Minimum Deposit") be maintained in the DSRA at all times. In the event the funds in the DSRA falls below the Minimum Deposit, SSB shall within five (5) Business Days from the date of receipt of written notice from the facility agent or upon SSB becoming aware of the shortfall, whichever is earlier, deposit such sums of money into the DSRA to ensure the Minimum Deposit is maintained.

45 EVENT AFTER STATEMENT OF FINANCIAL POSITION DATE

(a) Following the recent capital calls for Hoa Lam - Shangri-La Healthcare Ltd Liability Co, Aseana has increased its shareholding in the company from 51% to 66.4% at 17 April 2012.

(b) Following the recent capital calls for Shangri-La Healthcare Investment Pte Ltd, Aseana has increased its shareholding in the company from 51% to 72.9% at 17 April 2012.

(c) Following the recent capital calls for Hoa Lam Services Co Ltd, Shangri-La Healthcare Investment Pte Ltd and Hoa Lam-Shangri-La Healthcare Ltd Liability Co, Aseana has increased its shareholding in Hoa Lam-Shangri-La 1 Liability Ltd Co from 51% to 66.4% at 17 April 2012.

Copies of the Annual Report

Copies of the annual report will be available on the Company's website at www.aseanaproperties.com and from the Company's registered office, 12 Castle Street, St. Helier, Jersey, JE2 3RT, Channel Islands.

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