ASEANA PROPERTIES LIMITED

ANNUAL REPORT
2016

INVESTMENT GATEWAY TO
MALAYSIA AND VIETNAM

CONTENTS

The RuMa Hotel and Residences is a collection of luxury residences and hotel suites with the rare combination of vintage charm and city conveniences.

Four Points by Sheraton Sandakan is the only internationally branded hotel in Sandakan while the Harbour Mall Sandakan is known as the city's only modern lifestyle mall.

The City International Hospital is strategically located in the Binh Tan District, and is approximately 11 km from District 1, the central business and commercial district of Ho Chi Minh City.

INTRODUCTION

Aseana Properties Limited ("Aseana Properties" or "the Company") 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 the Company's property portfolio as well as facilitation of divestment opportunities.

When Aseana Properties was launched in 2007, the Board considered it desirable that Shareholders should have an opportunity to review the future of the Company at appropriate intervals. Accordingly, at the 2015 Annual General Meeting ("AGM") the Company proposed an ordinary resolution for it to cease trading (the "Discontinuation Resolution").

At an extraordinary general meeting of the Company held in June 2015, Shareholders voted in favour of the Board's proposals to amend the Company's investment policy to enable a realisation of the Company's assets in a controlled, orderly and timely manner, with the objective of achieving a balance between periodically returning cash to Shareholders and maximising the realisation value of the Company's investments. Shareholders also supported the Board's recommendation to vote against the Discontinuation Resolution proposed at the 2015 AGM, in order to allow a policy of orderly realisation of the Company's assets over a period of up to three years in order to maximise the value of the Company's assets and returns to Shareholders, both up to and upon the eventual liquidation of the Company.

To the extent that the Company has not disposed of all of its assets by the time of the AGM in 2018, in accordance with the Articles, Shareholders will be provided with an opportunity to review the future of the Company, which would include the option for shareholders to vote for the continuation of the Company.

Currently approximately 80% of Aseana Properties' investment portfolio is allocated to projects in Malaysia and approximately 20% to projects in Vietnam.

COVER RATIONALE

Great cities anchor economic activities and help define the unique qualities of their businesses. This design identifies Kuala Lumpur's Sultan Abdul Samad building and Ho Chi Minh City Hall, two historical buildings which define their cultural roots. Selected to represent Aseana Properties Limited, they signify its investments in Malaysia and Vietnam. Solid and with strong foundations, these two buildings are steeped in heritage and have stood the test of time, offering longevity and stability.

The RuMa Hotel and Residences
Kuala Lumpur

KEY FACTS

EXCHANGE
London Stock Exchange Main Market

SYMBOL
ASPL

ADMISSION DATE
5 April 2007

LOOKUP
Reuters – ASPL.L
Bloomberg – ASPL:LN

DOMICILE
Jersey

SHARES ISSUED
212,025,002

VOTING SHARE CAPITAL
198,691,002

SHARE HELD IN TREASURY
13,334,000

SHARE DENOMINATION
US Dollars

MANAGEMENT FEE
2% of NAV

PERFORMANCE FEE
20% of the out performance of the NAV over a total return hurdle rate of 10%

ADVISERS & SERVICE PROVIDERS

DEVELOPMENT MANAGER
Ireka Development Management Sdn. Bhd.

CORPORATE BROKER
Nplus 1 Singer Advisory LLP

AUDITOR
KPMG LLP

2016 was an eventful year with Brexit and the presidential election in the United States of America ("USA") dominating headlines around the globe. In addition, anxiety over China's financial markets which had been prevalent at the beginning of the year eased during the year as China's economy stabilised and avoided the hard landing feared by many. Economic activities are projected to pick up in 2017 and 2018, especially in developing and emerging markets. The World Bank made an optimistic projection that the global economy will grow at a rate of 2.7% in 2017 amid the current stagnant global trade and subdued investment environment. However, the global outlook is still clouded by uncertainty linked to the future direction of major economies, in particular the impact of any changes brought in by the new USA administration.

Against this background, Malaysia and Vietnam (Aseana Properties' core markets) have shown moderate Gross Domestic Product ("GDP") growth of 4.2% and 6.2% respectively, both lower than in the previous year. In Malaysia, investors' confidence over the last couple of years was affected by dwindling demand from China, one of its major trading partners, and the down cycle of the oil and gas industry. The Malaysian Ringgit declined further during the year and was one of the worst performing currencies in the Asean region in 2016, depreciating by 4.5% against the US Dollar to RM4.4860/US$ at the end of the year compared to RM4.2940/US$ at the end of 2015. Malaysia's Central Bank, Bank Negara Malaysia ("BNM") introduced a series of measures at the end of November 2016 to reduce Ringgit speculative activities and rebalance the supply of onshore FOREX. Nevertheless, Malaysian economic growth, which was underpinned by private sector activity in 2016, is expected to remain resilient in 2017, on the back of improving domestic demand.

Meanwhile, Vietnam emerged as one of the strongest performing economies in the Asean region in 2016. Robust domestic demand and record high foreign investment inflows underpinned the continued rapid growth of the Vietnamese economy during the year. As a result of the diligent efforts of the Vietnamese Government, inflation was kept at 4.7%, below the 5.0% ceiling forecasted. The combination of stable macroeconomic conditions and low labour costs has led to Vietnam becoming an attractive destination for Foreign Direct Investment ("FDI"). Actual FDI disbursement rose by 9.0% in 2016, reaching a record high of US$15.8 billion. In the meantime, the Vietnamese Dong saw a 1.1% drop in value over the course of 2016 compared to the previous year. Foreign currency liquidity was stable during the year as a result of proactive policy management.

Malaysia's property market in both residential and commercial segments saw an extension of the downtrend since 2015, amid the country's weak economic situation and sentiment in the property market. Factors such as the depreciation of the Ringgit, tightening of lending policies by banks and efforts taken by the government to curb property speculation have driven down property prices across the country. According to the National Property Information Centre ("NAPIC"), 57.0% of residential property transactions in the third quarter of 2016 were priced below RM250,000, while 43.0% were RM250,000 and above. New supplies of completed office, retail and condominium spaces introduced in 2016, coupled with the slowdown in economic growth will continue to put pressure on the property market in 2017.

However in Vietnam, an improved environment for bank lending, along with strong GDP growth for the past two years, low inflation, rising incomes and rapid urbanisation have contributed to the robust growth in its property market. In addition, liberalisation of the market for foreign purchasers in 2015 helped produce an encouraging level of foreign investment into the country. The State Bank of Vietnam ("SBV") announced half-way through 2016 that it would raise the risk weight of property loans at commercial banks from 150.0% to 200.0% on concerns that the housing market may overheat. With the implementation of this rule, a real estate company's capital base must be at least at 200.0% of its total loan amount. The new ruling came into effect at the beginning of 2017. Despite this, the Vietnamese property market is expected to remain on an upswing, particularly relative to other markets in the Asean region.

The Group registered a significant increase in revenue from US$30.3 million (restated) in 2015 to US$112.5 million in 2016, mainly due to sale of the Aloft Kuala Lumpur Sentral Hotel ("AKLS"). The sale resulted in a gain of US$36.2 million which contributed to the net profit before taxation of US$16.2 million, compared to a net loss after taxation of US$20.7 million in 2015. The net profit included operating losses attributable to City International Hospital ("CIH") of US$6.2 million, International Healthcare Park ("IHP") of US$3.1 million, Four Points by Sheraton Sandakan Hotel ("FPSS") and Harbour Mall Sandakan ("HMS") totalling US$6.2 million, together with the impairment loss on inventory in relation to FPSS of US$2.4 million. In addition, Aseana Properties recorded a loss on foreign currency translation differences of US$2.5 million compared to a loss of US$15.9 million in 2015, as a result of the weakening of Ringgit against US Dollars from RM4.2940/US$1.0 as at 31 December 2015 to RM4.4860/US$1.0 as at 31 December 2016.

PROGRESS OF THE PROPERTY PORTFOLIO

The highlight of the year for Aseana Properties was the disposal in June 2016 of AKLS to Prosper Group Holdings Limited for a gross transaction value of RM418.7 million (approximately US$104.2 million). The disposal represents a significant milestone to realise the Company's assets in a controlled, orderly and timely manner in accordance with its divestment investment policy. Additionally, Aseana Properties also disposed of its remaining shares in Nam Long Investment Corporation ("Nam Long") during the year, raising total gross proceeds of approximately US$9.9 million. Aside from these noteworthy achievements, sales at SENI Mont' Kiara ("SENI") and The RuMa Hotel and Residences ("The RuMa") have been affected by the subdued market conditions in Malaysia. Sales at SENI to date progressed to approximately 98.4% and sales at The RuMa increased marginally to 54.9% based on sale and purchase agreements signed. Similarly, business conditions in Sabah remained sombre due to the kidnapping incidents which took place off the east coast of Sabah during the year. However, tourist arrivals into Sabah increased by 7.9% as compared to 2015. FPSS recorded an occupancy rate of 39.4% to date. The performance of HMS improved significantly with a more promising outlook since the opening of a new cinema attraction in July 2016. The cinema, which is located on the 11th floor of the mall, is a modern designed cinema and is equipped with advanced audio and visual technology. The occupancy rate of HMS stands at 67.7% to date. In Vietnam, the operational performance of CIH has been improving steadily over the year. Outpatient volumes and inpatient volumes increased by 84.7% and 61.0% respectively compared to 2015. The hospital is expected to introduce several new service lines such as the ophthalmology, cardiac, neurology and vascular angiographic services in 2017 which will help to further boost patient volume.

Further information on each of the Company's properties is set out in the Manager's report on pages 5 to 7.

FIRST DISTRIBUTION UPDATE

Following the disposal of investments by the Company in 2016, Aseana Properties decided to return cash to shareholders via a tender offer. On 8 December 2016, Aseana Properties announced that the Company proposed to return US$10,000,500 to Shareholders via a tender offer for up to 13,334,000 shares at a tender price equivalent to the net asset value per share of the Company, as at 30 September 2016, of US$0.75 per share. The proposals were approved by Shareholders at an Extraordinary General Meeting on 4 January 2017 and completed on 10 January 2017. The shares tendered represent approximately 6.3% of the Company's current share capital and are now held in treasury.

OUTLOOK

Amidst the uncertainty in the global economy, Malaysia's property market remains subdued, although we are optimistic that it will improve going into second half of 2017. On the other hand, the property market in Vietnam is expected to remain on the same strong footing and will continue to grow in 2017. The Board and the Manager remain committed to their efforts in achieving optimum value and performance for the Group's remaining assets in line with the Company's Divestment Investment Policy.

In closing, I wish to extend my sincere appreciation to my fellow Directors and the Manager for their hard work and commitment to the business. I would also like to thank the Government authorities, financiers, shareholders and business associates who have remained supportive of our business endeavours throughout the year.

MOHAMMED AZLAN HASHIM
Chairman

26 April 2017

The RuMa Hotel and Residences
Kuala Lumpur

BUSINESS OVERVIEW

2016 was a milestone year for Aseana Properties in both Malaysia and Vietnam as the Group successfully disposed of the AKLS to Prosper Group Holdings Limited for a gross transaction value of approximately US$104.2 million (RM418.7 million) and its remaining shares in Nam Long for total proceeds of approximately US$9.9 million (VND219.7 billion). Despite these notable achievements, the economic conditions both globally and locally were challenging. Investors' confidence in Malaysia remained subdued due to political headwinds, a weaker commodities market as well as the depreciating Ringgit. On the property front, the declining number of property transactions reflects the tightening of bank lending and slow recovery in consumers' demand due to on-going concerns of the weak Ringgit as well as a tepid employment outlook. Nevertheless, the Board together with the Development Manager remain strongly committed in taking positive steps to realise the Group's maturing assets in a controlled, orderly and timely manner.

The sales performance of both SENI and The RuMa have been affected by the soft market in the high-end residential segment in Malaysia. Sale of properties at SENI and The RuMa improved marginally to 98.4% and 54.9% to date respectively. Meanwhile, performance of HMS improved significantly since the opening of the Lotus Five Star Cinema in July 2016. The outlook for the Mall is promising with increasing footfalls and the signing of several new tenants.

Following the realisation of certain assets, in December 2016 the Company proposed its first capital distribution to Shareholders by way of a tender offer. In January 2017, the Company successfully completed the distribution of US$10,000,500 through the repurchase of 13,334,000 shares at US$0.75 per share. The 13,334,000 repurchased shares, representing approximately 6.3 per cent of the Company's share capital, are held as treasury shares. The issued and paid up share capital of the Company remains unchanged at 212,025,002 (Ordinary shares: 198,691,000; Treasury shares: 13,334,000; Management shares:2).

MALAYSIA ECONOMIC UPDATE

Despite falling revenue as a result of the weaker commodities market and concerns over political uncertainties, Malaysia's economy has maintained steady growth in 2016. The Malaysian economy grew at 4.5% in the last quarter of 2016, exceeding economists' forecasts of 4.4%, underpinned by the continued expansion in private sector expenditure. This brings Malaysia's full year GDP growth to 4.2%, lower than the 5.0% registered in 2015. The Ringgit continued to depreciate against major currencies throughout 2016 due to weak export earnings, low foreign direct investment, drastic fall in oil prices and general lack in confidence in the Malaysian economy. The Ringgit fell 4.5% against the US Dollars to RM4.4860/US$1.0 by the end of 2016, the weakest since the 1998 Asian financial crisis. This prompted BNM, Malaysia's Central Bank, to implement a series of measures to stabilise the onshore market, which included the requirement for exporters to convert 75.0% of export proceeds received into Ringgit. In addition, BNM decided to keep the Overnight Policy Rate ("OPR") unchanged at 3.0% during its last meeting in March 2017. The bank last changed its OPR in July 2016, cutting it by 0.25%, the first reduction in seven years. While the external environment might continue to remain demanding, economists believe that the Malaysian economy will experience sustained, albeit slower growth in 2017, with domestic demand being the primary driver.

Meanwhile, RAM Rating Services Bhd ("RAM") has recently reaffirmed its sovereign ratings of A2/stable and AAA/stable for Malaysia. RAM is still supportive of Malaysia's current ratings although the country's external-resilience parameters have worsened amid a sustained decline in commodity prices and reduced foreign exchange reserves. However, RAM has warned that Malaysia's ratings could be revised downwards if its fiscal position deteriorates. In addition, inflation, as measured by the annual change in the Consumer Price Index ("CPI"), increased to 1.7% in the fourth quarter of 2016 driven mainly by upward adjustments to domestic fuel prices. Nonetheless, average inflation for the year remained at 2.1%.

Foreign investments have played a major role in Malaysia's economic development. Local small and medium enterprises have benefitted a great deal from the presence of foreign companies in the country as they provide access to valuable technology transfer and the exchange of know-how. In April 2017, Indian and Malaysian business leaders signed a US$36.0 billion (approximately RM156.7 billion) of trade deals which collectively represent one of the biggest trade deals in Malaysian history. In addition, in late 2016, Malaysia and China signed fourteen agreements for proposed investments worth almost RM144.0 billion, including projects in the property development and steel production sectors. Malaysia has also recently signed the highly anticipated bilateral agreement with Singapore which will pave the way for the implementation of the Singapore-Kuala Lumpur High Speed Rail project. Furthermore, Malaysia may consider the possibility of pursuing bilateral Free Trade Agreements with the relevant Trans-Pacific Partnership ("TPP") members should the TPP Agreement be cancelled. FDI for Malaysia rose to RM10.8 billion in the last quarter of 2016, an increase in inflows as compared to RM6.5 billion in the third quarter of the year. Total FDI for the year stood at RM41.2 billion, down from RM43.4 billion from 2015.

VIETNAM ECONOMIC UPDATE

Notwithstanding the slowdown in the growth of emerging markets, Vietnam's economy remained resilient due to robust domestic demand and export-oriented

SENI Mont' Kiara
Kuala Lumpur

manufacturing. Vietnam's GDP growth in 2016 reached 6.2% and is one of the top performers amongst other Asian countries. The country's economic performance has rebounded from a plunge in the first half of the year due to the impact of a severe drought on agricultural production and slower industrial growth. Although 2016's growth rate was lower than the 6.7% registered back in 2015 and the targeted GDP of 6.7% for 2016, it was still seen as an encouraging achievement given the tough global economic conditions.

Inflationary pressures in Vietnam remained subdued as a result of the country's macroeconomic stability. Vietnam's inflation rate has been kept relatively low at 2.7%, an increase from 0.6% in 2015. The main reasons contributing to the increase were due to the Government's upward price adjustment to healthcare services, higher demand for food and construction before the Lunar New Year as well as the impact of the crippling drought which affected agricultural supplies.

In addition, Vietnam has boosted its international economic integration by expanding the geographical reach of its market during 2016. The Vietnamese Government signed several free trade agreements with the Eurasian Economic Union, The European Union, South Korea and the TPP Agreement during the year. Despite the withdrawal of the TPP Agreement, these trade agreements are expected to serve as an impetus for the long-needed structural changes in the country. Underpinned by its resilient economy and its highly competitive labour market as well as low cost, foreign companies continue to invest in Vietnam. According to the Ministry of Planning and Investment of Vietnam, in 2016 the disbursement of FDI capital climbed 9.0% to a record high of US$15.8 billion and the total FDI capital inflow totaled US$24.4 billion.

PORTFOLIO REVIEW

MALAYSIA

Property Market Review

The year ended on yet another gloomy note for the Malaysian property market which has slowed down significantly in recent years. Property developers are expected to register another year of slow performance in 2017 as a result of the ongoing concerns of the weak Ringgit as well as cooling measures introduced by BNM to rein in speculation, which continues to be the main hurdle for property developers. According to the latest property market report by NAPIC, the value of Malaysian property market transactions has declined 6.3% quarter-on-quarter to RM30.8 billion in the third quarter of 2016, while transaction volume fell by 8.5% quarter-on-quarter to 76,456 units.

Meanwhile, demand for office space in Klang Valley continued to be subdued in 2016 mainly due to weak business sentiment and economic uncertainties as well as weaker oil and commodity prices. The challenging business operating environment continued to exert pressure on the performance of the office market with the average occupancy rate remaining flat at 79.0% in Q4 2016. As for the retail market, the average occupancy rate declined by 1.0% to 81.5% in the last quarter of 2016 from 82.5% compared to Q4 2015. Retail sales were weak due to deteriorating consumer confidence caused by the rising cost of living, weaker job prospects, the weakening Ringgit and the uncertain economic outlook of the country.

The hotel and tourism sector remained sanguine despite concerns of oversupply during the year. The weak Ringgit and the numerous pro-tourism efforts and activities by the Government have encouraged the influx of more local and foreign tourists, in particular, the increase in the number of tourists from China. The Government has introduced E-Visa facilities for selected major countries and through the Tourism National Key Economic Area, collaborative efforts between the Ministry of Tourism and Culture, other Government agencies and the private sector have been enhanced to help secure Malaysia's position as a leading tourist destination. The Government's measures to stimulate the sector have included the extension of the Investment Tax Allowance and the Pioneer Status promotion for new four and five-star hotels to December 2018. A total of 26.8 million tourists visited Malaysia in 2016, an increase of 4.0% compared to the same period in 2015. Of this total, 3.4 million tourists visited Sabah, of which 0.4 million were from China. Room rates and occupancy rates have remained stable but competitive in view of the increasing hotel supply and alternative accommodation such as the popular AirBNB.

Aseana Properties has five investments in Malaysia, following the sale of one investment during the year. These investments range from residential properties, hotels, commercial offices to a retail mall:

- **SENI Mont' Kiara**
  Owned 100.0% by Aseana Properties, SENI is a completed upmarket condominium development situated on one of the highest points in Mont' Kiara. The project consists of two 12-storey blocks and two 40-storey blocks, comprising 605 residential units. The majority of units command impressive views of the city skyline including the 88-storey Petronas Twin Towers and the KL Tower. Sales at SENI have progressed to 98.4% to date. Debt on the project has been fully repaid.

- **Tiffani by i-ZEN**
  Tiffani by i-ZEN, wholly-owned by Aseana Properties, is a completed luxury condominium project located in Mont' Kiara. To date, only 1 unit out of the 399 residential units remains to be sold. Debt on the project has been fully repaid.

- **The RuMa Hotel and Residences**
  This project is strategically located in the heart of Kuala Lumpur City Centre ("KLCC") on Jalan Kia Peng, near 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 70.0% of this project and 30.0% is owned by Ireka Corporation Berhad. The project consists of 199 units of luxury residences (The RuMa Residences) and a 253-room luxury bespoke hotel (The RuMa Hotel), built on 43,559 sq ft of development land. The RuMa

The RuMa Hotel and Residences
Kuala Lumpur

Hotel will be managed by Urban Resort Concepts, a renowned bespoke hotel management company based in Shanghai, which created and operates the award-winning The Puli Hotel in Shanghai.

Construction of the main building is underway with completion expected in Q4 2017. The RuMa Hotel and Residences was first launched in 2013. Sales were affected by the cooling measures imposed by the Government to curb property speculation as well as the current economic condition of Malaysia. To date, total sales at both The RuMa have increased marginally to approximately 54.9% based on signed sales and purchase agreements. A further 6.0% have been booked with deposits paid. During 2016 and year-to-date, the Manager participated in marketing and promotional events to boost sales both locally and internationally, and is planning for further activities focusing on the Chinese and Taiwanese markets throughout the remainder of 2017.

Debt on the project was fully repaid in 2016.

- **Aloft Kuala Lumpur Sentral Hotel**
  AKLS is part of the Kuala Lumpur Sentral project which consists of two office towers and a business class hotel, centrally located in Kuala Lumpur's urban transportation hub and was jointly developed by Aseana Properties and Malaysian Resources Corporation Berhad ("MRCB") on a 40:60 basis. The 482-room AKLS is now managed by Starwood Hotels & Resorts Asia Pacific Hotels & Resorts Pte Ltd under the 'Aloft' brand and operations of the hotel commenced on 22 March 2013.

  The disposal of AKLS to Prosper Group Holdings Limited for a gross transaction value of approximately US$104.2 million (RM418.7 million) was completed on 23 June 2016. The disposal represented a significant milestone in line with the divestment investment policy approved by shareholders in 2015. The proceeds from the disposal were used to fully repay the medium term notes issued for AKLS, and to partly to repay the medium term notes issued for FPSS.

- **Sandakan Harbour Square**
  Sandakan Harbour Square, which is 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 Sandakan Harbour Square project consists of four phases; Phases One and Two comprised 129 shop lots that are fully sold, while Phases Three and Four consist of the only retail mall, HMS and the only international four-star hotel in Sandakan, known as FPSS.

  HMS and FPSS commenced operations in July and May 2012 respectively. The occupancy rate at HMS is currently recorded at 67.7%. Notable tenants include Popular Bookstore, Levi's, The Body Shop, Watson's and McDonald's amongst others. In addition, a national cinema chain, Lotus Five Star, the first modern designed cinema in Sandakan, was opened in July 2016. Leasing initiatives at HMS to both local and international retailers are ongoing. The outlook for HMS is promising particularly with the opening of the cinema which has significantly increased the footfall to the Mall. Meanwhile, FPSS recorded an occupancy rate of 39.4% to date, with an Average Daily Rate of about US$49 (RM220). The management of FPSS continues to improve the efficiency of its operations and to work with the relevant authorities to improve tourist arrivals to Sandakan. Kidnapping incidents in the east coast of Sabah continued to affect the business climate in Sabah which in turn has affected the performance of FPSS during the past twelve months. In March 2017, in conjunction with the Prime Minister's visit to Sandakan, the Government pledged to improve security and air transport connectivity to Sandakan including extending the runway of the Sandakan Airport. This bodes well for the Sandakan tourism industry in the coming years.

  The project was originally funded by guaranteed medium term notes of about US$54.6 million (RM245.0 million). Following the completion of the AKLS disposal in 2016, approximately US$27.9 million (RM125.0 million) of the medium term notes were repaid. Approximately US$26.7 million (RM120.0 million) remain to date.

Sandakan Harbour Square
Sabah

- **Kota Kinabalu Seafront resort & residences**
  Aseana Properties acquired three adjoining plots of land totaling approximately 80 acres in September 2008 with the intention of developing a boutique resort hotel, resort villas and resort homes at the seaside area in Kota Kinabalu, Sabah. In 2012, the Board decided not to proceed with the development and to dispose of the land instead. Marketing efforts are on-going but prospects have been affected by the subdued business environment and tourism in Sabah.

VIETNAM

Property Market Review

Growth in the Vietnamese property market has been the most visible sign of the country's economic expansion over the last few years. Investments into the Vietnamese real estate market saw a boost in 2016 buoyed by stable economic conditions, a growing middle class and improved legislative climate. Residential property sales have been robust, construction of office towers and condominiums are underway in major cities and the number of industrial parks are rising in areas outside the city. The property markets in both Hanoi and Ho Chi Minh City ("HCMC") reported solid growth during the year, with property prices remaining on the uptrend across all markets, in line with the favourable sentiment in both demand and supply. In addition, mergers and acquisitions ("M&A") activity within the real estate sector in Vietnam has witnessed a substantial increase in both transaction value and volume in the last two years. Notwithstanding the positive sentiment in the property market, the Vietnamese Government has planned and issued policies that aim to regulate the growth of many sectors of the market. In particular, the State Bank of Vietnam has issued a circular that will force developers to reduce their dependence on bank credit and as a result, some developers may have to look to other sources of funding such as foreign investors and private investment funds. This will pose a challenge for small scaled and under capitalised developers.

On the back of sound macroeconomic factors, the residential market has performed well during the year. In HCMC, a total of 37,419 condominium units were launched in 2016, of which 35,008 units were sold. The mid-end segment of the market continued to perform well and accounted for more than 48.0% of total units sold. Likewise, in Hanoi, of the 30,000 condominium units launched in 2016, 21,188 units were sold and 56.0% of the sales were in the mid-end segment.

Meanwhile, on the commercial front in HCMC, the office market continued to be robust with little new supply coming into the market and with increasing demand for premium offices. Average occupancy increased 2.0% year-on-year to 97.0%, while average rent increased 3.0% year-on-year. Likewise, in Hanoi, average rent increased by 1.1% year-on-year whilst average occupancy increased 4.0% year-on-year. With its fast-growing population and rapid urbanisation, Vietnam has for several years been a favourite for investment in the retail sector. The growth in infrastructure, an increasing young middle class population and the demand for modern shopping experiences, have attracted many international brands and retailers. The retail sector has seen a large number of mergers and acquisitions over the past year, leading to the expansion of both foreign retailers such as Aeon and Lotte and current market players such as Vincom and Co-op Mart.

International Healthcare Park
Ho Chi Minh City

Although still lagging behind some of its neighbouring countries, Vietnam has seen a steady increase in the number of international tourists in 2016, reaching approximately 10.0 million visitors, an increase of 26.0% year-on-year. The Vietnamese Government has begun to see the potential of tourism and is taking measures to make travelling to Vietnam easier through relaxed visa regulations for citizens from five European countries coupled with various tourism marketing strategies. Asian visitors, particularly from China, South Korea and Japan topped the list with more than 7.2 million visitors, followed by Europe with 1.6 million and American with 0.7 million.

Aseana Properties now has two investments in Vietnam, following the sale of one investment during the year.

- **International Healthcare Park**
  IHP is a planned mixed development on 37.5 hectares of land comprising world-class private hospitals, mixed commercial, hospitality and residential developments. It 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 72.4% stake in this development and its minority 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 have been allocated for residential developments. Of a total of 19 plots of land, four have been sold to date. As at 31 December 2016, the Manager has secured a buyer for two plots of residential land of approximately 1.2 hectares each. These transactions are expected to complete by Q2 2017 and Q3 2017 respectively.

  To part finance the payment for the land and working capital, total loan facilities of US$24.4 million have been secured, of which US$19.8 million remained outstanding as at 31 December 2016.

- **City International Hospital**
  Construction of CIH was completed in March 2013 and commenced business in January 2014. CIH is a modern private care hospital conforming to international standards with 320 beds (Phase 1: 168 beds). Parkway Pantai Limited was the operator of CIH but the contract was mutually terminated on 31 December 2015, in line with the Manager's long-term strategy to localise the management of the hospital to optimise operating costs and to improve doctors' and patients' engagement with CIH. In early 2016, the hospital appointed Dr. Le Quoc Su as the Chief Executive Officer ("CEO") to lead the operations team. Prior to joining CIH, Dr. Su was the Group CEO of Hoan My Medical Corporation, Vietnam's largest healthcare group. With the new management team in place, the operation of CIH has been improving steadily. Outpatient and inpatient volumes increased by 84.7% and 61.0% respectively compared to 2015.

  The development of City International Hospital is funded by a syndicated term loan of US$43.3 million and a revolving credit facility of US$1.0 million, of which US$37.4 million remained outstanding as at 31 December 2016.

- **Nam Long Investment Corporation**
  In 2008, Aseana Properties acquired a strategic minority stake in Nam Long, a private property development company in Vietnam with market leadership in the low to medium-end segment of the market. Nam Long was subsequently listed on the Ho Chi Minh Stock Exchange on 8 April 2013. Aseana Properties has strategically divested its entire shareholding in Nam Long in 2016, for total proceeds of approximately US$15.0 million (VND333.1 billion).

OUTLOOK

The overall economic outlook for Malaysia appears to be plagued by the ongoing concern about the weak Ringgit and the low crude oil and commodity prices coupled with the global economic slowdown. Malaysia's property market is expected to remain stable but flat in 2017 and loan growth is expected to slow further due to economic uncertainties and concerns about over supply in the market. To the contrary, the real estate market in Vietnam however is buoyant, boosted by the recovery in the housing market, a booming economy and also the deregulation of house and real estate ownership.

The disposal of AKLS and the Company's entire shareholding in Nam Long both represented significant milestones for the Company's divestment plans. Alongside this, Aseana Properties completed a tender offer exercise at the beginning of 2017 as a means of returning cash to Shareholders. The Manager and the Board of Directors are focused on preparing the remaining assets for sale and are working together closely to explore all opportunities to divest and realise Aseana Properties' remaining assets in both Malaysia and Vietnam in order to make further capital distributions to Shareholders at the earliest opportunity.

Lastly, I would like to take this opportunity to thank the Board of Aseana Properties, our advisors and business associates for all the guidance and support rendered throughout the year.

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

26 April 2017

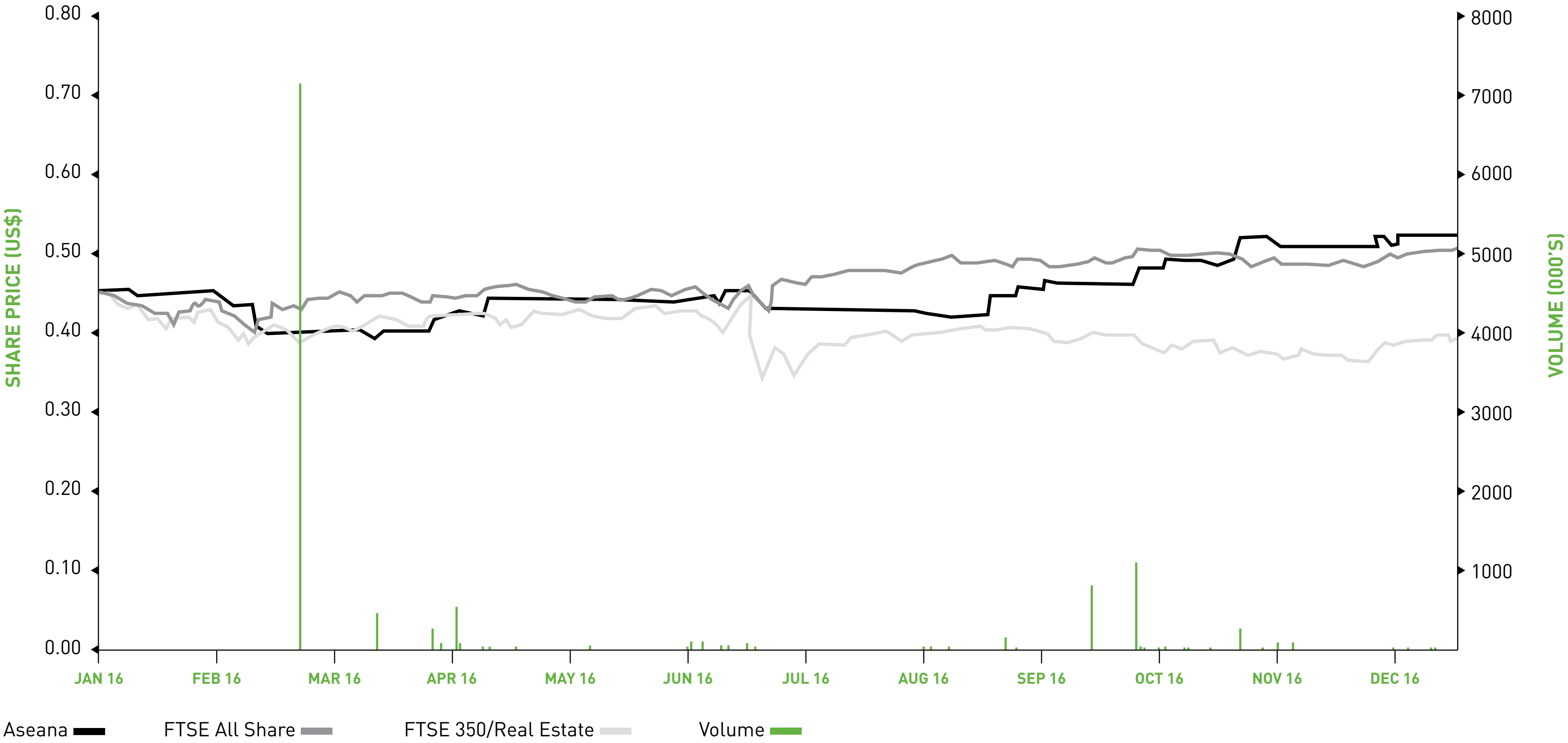
PROPERTY PORTFOLIO

AS AT 31 DECEMBER 2016

PROJECT	TYPE	EFFECTIVE OWNERSHIP	APPROXIMATE GROSS FLOOR AREA (SQ M)	APPROXIMATE LAND AREA (SQ M)	SCHEDULED COMPLETION
COMPLETED PROJECTS					
Tiffani by i-ZEN Kuala Lumpur, Malaysia	Luxury condominiums	100.0%	81,000	15,000	Completed in August 2009
SENI Mont' Kiara Kuala Lumpur, Malaysia	Luxury condominiums	100.0%	225,000	36,000	Phase 1: Completed in April 2011 Phase 2: Completed in October 2011
Sandakan Harbour Square Sandakan, Sabah, Malaysia	Retail lots, hotel and retail mall	100.0%	126,000	48,000	Retail lots: Completed in 2009 Retail mall: Completed in March 2012 Hotel: Completed in May 2012
Phase 1: City International Hospital, International Healthcare Park, Ho Chi Minh City, Vietnam	Private general hospital	72.4%*	48,000	25,000	Completed in March 2013
PROJECT UNDER DEVELOPMENT					
The RuMa Hotel and Residences Kuala Lumpur, Malaysia	Luxury residential tower and bespoke hotel	70.0%	40,000	4,000	Fourth quarter of 2017
UNDEVELOPED PROJECTS					
Other developments in International Healthcare Park, Ho Chi Minh City, Vietnam (formerly International Hi-Tech Healthcare Park)	Commercial and residential development with healthcare theme	72.4%*	972,000	351,000	n/a
Kota Kinabalu Seafront resort & residences Kota Kinabalu, Sabah, Malaysia	i. Boutique resort hotel and resort villas ii. Resort homes	100.0% 80.0%	n/a	327,000	n/a
DIVESTED PROJECTS					
1 Mont' Kiara by i-ZEN Kuala Lumpur, Malaysia	Office suites, office tower and retail mall	100.0%	96,000	14,000	Completed in November 2010
Waterside Estates Ho Chi Minh City, Vietnam	Villa and high-rise apartments	55.0%	94,000	57,000	n/a
Kuala Lumpur Sentral Office Towers & Hotel Kuala Lumpur, Malaysia	Office towers and a business hotel	40.0%	107,000	8,000	Office towers: Completed in December 2012 Hotel: Completed in January 2013
Aloft Kuala Lumpur Sentral Hotel Kuala Lumpur, Malaysia	Business-class hotel (a Starwood Hotel)	100.0%	28,000	5,000	Completed in January 2013
Listed equity investment in Nam Long Investment Corporation, an established developer in Ho Chi Minh City, Vietnam	Listed equity investment	6.9%	n/a	n/a	Effective ownership as at FY2015 before full disposal in November 2016

* Shareholding as at 31 December 2016
n/a: Not available/ not applicable

SHARE PRICE CHART



PERFORMANCE SUMMARY

	YEAR ENDED 31 DECEMBER 2016	YEAR ENDED 31 DECEMBER 2015
TOTAL RETURNS SINCE LISTING		
Ordinary share price	**-48.00%**	-55.00%
FTSE All-share index	**16.25%**	3.38%
FTSE 350 Real Estate Index	**-45.11%**	-37.33%
ONE YEAR RETURNS		
Ordinary share price	**15.56%**	0.00%
FTSE All-share index	**12.45%**	-2.50%
FTSE 350 Real Estate Index	**-12.42%**	8.22%
CAPITAL VALUES		
Total assets less current liabilities (US$ million)	**188.62**	197.75
Net asset value per share (US$)	**0.68**	0.61
Ordinary share price (US$)	**0.52**	0.45
FTSE 350 Real Estate Index	**514.80**	587.81
DEBT-TO-EQUITY RATIO		
Debt-to-equity ratio[1]	**58.75%**	142.74%
Net debt-to-equity ratio[2]	**40.01%**	125.28%
EARNINGS PER SHARE		
Earnings per ordinary share - basic (US cents)	**8.89**	(7.44)
- diluted (US cents)	**8.89**	(7.44)

NOTES:

[1] Debt-to-equity ratio = (Total Borrowings ÷ Total Equity) x 100%

[2] Net debt-to-equity ratio = (Total Borrowings less Cash and Cash Equivalents less Held-For-Trading Financial Instrument ÷ Total Equity) x 100%

INTRODUCTION

The Group recorded comprehensive profit of US$10.5 million due to a gain on sale of AKLS, offset by losses of its operating assets and losses on foreign currency translation differences for foreign operations, for financial year ended 31 December 2016.

STATEMENT OF COMPREHENSIVE INCOME

The Group registered a four times increase in revenue from US$30.3 million (restated) in 2015 to US$112.5 million in 2016, mainly due to sale of the AKLS. The sale resulted in a gain of US$36.2 million which contributed to the net profit before taxation of US$16.2 million, compared to a net loss after taxation of US$20.7 million in 2015. The net profit included operating losses attributable to CIH of US$6.2 million, IHP of US$3.1 million, FPSS and HMS totalling US$6.2 million, together with the impairment loss on inventory in relation to FPSS of US$2.4 million.

Net profit attributable to equity holders of the parent was US$18.8 million in 2016, compared to a net loss of US$15.8 million in 2015. Tax charged for the year was lower at US$0.6 million (2015: US$1.3 million) due to fewer completed units of SENI and Tiffani sold in 2016.

The consolidated comprehensive profit for the year ended 31 December 2016 was US$10.5 million compared to a consolidated comprehensive loss of US$35.7 million in 2015. The former included losses on foreign currency translation differences for foreign operations of US$2.5 million (2015: US$15.9 million) due to weakening of the Ringgit against the US Dollars from 4.294 as at 31 December 2015 to 4.486 as at 31 December 2016; and fair value adjustment in relation to shares of Nam Long Investment Corporation ("Nam Long") of US$2.4 million (2015: increase of US$2.19 million) following the complete disposal of the 9,784,653 shares in Nam Long resulting in a gain on disposal of US$2.28 million.

Basic and diluted gain per share for the year ended 31 December 2016 were both US cents 8.89 (2015: Loss per share of US cents 7.44).

STATEMENT OF FINANCIAL POSITION

Total assets at 31 December 2016 were US$294.3 million, compared to US$368.9 million for 2015, representing a decrease of US$74.6 million. This was mainly due to decrease in inventories following the disposal of the AKLS, completed units of SENI and Tiffani; and translation effect due to the weaker Ringgit against the US Dollars. The contributions from the disposal of the inventories were used to repay the Group's debt. Cash and cash equivalents were higher at US$26.6 million (2015: US$23 million). The decrease in other receivables was largely due to the receipt of US$6.4 million representing the balance of consideration receivable for the disposal of Waterside Estates project, via the Group's 55% equity interest in ASPL PLB-Nam Long Ltd Liability Co, a subsidiary of the Group in year 2015.

Total liabilities have decreased from US$237.4 million in 2015 to US$152.1 million in 2016, mainly due to repayment of medium term notes of US$87.8 million.

Net Asset Value per share at 31 December 2016 was US$0.68 (2015: US$0.61).

CASH FLOW AND FUNDING

Cash flow generated from operation before interest and tax paid was US$105.1 million in 2016, compared to cash flow of US$4.3 million (restated) in 2015. The positive cash flow was mainly attributable to the profit from the disposal of AKLS.

During the year, the Group generated net cash flow of US$9.3 million from investing activities (2015: US$9.0 million), mainly due to disposal of the remaining shares in Nam Long.

The Group's subsidiaries borrow to fund property development projects. At 31 December 2016, the Group had gross borrowings of US$83.5 million (2015: US$187.8 million), a decrease of 55.5 % over the previous year. Net debt-to-equity ratio decreased from 125.3% in 2015 to 40.0% in 2016 due to repayment of medium term notes and an increase in shareholders' funds attributable to gain on sale of AKLS.

Finance income was US$0.40 million in 2016 compared to US$0.35 million in 2015. Finance costs decreased from US$11.0 million in 2015 to US$9.6 million in 2016. The finance costs were mainly attributable to CIH, IHP, AKLS, FPSS and HMS.

EVENT AFTER STATEMENT OF FINANCIAL POSITION DATE

On 4 January 2017, the Shareholders of the Company at an Extraordinary General Meeting approved a proposal to return US$10,000,500, or US$0.75 per share for 13,334,000 shares representing 6.29 per cent of the Company's share capital to Shareholders through N+1 Singer. The capital distribution was completed on 10 January 2017 and the repurchased shares of 13,334,000 are currently held as Treasury Shares. The issued and paid up share capital of the Company remains unchanged at 212,025,002.

DIVIDEND

No dividend was declared or paid in 2016.

PRINCIPAL RISKS AND UNCERTAINTIES

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

26 April 2017

Free Eye Consultation.

Aseana Properties is committed to making a positive difference in the world, whether it is making a difference to the local community or whether it is building a better working environment. In a nutshell, Aseana Properties believes that being socially and environmentally responsible is good for people, the planet and for business. The following 6 core principles define the essence of corporate citizenship for the Company.

MANAGING CORPORATE RESPONSIBILITY

The Board of Directors at Aseana Properties has oversight mechanisms, through corporate-level policies and standards to ensure an effective CSR programme is delivered in the interest of its employees, shareholders and the community at large. It is determined to ensure that its CSR programme acts legally and responsibly on all matters and that the highest ethical standards are maintained. The Board recognises this as a key part of its risk management strategy to protect the reputation of Aseana Properties and shareholders values are enhanced.

EMPLOYEES

In the current economic environment as one of constant change, competing demands and stress, the welfare of employees is critical in order to ensure they are productive, creative and innovative. This is also in order to achieve the highest standard in the workplace. The Company therefore works closely with its Development Manager to ensure that all employees are treated fairly and with dignity because it is the right thing to do and also to get the best out of them.

ENVIRONMENTAL MANAGEMENT

Aseana Properties believes that any commitment to a more environmentally sustainable world has to start at home, and to this end, it challenges itself to work in an environmentally responsible manner and to find new ways to reduce its carbon footprint, for instance. It is working hard to move towards a low-carbon economy because this is the biggest impact on minimising the negative effects of climate change. This is done through two critical sources where carbon output are at their highest - office energy consumption and business travel. The Company is implementing measurable actions to increase energy efficiency in its offices, and to be smarter about business travel. The next step is to work towards reducing waste in the communities it serves in order to promote responsible treatment of the environment. Another way is through its Development Manager, where Aseana Properties works with the local authorities and planners to ensure that environmental protection is key in any project scheme. It also works with architects, designers and other consultants to incorporate natural elements such as water, greenery, light and air into its projects.

HEALTH AND SAFETY

Aseana Properties considers Health and Safety to be important because it protects the well-being of employees, visitors and clients. Looking after Health and Safety makes good business sense and the Company works hard to provide a healthy workplace environment for its staff, contractors and visitors.

Some of the organised efforts and procedures for reducing workplace accidents, risks and hazards, including exposure to harmful situations include:

- Paying particular attention to the regular maintenance of equipment, plant and systems to ensure a safe working environment.
- Providing sufficient information, instruction, training and supervision to enable all employees to avoid hazards and to contribute positively to their own safety and safe performance at work.

COMMUNITY

Aseana Properties understands the importance of community engagement both for the communities themselves but also for giving staff more meaningful experiences by tapping into their professional skills and capabilities. Therefore, throughout the year, CIH organised the following as part of their CSR programme:

- Monthly parental classes to provide parents with expert advice on how to take care of their pregnancy, their health and general well-being during pregnancy.
- Free eye consultations on World Sight Day in October 2016.
- Free lung screening in November 2016 as part of the community health prevention programme.
- Participated in the Terry Fox annual run to raise money for cancer research.

Lung Cancer Prevention health talk & screening.

STAKEHOLDERS

Aseana Properties works collaboratively with its stakeholders to improve services and to ensure client satisfaction. The Company is committed to meaningful dialogue and encourages stakeholder participation through stakeholder meetings, roadshows, briefings, conference calls, timely release of annual reports and publication of its quarterly magazine, CiTi-ZEN. Aseana Properties also maintains an updated and informative website, www.aseanaproperties.com that is accessible to stakeholders and members of the public.

22 MARCH

AKLS celebrated its 3rd anniversary with a party at the Tiki-themed rooftop Mai Bar.

30 MARCH

Aseana Properties announced that it had entered into a conditional agreement with Prosper Group Holdings Limited to dispose of AKLS. The gross transaction value was approximately RM418.7 million (approximately US$104.6 million), which included the purchase of the entire issued share capital of ASPL M3B Limited and Iringan Flora Sdn Bhd ("Aloft Companies"), and assumption of certain debts, assets and liabilities of the Aloft Companies.

02 APRIL

AKLS sponsored a charity event, 'Children's Chemo Graduation Ball' in order to support children in need of cancer treatment. The funds raised were donated to The National Cancer Society of Malaysia (NCSM) for the University of Malaya Medical Centre (UMMC) and Hospital Kuala Lumpur (HKL).

20 APRIL

Aseana Properties realised VND45.6 billion (approximately US$2.04 million) on the sale of 2.0 million shares in Nam Long, a real estate developer in Vietnam listed on the Ho Chi Minh Stock Exchange, at VND22,800 (approximately US$1.02) per share. Following the sale, Aseana Properties' effective stake in Nam Long is reduced from 6.9% to 5.5%.

27 APRIL

Aseana Properties announced its Audited Full Year Results for the financial year ended 31 December 2015.

23 JUNE

Aseana Properties announced the completion of the disposal of the AKLS to Prosper Group Holdings Limited.

29 JUNE

Aseana Properties convened its 10th Annual General Meeting at its registered office in Jersey, Channel Islands. All the resolutions tabled were passed at the meeting.

30 JULY

HMS officially opened the first Premium Cinema in Sandakan. The new cinema 'Lotus Five Star Cinemas' comes with 8 halls and is equipped with the latest Dolby Atmos technology which can accommodate 1,000 movie goers at a time.

15 AUGUST

Aseana Properties realised VND47.5 billion (approximately US$2.13 million) on the sale of 2,175,880 shares in Nam Long at VND21,837 (approximately US$0.98) per share. Following the sale, Aseana Properties' effective stake in Nam Long is reduced from 5.50% to 3.96%.

26 AUGUST

Aseana Properties announced its Half-Year Results for the 6-month period ended 30 June 2016.

13 SEPTEMBER

Aseana Properties realised VND36.6 billion (approximately US$1.64 million) on the sale of 1.7 million shares in Nam Long at VND21,500 (approximately US$0.96) per share. Following the sale, Aseana Properties' effective stake in Nam Long is reduced from 3.96% to 2.75%.

14 OCTOBER

CIH organised free eye consultations in conjunction with World Sight Day. The event focused attention on vision improvement and prevention of eye disease.

02 NOVEMBER

Aseana Properties realised VND85.99 billion (approximately US$3.85 million) on the sale of its remaining stake in Nam Long of 3,908,773 shares at VND22,000 (approximately US$0.986) per share. This sale completed Aseana Properties' divestment of its shareholding in Nam Long, in line with the Company's overall divestment strategy.

27 NOVEMBER

CIH participated and sponsored the 20th year of Terry Fox Run, Vietnam for Cancer Research. Terry Fox Run is an annual non-competitive charity event held in numerous regions around the world in commemoration of Canadian cancer activitist Terry Fox, and his Marathon of Hope, to raise money for cancer research.

26 NOVEMBER

CIH organised a "Science & Technology Seminar No. 1 2016", where 11 doctors from CIH and other local hospitals presented their updated medical researches.

08 DECEMBER

Aseana Properties announced that it proposed, subject to Shareholder approval at an Extraordinary General Meeting to be held in January 2017, to return US$10,000,500 to Shareholders by way of a tender offer for up to 13,334,000 shares at a tender price equivalent to the net asset value per share of the Company, as at 30 September 2016, of US$0.75 per share. The Company proposed to hold all repurchased shares in treasury.

15 DECEMBER

As part of the Healthy Living Series for community awareness, CIH organised a Lung Cancer Prevention health talk and offered free lung cancer screening to the public. The event was to create awareness and educate the public about the risks of developing lung cancer and healthy living.

BOARD OF DIRECTORS

MOHAMMED AZLAN HASHIM
Non-Executive Chairman

Mohammed Azlan Hashim was appointed as Chairman (Non-Executive) of Aseana Properties in March 2007.

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

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 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, Malaysian Institute of Directors, Institute of Chartered Secretaries and Administrators, Hon. Member of the Institute of Internal Auditors, Malaysia and Member of the Malaysian Institute of Accountants.

CHRISTOPHER HENRY LOVELL
Non-Executive Director

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 until his retirement from Capita in 2010.

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.

Christopher holds a Ll.B (Hons) degree from the London School of Economics and is a member of the Law Society of England & Wales.

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, Small Companies Dividend Trust plc, F&C Managed Portfolio Trust plc and Manchester & London Investment Trust 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.

JOHN LYNTON JONES
Non-Executive Director

John Lynton Jones was appointed as Director (Non-Executive) of Aseana Properties in March 2007. Lynton is Chairman Emeritus 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 the minister of state and Financial Services Attaché at the British Embassy in Paris.

He was a board member of London's Futures and Options Association, of the London Clearing House and of Kenetics Group Limited, and a former adviser to the City of London Corporation. He was the founding chairman of the Dubai International Financial Exchange (now known as Nasdaq Dubai) from 2003 until 2006. He is chairman of DSX Cloud plc and a Fellow of the Chartered Institute for Securities and Investments. He was a Trustee of the Horniman Museum in London for 8 years until 2013. He studied at the University of Aberystwyth, where he took a first class honours in International Politics. He is now chairman of the University's Development Advisory Board.

GERALD ONG CHONG KENG
Non-Executive Director

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. In June 2007, he was appointed a Director of Metro Holdings Limited which is listed on the Singapore Exchange Securities Trading Limited.

Gerald has been granted The Institute of Banking and Finance (IBF) – Distinguished Fellow status and is an alumnus of the National University of Singapore, University of British Columbia and Harvard Business School.

NICHOLAS JOHN PARIS
Non-Executive Director

Nicholas John Paris was appointed as Director (Non-Executive) of Aseana Properties in June 2015. Nicholas is a portfolio manager for LIM Advisors ("LIM"), an Asian-focused investment management firm, headquartered in Hong Kong, and he specialises in investing in closed ended investment funds. He is based in London and graduated from Newcastle University with a Bachelor of Science degree with Honours in Agricultural Economics. He is also a Chartered Accountant and a Chartered Alternative Investment Analyst. He worked with Rothschild Asset Management from 1986 until 1994, launching specialist investment products before becoming a corporate adviser and broker in closed ended investment funds with a particular focus on those investing in emerging markets. In this role, he worked between 1994 and 2001 at Baring Securities, Peregrine Securities and then Credit Lyonnais Asia Securities. He then joined the hedge fund industry in a series of sales roles before founding Purbeck Advisers in 2006, which is his own advisory and sales business. He has been advising LIM on investing in Asian closed end funds for seven years and is a director of their London-based investment management subsidiary.

He has been a non-executive director of Global Resources Investment Trust plc (listed on the main market of the London Stock Exchange), TAU Capital plc (listed on the AIM market of the London Stock Exchange) and The India IT Fund Limited (previously listed on the Channel Islands Stock Exchange).

FERHEEN MAHOMED
Non-Executive Director

Ferheen Mahomed was appointed as Director (Non-Executive) of Aseana Properties in June 2015. Ferheen is currently Group General Counsel for Hong Kong Exchanges and Clearing Limited. Her previous roles included Executive Vice President of Business Development for Pacific Century Group and Group General Counsel for CLSA Asia Pacific Markets for four years after spending 14 years as Asia Pacific General Counsel for Societe Generale. Ferheen is both a UK and Hong Kong qualified lawyer having previously worked at Slaughter and May in Hong Kong and London. She is a law graduate from the University of Hong Kong and Rhodes Scholar to St. John's College Oxford, holding Bachelor of Civil Law Degree from Oxford.

Ferheen is heavily involved in the financial community and is a former member of the product advisory committee of the Securities and Futures Commission of Hong Kong as well as the Asia Pacific legal and regulatory Committee of ISDA.

The Directors present their report together with the audited financial statements of the Group for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Group are development of upscale residential and hospitality projects, sale of development land and operation of hotel, mall and hospital in Malaysia and Vietnam.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The statement of comprehensive income for the year is set out on pages 25 to 26. 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

When the Company was launched in 2007 the Board considered it desirable that Shareholders should have an opportunity to review the future of the Company at appropriate intervals. Accordingly, and as required under the Company's Articles, at the 2015 AGM the Company proposed an ordinary resolution for it to cease trading (the "Discontinuation Resolution").

At an extraordinary general meeting of the Company held on 22 June 2015, Shareholders voted in favour of the Board's proposals to amend the Company's investment policy to enable a realisation of the Company's assets in a controlled, orderly and timely manner, with the objective of achieving a balance between periodically returning cash to Shareholders and maximising the realisation value of the Company's investments. Shareholders also supported the Board's recommendation to vote against the Discontinuation Resolution proposed at the 2015 AGM, in order to allow a policy of orderly realisation of the Company's assets over a period of up to three years in order to maximise the value of the Company's assets and returns to Shareholders, both up to and upon the eventual liquidation of the Company.

To the extent that the Company has not disposed of all of its assets by the time of the AGM in 2018, in accordance with the Articles, Shareholders will be provided with an opportunity to review the future of the Company, where an ordinary resolution will be put to vote at the AGM in 2018.

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 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 pages 21 to 22.

RESULTS AND DIVIDENDS

The results for the year ended 31 December 2016 are set out in the attached financial statements.

No dividends were declared nor paid during the financial year under review.

PURCHASE OF OWN SHARES

On 4 January 2017, the Shareholders of the Company at an Extraordinary General Meeting approved a proposal to return US$10,000,500 or US$0.75 per share for 13,334,000 shares representing 6.29 per cent of the Company's share capital to Shareholders through N+1 Singer. The capital distribution was completed on 10 January 2017 and the repurchased shares of 13,334,000 are currently held as Treasury Shares. The issued and paid up share capital of The Company remains unchanged at 212,025,002.

SHARE CAPITAL

No shares were issued in 2016. Further details on share capital are stated in Note 25 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
- John Lynton Jones
- Gerald Ong Chong Keng
- Nicholas John Paris
- Ferheen Mahomed

DIRECTORS' INTERESTS

The interests of the directors in the Company's shares at 31 December 2016 and at the date of this report were as follows:

DIRECTOR	ORDINARY SHARES OF US$0.05 EACH	
	As at 31 Dec 2016	As at 26 Apr 2017
CHRISTOPHER HENRY LOVELL	48,000	48,000
JOHN LYNTON JONES	20,000	20,000
DAVID HARRIS	165,000	152,527
GERALD ONG CHONG KENG	2,250,000	2,108,467

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 50 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 4 April 2017:

	NUMBER OF ORDINARY SHARES HELD	PERCENTAGE OF VOTING SHARE CAPITAL
IREKA CORPORATION BERHAD	45,837,504	23.07%
LEGACY ESSENCE LIMITED AND ITS' RELATED PARTIES	36,628,282	18.43%
LIM ADVISORS	36,654,192	18.45%
ING ASIA (PB)	29,302,626	14.75%
DR. THONG KOK CHEONG	11,959,608	6.02%
KROHNE CAPITAL	6,650,708	3.35%

EMPLOYEES

The Company has no executive directors or employees. The subsidiaries of the Group have a total of 612 employees at 31 December 2016. 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 59 managerial and technical staff under its employment in Malaysia and Vietnam at 31 December 2016.

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.

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 2016 amounted to 69 days (2015: 67 days) of property development cost incurred during the year.

FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise cash balances, balances with related parties, other payables, receivables and loans and borrowings that arise in the normal course of business. The Group's Financial 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:

- 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

- 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 LLP, 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 20 to 22.

ANNUAL GENERAL MEETING

The tabling of the 2016 Annual Report and Financial Statements to shareholders will be at an Annual General Meeting ("AGM") to be held in 3 July 2017.

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

26 April 2017

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 setting the framework 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.

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

DIRECTORS	YEAR ENDED 31 DECEMBER 2016 (US$)	YEAR ENDED 31 DECEMBER 2015 (US$)
Mohammed Azlan Hashim (Chairman of the Board)	70,000	70,000
Christopher Henry Lovell (Chairman of the Audit Committee)	55,000	55,000
David Harris	48,000	48,000
Ismail Shahudin (Passed away in July 2016)	28,000	48,000
John Lynton Jones	48,000	48,000
Gerald Ong Chong Keng	48,000	48,000
Nicholas John Paris	–	–
Ferheen Mahomed	–	–
TOTAL	**297,000**	**317,000**

SHARE OPTIONS

The Company did not operate any share option schemes during the year ended 31 December 2016.

SHARE PRICE INFORMATION

- High for the year – US$0.520
- Low for the year – US$0.395
- Close for the year – US$0.520

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

26 April 2017

The Financial Conduct Authority requires all companies with a Premium Listing to comply with The UK Corporate Governance Code (the "Code"). Aseana Properties is a Jersey incorporated company with a Standard Listing on the UK Listing Authority's Official List and is therefore not subject to the Code. The following explains how the principles of governance are applied to the Company.

THE BOARD

The Company currently has a Board of seven non-executive directors, including the non-executive Chairman, after the passing of Ismail Shahudin in July 2016. The brief biographies of the following directors appear on pages 14 to 15 of the Annual Report 2016:

- Mohammed Azlan Hashim (Non-Executive Chairman)
- Christopher Henry Lovell
- David Harris
- John Lynton Jones
- Gerald Ong Chong Keng
- Nicholas John Paris
- Ferheen Mahomed

The Board did not appoint a Chief Executive or a Senior Independent Director as it did not consider it appropriate given the nature of the Company's business and that the Company's property portfolio is externally managed by Ireka Development Management Sdn Bhd (the "Development Manager").

ROLE OF THE BOARD OF DIRECTORS

The Board's role is to provide entrepreneurial leadership to the Company, within a framework of prudent and effective controls, enabling risks 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, and examines and approves disposal of the Company's assets in a controlled, orderly and timely manner. 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 is delegated to the Development Manager and its performance is regularly assessed by the Board.

Appropriate level of 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 2016 and their respective attendance are as follows:

Name of Directors	Attendance
Mohammed Azlan Hashim	7/7
Christopher Henry Lovell	7/7
David Harris	6/7
John Lynton Jones	7/7
Gerald Ong Chong Keng	4/7
Nicholas John Paris	6/7
Ferheen Mahomed	5/7

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. The Board periodically will receive presentations at Board meetings relating to the Company's business and operations, significant financial, accounting and risk management issues. All Directors have access to the advice and services of the Development Manager, Company Secretary and advisers, who are responsible to the Board on matters of corporate governance, board procedures and regulatory compliance.

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. Notwithstanding that Nicholas John Paris, the representative of LIM Advisors, and Ferheen Mahomed, the representative of Legacy Essence Limited, being appointed as the non-independent non-executive directors of the Company, the Board considers the Directors to be independent, being independent of management and also having no business relationships which could interfere materially with the exercise of their judgement.

The Chairman is responsible for leadership of the Board, ensuring effectiveness in all aspects of its role and setting its agenda. Matters referred to the Board are considered by the Board as a whole and no individual has unrestricted powers of decision. 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 2016, the evaluation concluded that the performance of the Board, its Committees and each individual Director was and remains effective and that all Directors demonstrate full commitment in their respective roles. The Directors are encouraged to continually attend training courses at the Company's expense to enhance their skills and knowledge in matters that are relevant to their role on the Board. The Directors also receive updates on developments of corporate governance, the state of economy, management strategies and practices, laws and regulations, to enable effective functioning of their roles as Directors.

RE-ELECTION OF DIRECTORS

The Company's Articles of Association states 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 29 June 2016, Christopher Henry Lovell and Gerald Ong Chong Keng, who retired by rotation as Directors, and Nicholas John Paris and Ferheen Mahomed, who submitted themselves for election at the first opportunity after their appointment, were respectively re-elected and elected to the Board. The remainder of the Board recommended their election and re-election following an evaluation which concluded that their performance continued to be effective and they demonstrated commitment to their roles.

BOARD COMMITTEES

The Board has established Audit, Nomination, Remuneration and Management Engagement Committees which deal with specific aspects of the Company's affairs, each of which has written terms of reference which are reviewed annually. Necessary recommendations are then made to the Board for its consideration and decision-making. 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 for presenting information concerning their areas of responsibility. 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 Gerald Ong. Gerald Ong was appointed on 25 August 2016 to fill the casual vacancy left by Ismail Shahudin who passed away during the year. 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 four times during the year and 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 systems 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.

Since the start of the financial year ended 31 December 2016, 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:

- reviewing the audit plan with the Group's Auditor;
- reviewing and discussing the Audit Committee Report with the Group's Auditor;
- reviewing the draft Audited Financial Statements as contained in the draft Annual Report together with the Group's Auditor before tabling to the Board for consideration and approval;
- reviewing other published financial information including the half year results and results announcements before tabling to the Board for consideration and approval;
- considering the independence of the auditor; and
- reviewing the auditor's performance and made a recommendation for the reappointment of the Group's auditor by shareholders.

NOMINATION COMMITTEE

The Nomination Committee is chaired by Mohammed Azlan Hashim. Other committee members are David Harris, John Lynton Jones and Gerald Ong Chong Keng. 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 and the meeting was attended by all committee members and other Board members at the invitation of the Nomination Committee.

During the year ended 31 December 2016, 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 or re-election 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 (Gerald Ong was recommended by the committee to fill the casual vacancy in Remuneration Committee arising from the passing of Ismail Shahudin); 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. Other committee members are David Harris and Gerald Ong Chong Keng. Gerald Ong was appointed on 25 August 2016 to fill the casual vacancy left by Ismail Shahudin who passed away during the year.

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 and the meeting was attended by all committee members and other Board members at the invitation of the Remuneration Committee.

During the year ended 31 December 2016, 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. Other committee members are David Harris, John Lynton Jones and Gerald Ong Chong Keng. 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 and the meeting was attended by all committee members and other Board members at the invitation of the Management Engagement Committee.

During the year ended 31 December 2016, 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 monitoring compliance by providers of other services to the Company with the terms of their respective agreements; and
- reviewing and considering the appointment and remuneration of providers of services to the Company.

FINANCIAL REPORTING

The Board aims to present a fair, 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 half-yearly report and the Annual Report through the Chairman's Statement, Development Manager's Review Statement, Financial Review Statement and Directors' 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 risk management and internal control is maintained. An internal audit function specific to the Company is therefore considered not necessary. However, the Directors will continue to monitor if such need is required.

AUDITOR

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

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 this assessment and considers themselves to be independent, objective and in compliance with the APB (Auditing Practices Board) Ethical Standards.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the effectiveness of the Company's risk management and internal control systems and is supplied with information to enable it to discharge its duties. Such 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 risk management and internal control.

During the year, the Board discharged its responsibility for risk management and internal control 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.

The Board has established frameworks, policies and procedures to comply with the requirements of the Bribery Act 2010 (the "Bribery Act") and Market Abuse Regulation ("MAR"). In respect of the former, the Development Manager had set up a legal and compliance function for the purposes of implementing the anti-corruption and anti-bribery policy. Training and briefing sessions were conducted for the Development Manager's senior management and employees. Compliance reviews will be carried out as and when required to ensure the effectiveness of the policy. In respect of dealing by employees and directors of the Company, the Company has a Dealing Code which imposes restrictions on dealings in its securities by Persons Discharging Managerial Responsibilities ("PDMR") and certain employees who have been told the clearance procedures apply to them. The Company also has a Group-Wide Dealing Policy and a Dealing Procedures Manual. These policies have been designed to ensure that the PDMR and other employees of the Company and its subsidiaries do not misuse or place themselves under suspicion of misusing information about the Group which they have and which is not public.

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 spokepersons with investors, analysts, fund managers, the press and other interested parties. The Board is informed of material information provided to shareholders and is advised on their feedback. The Board has also developed an understanding of the views of major shareholders about the Company through meetings and teleconferences conducted by the financial adviser and the Development Manager. In addition, the Company seeks to regularly update shareholders through stock exchange announcements, press releases and participation in roadshows.

To promote effective communication, the Company has a website, www.aseanaproperties.com through which shareholders and investors can access relevant 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. All Directors attended the 2016 AGM, held on 29 June 2016 at the Company's registered office.

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 votes received for, against and withheld in respect of each resolution after the shareholders and proxies present have voted on each resolution. An announcement confirming whether all the resolutions have been passed at the AGM is made through the London Stock Exchange.

On behalf of the Board

MOHAMMED AZLAN HASHIM
Director

CHRISTOPHER HENRY LOVELL
Director

26 April 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASEANA PROPERTIES LIMITED

We have audited the group and parent company financial statements of Aseana Propertes Limited for the year ended 31 December 2016 which comprise Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the related notes set out on pages 25 to 62. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as issued by the IASB.

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 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 of the state of the group's and parent company's affairs as at 31 December 2016 and of the group's and the parent company's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- the parent company financial statements have been properly prepared in accordance with International Financial Reporting Standards as applied in accordance with the provisions of the Companies (Jersey) Law 1991; and
- have been prepared in accordance with the requirements of 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:

- adequate accounting records have not been kept by the company; or
- the parent 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.

RICHARD KELLY
for and on behalf of KPMG LLP
Chartered Accountants and Recognised Auditor
15 Canada Square
London E14 5GL

26 April 2017

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 LLP accepts no responsibility for any changes that may have occurred to the financial statements or our audit report since 26 April 2017. KPMG LLP has carried out no procedures of any nature subsequent to 26 April 2017 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.

INVESTMENT GATEWAY TO MALAYSIA AND VIETNAM

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

CONTINUING ACTIVITIES	Notes	2016 US$'000	2015 US$'000 Restated*
Revenue	5	**112,535**	30,323
Cost of sales	6	**(77,547)**	(29,164)
Gross profit		**34,988**	1,159
Other income	7	**21,963**	28,886
Administrative expenses		**(1,466)**	(1,787)
Foreign exchange loss	8	**(5,051)**	(2,915)
Management fees	9	**(3,331)**	(3,115)
Marketing expenses		**(99)**	(288)
Other operating expenses		**(21,625)**	(31,916)
Operating profit/ (loss)		**25,379**	(9,976)
Finance income		**401**	355
Finance costs		**(9,616)**	(11,031)
Net finance costs	11	**(9,215)**	(10,676)
Net profit/ (loss) before taxation	12	**16,164**	(20,652)
Taxation	13	**(686)**	(1,278)
Profit/ (loss) for the year		**15,478**	(21,930)
Other comprehensive income/ (expense), net of tax			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations		**(2,534)**	(15,920)
Fair value adjustment in relation to available-for-sale investments	18	**(2,441)**	2,190
Total other comprehensive expense for the year	14	**(4,975)**	(13,730)
Total comprehensive profit/ (loss) for the year		**10,503**	(35,660)
Profit/ (loss) attributable to:			
Equity holders of the parent	15	**18,856**	(15,784)
Non-controlling interests	17	**(3,378)**	(6,146)
Total		**15,478**	(21,930)
Total comprehensive profit/(loss) attributable to:			
Equity holders of the parent		**13,674**	(29,748)
Non-controlling interests		**(3,171)**	(5,912)
Total		**10,503**	(35,660)
Earnings/ (loss) per share			
Basic and diluted (US cents)	15	**8.89**	(7.44)

* see Note 40

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 2016

CONTINUING ACTIVITIES	Notes	2016 US$'000	2015 US$'000
Revenue		**–**	–
Cost of sales		**–**	–
Gross profit		**–**	–
Administrative expenses		**(403)**	(519)
Foreign exchange (loss)/ gain	8	**(3,542)**	4,118
Gain on disposal of subsidiary	17	**34,895**	–
Management fees	9	**(1,259)**	(1,257)
Impairment of investment in subsidiaries	17	**–**	(6,284)
Impairment of amount due from subsidiaries	23	**(14,376)**	(8,223)
Other operating expenses		**(855)**	(878)
Operating profit/ (loss)		**14,460**	(13,043)
Finance income	11	**56**	17
Net profit/ (loss) before taxation	12	**14,516**	(13,026)
Taxation		**–**	–
Profit/ (loss) for the year/ Total comprehensive profit/ (loss) for the year		**14,516**	(13,026)
Profit/ (loss) per share			
Basic and diluted (US cents)	15	**6.85**	(6.14)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2016

	Notes	2016 US$'000	2015 US$'000
Non-current assets			
Property, plant and equipment	16	**743**	861
Available-for-sale investments	18	**–**	9,917
Intangible assets	19	**7,081**	7,233
Deferred tax assets	20	**1,623**	1,337
Total non-current assets		**9,447**	19,348
Current assets			
Inventories	21	**244,959**	307,328
Trade and other receivables	22	**11,571**	17,741
Prepayments		**1,093**	218
Current tax assets		**660**	1,360
Cash and cash equivalents	24	**26,650**	22,978
Total current assets		**284,933**	349,625
TOTAL ASSETS		**294,380**	368,973
Equity			
Share capital	25	**10,601**	10,601
Share premium	26	**218,926**	218,926
Capital redemption reserve	27	**1,899**	1,899
Translation reserve	28	**(29,142)**	(26,401)
Fair value reserve	29	**–**	2,441
Accumulated losses	30	**(58,922)**	(77,301)
Shareholders' equity		**143,362**	130,165
Non-controlling interests	17	**(1,148)**	1,433
Total equity		**142,214**	131,598
Non-current liabilities			
Loans and borrowings	33	**46,405**	55,823
Medium term notes	34	**–**	10,330
Total non-current liabilities		**46,405**	66,153
Current liabilities			
Trade and other payables	31	**53,880**	37,336
Amount due to non-controlling interests	32	**12,573**	10,014
Loans and borrowings	33	**10,807**	13,500
Medium term notes	34	**26,343**	108,190
Current tax liabilities		**2,158**	2,182
Total current liabilities		**105,761**	171,222
Total liabilities		**152,166**	237,375
TOTAL EQUITY AND LIABILITIES		**294,380**	368,973

The financial statements were approved on 26 April 2017 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 2016

	Notes	2016 US$'000	2015 US$'000
Non-current asset			
Investment in subsidiaries	17	**68,233**	68,233
Total non-current asset		**68,233**	68,233
Current assets			
Trade and other receivables	22	**32**	–
Prepayment		**276**	–
Amounts due from subsidiaries	23	**171,269**	157,566
Cash and cash equivalents	24	**10,753**	9,094
Total current assets		**182,330**	166,660
TOTAL ASSETS		**250,563**	234,893
Equity			
Share capital	25	**10,601**	10,601
Share premium	26	**218,926**	218,926
Capital redemption reserve	27	**1,899**	1,899
Accumulated losses	30	**(58,231)**	(72,747)
Total equity		**173,195**	158,679
Current liabilities			
Trade and other payables	31	**263**	185
Amounts due to subsidiaries	23	**77,105**	76,029
Total current liabilities		**77,368**	76,214
Total liabilities		**77,368**	76,214
TOTAL EQUITY AND LIABILITIES		**250,563**	234,893

The financial statements were approved on 26 April 2017 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.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

Consolidated	Redeemable Ordinary Shares US$'000	Management Shares US$'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 Interests US$'000	Total Equity US$'000
1 January 2015	10,601	–	218,926	1,899	(10,247)	251	(60,932)	160,498	10,187	170,685
Issuance of management shares (Note 25)	–	–*	–	–	–	–	–	–	–	–*
Changes in ownership interests in subsidiaries (Note 36)	–	–	–	–	–	–	(585)	(585)	(5,340)	(5,925)
Non-controlling interests contribution	–	–	–	–	–	–	–	–	2,498	2,498
Loss for the year	–	–	–	–	–	–	(15,784)	(15,784)	(6,146)	(21,930)
Total other comprehensive expense	–	–	–	–	(16,154)	2,190	–	(13,964)	234	(13,730)
Total comprehensive loss	–	–	–	–	(16,154)	2,190	(15,784)	(29,748)	(5,912)	(35,660)
At 31 December 2015/ 1 January 2016	**10,601**	**–***	**218,926**	**1,899**	**(26,401)**	**2,441**	**(77,301)**	**130,165**	**1,433**	**131,598**
Changes in ownership interests in subsidiaries (Note 36)	–	–	–	–	–	–	(477)	(477)	477	–
Non-controlling interests contribution	–	–	–	–	–	–	–	–	113	113
Profit for the year	–	–	–	–	–	–	18,856	18,856	(3,378)	15,478
Total other comprehensive expense	–	–	–	–	(2,741)	(2,441)	–	(5,182)	207	(4,975)
Total comprehensive profit	–	–	–	–	(2,741)	(2,441)	18,856	13,674	(3,171)	10,503
Shareholders' equity at 31 December 2016	**10,601**	**–***	**218,926**	**1,899**	**(29,142)**	**–**	**(58,922)**	**143,362**	**(1,148)**	**142,214**

Company	Redeemable Ordinary Shares US$'000	Management Shares US$'000	Share Premium US$'000	Capital Redemption Reserve US$'000	Accumulated Losses US$'000	Total Equity US$'000
1 January 2015	10,601	–	218,926	1,899	(59,721)	171,705
Issuance of management shares (Note 25)	–	–*	–	–	–	–*
Loss for the year/ Total comprehensive loss	–	–	–	–	(13,026)	(13,026)
At 31 December 2015/ 1 January 2016	**10,601**	**–***	**218,926**	**1,899**	**(72,747)**	**158,679**
Profit for the year/ Total comprehensive profit	–	–	–	–	14,516	14,516
Shareholders' equity at 31 December 2016	**10,601**	**–***	**218,926**	**1,899**	**(58,231)**	**173,195**

*represents 2 management shares at US$0.05 each

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 2016

	Notes	2016 US$'000	2015 US$'000 Restated*
Cash Flows from Operating Activities			
Net profit/ (loss) before taxation		**16,164**	(20,652)
Finance income		**(401)**	(355)
Finance costs		**9,616**	11,031
Unrealised foreign exchange loss		**4,939**	2,544
Write down/ Impairment of intangible assets		**152**	1,565
Depreciation of property, plant and equipment		**98**	105
Gain on disposal of available-for-sale investments		**(2,285)**	(806)
Gain on disposal of property, plant and equipment		**(5)**	–
Fair value loss on amount due to non-controlling interests		**–**	320
Operating profit/ (loss) before changes in working capital		**28,278**	(6,248)
Changes in working capital:			
Decrease in inventories	17	**55,303**	7,424
Decrease/ (increase) in trade and other receivables and prepayments		**6,103**	(4,105)
Increase in trade and other payables		**15,426**	7,249
Cash generated from operations		**105,110**	4,320
Interest paid		**(9,616)**	(11,031)
Tax paid		**(318)**	(4,321)
Net cash from/ (used in) operating activities		**95,176**	(11,032)
Cash Flows from Investing Activities			
Proceeds from disposal of available-for-sale investments	(iii)	**8,955**	5,359
Proceeds from disposal of property, plant and equipment		**5**	–
Disposal of held-for-trading financial instrument		**–**	3,291
Finance income received		**401**	355
Net cash from investing activities		**9,361**	9,005
Cash Flows from Financing Activities			
Advances from non-controlling interests		**2,819**	1,067
Issuance of ordinary shares of subsidiaries to non-controlling interests	(ii)	**113**	1,058
Issuance of management shares		**–**	–#
Repayment of loans and borrowings		**(104,880)**	(15,854)
Drawdown of loans and borrowings		**1,571**	16,046
Increase in pledged deposits placed in licensed banks		**(698)**	(1,537)
Net cash (used in)/ generated from financing activities		**(101,075)**	780
Net changes in cash and cash equivalents during the year		**3,462**	(1,247)
Effect of changes in exchange rates		**(155)**	(1,632)
Cash and cash equivalents at the beginning of the year	(i)	**13,332**	16,211
Cash and cash equivalents at the end of the year	(i)	**16,639**	13,332
(i) Cash and Cash Equivalents			
Cash and cash equivalents included in the consolidated statement of cash flows comprise the following consolidated statement of financial position amounts:			
Cash and bank balances	24	**14,858**	9,143
Short term bank deposits	24	**11,792**	13,835
		26,650	22,978
Less: Deposits pledged	24	**(10,011)**	(9,646)
Cash and cash equivalents		**16,639**	13,332

(ii) During the financial year, US$113,000 (2015: US$2,498,000) of ordinary shares of subsidiaries were issued to non-controlling shareholders which was satisfied via cash consideration (2015: US$1,058,000 was satisfied via cash consideration). In 2015, the remaining amount of US$1,440,000 was satisfied via capitalisation of amount due to non-controlling interests.

(iii) During the financial year, the Group disposed the entire balance representing 9,784,653 (2015: 5,800,000) shares in Nam Long for a consideration of US$9,848,000 (2015: US$5,359,000) of which US$8,955,000 was received during the year. The balance consideration recoverable of US$ 893,000 was received on 23 February 2017.

* see Note 40

\# represents 2 management shares at US$0.05 each

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 2016

	Notes	2016 US$'000	2015 US$'000
Cash Flows from Operating Activities			
Net profit/ (loss) before taxation		**14,516**	(13,026)
Impairment of investment in subsidiaries		**–**	6,284
Impairment of amount due from subsidiaries		**14,376**	8,223
Finance income		**(56)**	(17)
Unrealised foreign exchange loss/ (gain)		**3,442**	(4,345)
Gain on disposal of a subsidiary		**(34,895)**	–
Operating loss before changes in working capital		**(2,617)**	(2,881)
Changes in working capital:			
(Increase)/ decrease in receivables		**(308)**	18
Increase in payables		**79**	39
Net cash used in operating activities		**(2,846)**	(2,824)
Cash Flows from Investing Activities			
Finance income received		**56**	17
Net cash used in investing activities		**56**	17
Cash Flows from Financing Activities			
Net advances from subsidiaries		**4,413**	5,413
Issuance of management shares		**–**	–*
Net cash from financing activities		**4,413**	5,413
Net changes in cash and cash equivalents during the year		**1,623**	2,606
Effect of changes in exchange rates		**36**	34
Cash and cash equivalents at the beginning of the year		**9,094**	6,454
Cash and cash equivalents at the end of the year	24	**10,753**	9,094

* represents 2 management shares at US$0.05 each

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

1 GENERAL INFORMATION

The principal activities of the Group are development of upscale residential and hospitality projects, sale of development land and operation of hotel, mall and hospital in Malaysia and Vietnam.

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 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, adequacy of bank loans and medium term notes and also the refinancing of the medium term notes (as described in Notes 33 and 34) and the Directors believe that the business will be able to realise its assets and discharge its liabilities in the normal course of business for at least 12 months from the date of the approval of these financial statements.

The Directors expect to raise sufficient funds to finance the completion of the Group's existing project and the necessary working capital via the disposal of its development lands in Vietnam and East Malaysia, its existing units of condominium inventories in West Malaysia, and through the disposals of the CIH, the FPSS and the HMS.

Should the planned disposals of the assets not materialise, or are delayed, the Directors expect to "roll-over" the medium term notes which are due to expire in the next 12 months, given that the notes are "AAA" rated (a highly sought after investment in Malaysia) and secured by two completed inventories of the Group with carrying amount of US$74.12 million as at 31 December 2016. Included in the terms of the medium term notes programme is an option for the Group to refinance the notes, as and when they expire. This option to refinance is available until 2021.

The Group also has significant borrowings in Vietnam secured by the CIH and development lands. The Directors expect to repay the short term portion of the borrowings via sale of land in Vietnam. The remaining scheduled installments are due only in 2019 and 2020.

The forecasts also incorporate current payables, committed expenditure and other future expected expenditure, along with sales of all completed inventories and disposal of all development lands.

When the Company was launched in 2007 the Board considered it desirable that Shareholders should have an opportunity to review the future of the Company at appropriate intervals. Accordingly, and as required under the Company's Articles, at the 2015 AGM the Company proposed an ordinary resolution for it to cease trading (the "Discontinuation Resolution").

At an extraordinary general meeting of the Company held on 22 June 2015, Shareholders voted in favour of the Board's proposals to amend the Company's investment policy to enable a realisation of the Company's assets in a controlled, orderly and timely manner, with the objective of achieving a balance between periodically returning cash to Shareholders and maximising the realisation value of the Company's investments. Shareholders also supported the Board's recommendation to vote against the Discontinuation Resolution proposed at the 2015 AGM, in order to allow a policy of orderly realisation of the Company's assets over a period of up to three years in order to maximise the value of the Company's assets and returns to Shareholders, both up to and upon the eventual liquidation of the Company.

To the extent that the Company has not disposed of all of its assets by the time of the AGM in 2018, in accordance with the Articles, Shareholders will be provided with an opportunity to review the future of the Company, which would include the option for Shareholders to vote for the continuation of the Company.

The directors have considered the appropriateness of preparing the accounts on a going concern basis in light of the decision to realise the Group's investments in an orderly manner. There is no certainty over the timeframe over which the investments will be realised. The directors note that other viable alternative strategies to a wind- down remain available and they will continue to evaluate whether to propose continuation of the current divestment investment policy or a change to an alternative strategy. Accordingly, the financial statements have been prepared on the going concern basis.

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

New/Revised International Financial Reporting Standards		Issued/ Revised	Effective Date
IFRS 9 Financial Instruments	Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	July 2014	Effective for annual periods beginning on or after 1 January 2018
IFRS 10 Consolidated Financial Statements	Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	December 2015	Deferred indefinitely
IFRS 15 Revenue from Contracts with Customers	IASB defers effective date to annual periods beginning on or after 1 January 2018	April 2016	Effective for annual periods beginning on or after 1 January 2018
IFRS 16 Leases	Original Issue	January 2016	Effective for annual periods beginning on or after 1 January 2019
IAS 7 Statement of Cash Flows	Amendments resulting from the disclosure initiative	January 2016	Effective for annual periods beginning on or after 1 January 2017
IAS 12 Income Taxes	Amendments regarding the recognition of deferred tax assets for unrealised losses	January 2016	Effective for annual periods beginning on or after 1 January 2017

The Directors anticipate that the adoption of the above standards, amendments and interpretations in future periods will have no material impact on the financial information of the Group or Company except as mentioned below.

a) IFRS 9, Financial instruments

IFRS 9, which becomes mandatory for the Group's 2018 Consolidation Financial Statements, could change the classification and measurement of financial assets. The Directors are currently determining the impact of IFRS 9.

b) IFRS 15, Revenue from contracts with customers

IFRS 15 replaces the guidance in IFRS 11, Construction Contracts, IFRS 18, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfer of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services. The Directors are currently determining the impact of IFRS 15.

c) IFRS 16, Leases

IFRS 16 replaces, the guidance in IAS 17, Leases, IC Interpretation 4, Determining whether an arrangement contains a Lease, IC interpretation ILS, Operating Leases-Incentive and IC interpretation 127, Evaluating the Substance of Transactions Involving The Legal Form of a Lease. The Directors are currently determining the impact of IFRS 16.

2 BASIS OF PREPARATION CONT'D

2.2 Functional and presentation currency

These financial statements are presented in US Dollar (US$), which is the Company's functional currency and the Group's presentation currency. All financial information is presented in US$ 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 value of inventories under development, land held for 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 at completion of development may exceed net realisable value. The assessment requires the use of judgement and estimates in relation to factors such as sales prices, comparable market transactions, occupancy levels, projected growth rates, and discount rates.

b) Impairment of licence contracts and related relationships

Licence contracts and related relationships represent the rights to develop the IHP venture with the lease period ending on 9 July 2077.

The Group assesses the recoverable amount of licence contracts and related relationships by reference to the realisability of the properties of which the licence contracts and related relationship is attached (refer Note 2.3(a)). The assessment requires the use of judgement and estimates in relation to factors such as sales prices and comparable market transactions.

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

c) Impairment of goodwill

The Group assesses the recoverable amount of goodwill by reference to the realisability of the properties of which the goodwill is attached to (refer Note 2.3(a)).

d) Classification of assets as inventory

The Group's principal activity is of a property developer and continues to classify its completed developments, namely the hotels, mall and hospital as inventories, in line with the Group's intention to dispose these assets rather than hold them for rentals or capital appreciation. The Group operates these inventories temporarily to stabilise its operation while seeking a potential buyer.

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.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; 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.

Transaction 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 combination are expensed as 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.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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.

3 SIGNIFICANT ACCOUNTING POLICIES CONT'D

3.1 Basis of Consolidation cont'd

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) 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 the Group's 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 to non-controlling interest. 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 and Other Income

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 when 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 except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

c) 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.

d) Revenue from hotel, hospital and mall operations

Revenue from hospital operations which include healthcare support services and medicine and medical services is recognised in the profit or loss net of service tax and discounts as and when services are rendered. Revenue from hospital operations is recognised as other income.

Revenue from the hotel operations, which include provision of rooms, food and beverage, other departments sales and laundry service fees are recognised when services are rendered. Revenue from hotel operations is recognised as other income.

Revenue from mall operations is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Where a rent-free period is included in a lease, the rental income foregone is allocated evenly over the period from the date the lease commencement to the earliest termination date. Revenue from mall operations 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 criterias 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 straight line basis over its expected useful life:

3 SIGNIFICANT ACCOUNTING POLICIES CONT'D

3.4 Property, Plant and Equipment cont'd

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

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimates amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

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 derecognition 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 Leased Assets

Finance leases

Leases where the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest of the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.6 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.

3.7 Financial Instruments

a) Non-derivative 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.

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 assets into the following categories: loans and receivables, and available-for-sale investments.

i) 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.

ii) 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.

b) Non-derivative 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.

3 SIGNIFICANT ACCOUNTING POLICIES CONT'D

3.7 Financial Instruments cont'd

b) Non-derivative financial liabilities cont'd

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

Accounting for interest income and finance cost is discussed in Note 3.3 (b) and 3.13.

c) 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.

3.8 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 and are used by the Group and the Company in the management of their short term commitments. Bank overdrafts are included within borrowings in the current liabilities section on the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3.9 Intangible Assets

Intangible assets comprise 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. Licence contratcs and related relationship represent the rights to develop the International Healthcare Park venture with the lease period ended on 9 July 2077. 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).

3.10 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 and the estimated costs necessary to make the sale.

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.

3.11 Impairment

a) Non-derivative financial assets

A financial asset not classified as 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, economic 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 profit or loss.

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. The impairment loss is reversed, to the extent that the debtor's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed.

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 other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised in profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument are classified as available-for-sale 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.

3 SIGNIFICANT ACCOUNTING POLICIES CONT'D

3.11 Impairment cont'd

d) Non-financial assets cont'd

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. Goodwill is tested for impairment on an annual basis.

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.

e) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

i) Ordinary shares

Ordinary shares are redeemable only at the Company's options and are classified as equity. Distributions thereon are recognised as distributions within equity.

ii) Management shares

Management shares are classified as equity and are non-redeemable.

iii) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

iv) Repurchase, disposal and reissue of share capital ("treasury shares")

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in 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 treasury shares are cancelled, the equivalent will be credited to capital redemption reserves.

3.12 Employee Benefits

a) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) State plans

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 profit or loss in the year to which they relate.

3.13 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 profit or loss in the period in which they are incurred using the effective interest method.

3.14 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.

3.15 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.

3.16 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 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 profit or loss 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 SIGNIFICANT ACCOUNTING POLICIES CONT'D

3.17 Commitments and Contingencies

Commitments and contingent liabilities are disclosed in the financial statements and described in Note 38. 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.

3.18 Segment Reporting

An operating segment is a component of the Group that engages in business activities 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.

3.19 Fair Value Measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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 be used 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 2016, 93.45% (2015: 99.00%) 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 6.55% (2015: 1.00%) with local banks, in the case of Vietnam. Management does 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 2016, there was no significant concentration of credit risk within the Group.

The Group's exposure to credit risk arising from total debtors was set out in Note 22 and totals US$11.6 million (2015: US$17.7 million). The Group's exposure to credit risk arising from deposits and balances with banks is set out in Note 24 and totals US$26.7 million (2015: US$23.0 million).

Financial guarantees

The Company provides unsecured financial guarantee to banks in respect of banking facilities granted to certain subsidiaries.

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:

Company	2016 US$'000	2015 US$'000
Financial institutions for bank facilities granted to its subsidiaries	**64,161**	161,286

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

The financial guarantees have not been recognised in the Statement of Financial Position 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 2016, the Group's borrowings to fund the developments had terms of less than ten 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.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at a significantly different amount.

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 2016							
Finance lease liabilities	**3**	**2.50% - 3.50%**	**3**	**3**	**–**	**–**	**–**
Interest bearing loans and borrowings	**83,552**	**5.25% - 10.50%**	**95,832**	**42,643**	**7,232**	**45,958**	**–**
Trade and other payables	**53,880**	**–**	**53,880**	**53,880**	**–**	**–**	**–**
Amount due to non-controlling interests	**12,573**	**–**	**12,573**	**12,573**	**–**	**–**	**–**
	150,008	**–**	**162,288**	**109,099**	**7,232**	**45,958**	**–**
At 31 December 2015							
Finance lease liabilities	21	2.50% - 3.50%	24	12	11	1	–
Interest bearing loans and borrowings	187,822	5.25% - 12.50%	206,661	130,776	24,349	51,536	–
Trade and other payables	37,336	–	37,336	37,336	–	–	–
Amount due to non-controlling interests	10,014	–	10,014	10,014	–	–	–
	235,193	–	254,035	178,138	24,360	51,537	–

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 2016							
Financial guarantees	**–**	**–**	**64,161**	**64,161**	**–**	**–**	**–**
Trade and other payables	**263**	**–**	**263**	**263**	**–**	**–**	**–**
	263	**–**	**64,424**	**64,424**	**–**	**–**	**–**
At 31 December 2015							
Financial guarantees	–	–	161,286	161,286	–	–	–
Trade and other payables	185	–	185	185	–	–	–
	185	–	161,471	161,471	–	–	–

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.

4 FINANCIAL RISK MANAGEMENT CONT'D

4.4 Market Risk cont'd

a) Foreign Exchange Risk cont'd

The Group's exposure to foreign currency risk on cash and cash equivalents at year end is as follows:

Group	2016 US$'000	2015 US$'000
Ringgit Malaysia	**157**	144
Sterling Pound	**1**	1
Others	**16**	30
	174	175

At 31 December 2016, 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 or loss and equity expressed in US$ would have been US$17,400/ (US$17,400) (2015: US$17,500/ (US$17,500)).

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 rates 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	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Fixed rate instruments:				
Financial assets	**11,792**	13,835	**90**	3,005
Financial liabilities	**26,346**	119,329	**–**	–
Floating rate instruments:				
Financial liabilities	**57,209**	68,514	**–**	–

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 32% (2015: 64%) of the Group's borrowings at 31 December 2016.

Interest rate risk is reported internally to key management personnel via a sensitivity analysis, which is prepared based on the exposure to variable interest rates 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 2016, if the interest rate had been 100 basis point lower/ higher and all other variables were held constant, this would increase/ (decrease) the Group profit for the year by approximately US$572,000/ (US$572,000) (2015: (decrease)/ increase the Group loss for the year by (US$685,000)/ US$685,000).

4 FINANCIAL RISK MANAGEMENT CONT'D

4.5 Fair Values

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

The table below analyses financial instruments carried at fair value and those not carried at fair value, along with their carrying amounts showns in the statement of financial position:

2016 Group USD'000		Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
Financial liabilities										
Amount due to non-controlling interests	–	–	–	–	–	–	**(12,573)**	**(12,573)**	**(12,573)**	**(12,573)**
Bank loans and borrowings	–	–	–	–	–	–	**(57,209)**	**(57,209)**	**(57,209)**	**(57,209)**
Finance lease liabilities	–	–	–	–	–	–	**(3)**	**(3)**	**(3)**	**(3)**
Medium term notes	–	–	–	–	–	–	**(26,073)**	**(26,073)**	**(26,073)**	**(26,343)**
	–	–	–	–	–	–	**(95,858)**	**(95,858)**	**(95,858)**	**(96,128)**

2015 Group USD'000		Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
Financial assets										
Available-for-sale investments	9,917	–	–	9,917	–	–	–	–	9,917	9,917
Financial liabilities										
Amount due to non-controlling interests	–	–	–	–	–	–	(10,014)	(10,014)	(10,014)	(10,014)
Bank loans and borrowings	–	–	–	–	–	–	(69,302)	(69,302)	(69,302)	(69,302)
Finance lease liabilities	–	–	–	–	–	–	(21)	(21)	(21)	(21)
Medium term notes	–	–	–	–	–	–	(114,452)	(114,452)	(114,452)	(118,520)
	–	–	–	–	–	–	(193,789)	(193,789)	(193,789)	(197,857)

Policy on transfer between levels

The fair value on an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in an active market for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2015: no transfer in either direction other than the available-for-sale financial assets representing the Group's investment in shares of Nam Long Investment Corporation ("Nam Long") with a carrying amount of US$9,917,000 which were transferred from Level 2 to Level 1 because the shares in Nam Long were actively traded in the Ho Chi Minh Stock Exchange ("HOSE") as compared to the previous financial year).

Transfers between Level 2 and Level 3 fair values

There has been no transfer in either direction during the financial year (2015: no transfer in either direction).

Non-derivative financial liabilities

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 at the end of the reporting period. At 31 December 2016, the interest rate used to discount estimated cash flows of the medium term notes is 8.19% (2015: 7.94%).

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 cash and cash equivalents, loans and borrowings, medium term notes and equity attributable to equity holders of the parent, comprising issued share capital and reserves, were as follows:

Group	2016 US$'000	2015 US$'000
Capital structure analysis:		
Cash and cash equivalents	**26,650**	22,978
Loans and borrowings and finance lease liabilities	**(57,212)**	(69,323)
Medium term notes	**(26,343)**	(118,520)
Equity attributable to equity holders of the parent	**(143,362)**	(130,165)
Total capital	**(200,267)**	(295,030)

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 debts.

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 held-for-trading financial instrument and cash and cash equivalents to the total equity.

The net debt-to-equity ratios at 31 December 2016 and 31 December 2015 were as follows:

Group	2016 US$'000	2015 US$'000
Total borrowings and finance lease liabilities	**83,555**	187,843
Less: Cash and cash equivalents (Note 24)	**(26,650)**	(22,978)
Net debt	**56,905**	164,865
Total equity	**142,214**	131,598
Net debt-to-equity ratio	**0.40**	1.25

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 completed units in Malaysia and land held for property development in Vietnam.

5.1 Revenue recognised during the year as follows:

	Group		Company	
	2016 US$'000	2015 US$'000 Restated	2016 US$'000	2015 US$'000
Sales of land held for property development	**411**	8,227	**–**	–
Sale of completed units	**112,124**	22,096	**–**	–
	112,535	30,323	**–**	–

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, Chief Operating Officer and Chief Investment 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. Investment Holding Companies – investing activities;
ii. Ireka Land Sdn. Bhd. – develops Tiffani ("Tiffani") by i-ZEN;
iii. ICSD Ventures Sdn. Bhd. – owns and operates Harbour Mall Sandakan ("HMS") and Four Points by Sheraton Sandakan Hotel ("FPSS");
iv. Amatir Resources Sdn. Bhd. – develops SENI Mont' Kiara ("SENI");
v. Iringan Flora Sdn. Bhd. – owns and operates Aloft Kuala Lumpur Sentral Hotel ("AKLS");
vi. Urban DNA Sdn. Bhd.– develops The RuMa Hotel and Residences ("The RuMa");
vii. Hoa Lam-Shangri-La Healthcare Group – master developer of International Healthcare Park ("IHP"); owns and operates the City International Hospital ("CIH"); and
viii. ASPL PLB-Nam Long Limited Liability Co - developer of Waterside Estates residential project.

Other non-reportable segments comprise the Group's development projects. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2016 and 2015.

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/ (loss) and profit/ (loss) before taxation, which the Executive Management believes are the most relevant in evaluating the results relative to other entities in the industry. Segment assets presented are 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 in Malaysia and Vietnam.

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

Operating Segments – ended 31 December 2016

	Investment Holding Companies US$'000	Ireka Land Sdn. Bhd. US$'000	ICSD Ventures Sdn. Bhd. US$'000	Amatir Resources Sdn. Bhd. US$'000	Iringan Flora Sdn. Bhd. US$'000	Urban DNA Sdn. Bhd. US$'000	Hoa Lam-Shangri-La Healthcare Group US$'000	Total US$'000
Segment profit/ (loss) before taxation	**(4,410)**	**135**	**(6,237)**	**515**	**37,223**	**(1,338)**	**(9,359)**	**16,529**
Included in the measure of segment profit/ (loss) are:								
Revenue	–	1,306	–	6,529	104,289	–	411	112,535
Revenue from hotel operations	–	–	3,435	–	8,762	–	–	12,197
Revenue from mall operations	–	–	1,041	–	–	–	–	1,041
Revenue from hospital operations	–	–	–	–	–	–	5,754	5,754
Impairment of inventory*	–	–	(2,408)	–	–	–	–	(2,408)
Write down of intangible assets	–	–	–	(79)	–	–	(73)	(152)
Marketing expenses	–	–	–	–	–	(193)	–	(193)
Expenses from hotel operations	–	–	(3,763)	–	(5,719)	–	–	(9,482)
Expenses from mall operations	–	–	(1,399)	–	–	–	–	(1,399)
Expenses from hospital operations	–	–	–	–	–	–	(9,039)	(9,039)
Depreciation of property, plant and equipment	–	–	(6)	–	(3)	–	(89)	(98)
Finance costs	–	–	(2,992)	–	(1,957)	–	(4,363)	(9,312)
Finance income	57	2	258	9	2	7	66	401
Segment assets	**12,160**	**1,843**	**76,174**	**18,722**	**–**	**69,618**	**97,833**	**276,350**

* The amount relates to impairment of FPSS as the recoverable amount, estimated based on its net realisable value, is below its carrying amounts (see note 21).

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

Profit or loss	US$'000
Total profit for reportable segments	16,529
Other non-reportable segments	(61)
Finance cost	(304)
Consolidated profit before taxation	**16,164**

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 2015 (Restated)

	Investment Holding Companies US$'000	Ireka Land Sdn. Bhd. US$'000	ICSD Ventures Sdn. Bhd. US$'000	Amatir Resources Sdn. Bhd. US$'000	Iringan Flora Sdn. Bhd. US$'000	Urban DNA Sdn. Bhd. US$'000	Hoa Lam-Shangri-La Healthcare Group US$'000	ASPL PLB Limited US$'000	Total US$'000
Segment profit/ (loss) before taxation	(297)	79	(9,168)	4,156	1,621	(863)	(16,090)	(4)	(20,566)
Included in the measure of segment profit/ (loss) are:									
Revenue	–	1,322	–	20,774	–	–	–	8,227	30,323
Revenue from hotel operations	–	–	3,701	–	18,314	–	–	–	22,015
Revenue from mall operations	–	–	1,033	–	–	–	–	–	1,033
Revenue from hospital operations	–	–	–	–	–	–	4,244	–	4,244
Impairment of inventory*	–	–	(3,200)	–	–	–	–	–	(3,200)
Write down/ Impairment of intangible assets	–	–	(1,397)	(168)	–	–	–	–	(1,565)
Marketing expenses	–	–	–	(57)	–	(231)	–	–	(288)
Expenses from hotel operations	–	–	(4,256)	–	(12,351)	–	–	–	(16,607)
Expenses from mall operations	–	–	(1,401)	–	–	–	–	–	(1,401)
Expenses from hospital operations	–	–	–	–	–	–	(11,110)	–	(11,110)
Depreciation of property, plant and equipment	–	–	(7)	–	(7)	–	(90)	–	(104)
Finance costs	–	–	(3,635)	–	(4,133)	–	(3,263)	–	(11,031)
Finance income	19	2	268	19	4	7	34	–	353
Segment assets	26,589	3,903	80,392	22,271	62,112	56,776	98,362	–	350,405

* The amount relates to impairment of FPSS as the recoverable amount, estimated based on its net realisable value, is below its carrying amounts (see note 21).

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

Profit or loss	US$'000 Restated
Total loss for reportable segments	(20,566)
Other non-reportable segments	(87)
Depreciation	(1)
Finance cost	–
Finance income	2
Consolidated loss before taxation	(20,652)

There are no additions to non-current assets other than financial instruments and deferred tax assets for the financial year 2016 and 2015 respectively.

2016 US$'000	Revenue	Depreciation	Finance costs	Finance income	Segment assets
Total reportable segment	**112,535**	**(98)**	**(9,312)**	**401**	**276,350**
Other non-reportable segments	**–**	**–**	**(304)**	**–**	**18,030**
Consolidated total	**112,535**	**(98)**	**(9,616)**	**401**	**294,380**

2015 US$'000 (Restated)	Revenue	Depreciation	Finance costs	Finance income	Segment assets
Total reportable segment	30,323	(104)	(11,031)	353	350,405
Other non-reportable segments	–	(1)	–	2	18,568
Consolidated total	30,323	(105)	(11,031)	355	368,973

There are no additions to non-current assets other than financial instruments and deferred tax assets for the financial year ended 2016 and 2015 respectively.

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 2016

	Malaysia US$'000	Vietnam US$'000	Consolidated US$'000
Revenue	**112,124**	**411**	**112,535**
Non-current assets	**2,359**	**7,088**	**9,447**

Included in the revenue of the Group for the financial year ended 31 December 2016 is revenue from the sale of AKLS and a plot of land (GD1) at the IHP.

For the year ended 31 December 2016, one customer exceeded 10% of the Group's total revenue as follow:

	US$'000	Segments
Prosper Group Holdings Limited	104,289	Iringan Flora Sdn. Bhd.

Geographical Information – ended 31 December 2015 (Restated)

	Malaysia US$'000	Vietnam US$'000	Consolidated US$'000
Revenue	22,096	8,227	30,323
Non-current assets	2,172	17,176	19,348

For the year ended 31 December 2015, one customer exceeded 10% of the Group's total revenue as follow:

	US$'000	Segments
Name Long Investment Corporation ("Nam Long") and Nam Khang Construction Investment Development Limited Liability Company ("Nam Khang")	8,227	ASPL PLB-Nam Long Limited Liability Co

6 COST OF SALES

	Group		Company	
	2016 US$'000	2015 US$'000 Restated	2016 US$'000	2015 US$'000
Direct costs attributable to: Completed units	**74,796**	16,847	**–**	–
Sales of land held for property development (Note 21)	**191**	7,552	**–**	–
Write down/ Impairment of intangible assets (Note 19)	**152**	1,565	**–**	–
Impairment of inventory (Note 21)	**2,408**	3,200	**–**	–
	77,547	29,164	**–**	–

Included in the cost of sales of the Group for the financial year ended 31 December 2016 is cost of sales related to the sale of AKLS and a plot of land (GD1) at the IHP (2015: Sale of Waterside Estates residential project).

7 OTHER INCOME

Group	2016 US$'000	2015 US$'000 Restated
Dividend income	**208**	293
Gain on disposal of available-for-sale investments	**2,285**	806
Gain on disposal of property, plant and equipment	**5**	–
Rental income	**211**	115
Revenue from hotel operations (a)	**12,197**	22,015
Revenue from mall operations (b)	**1,041**	1,033
Revenue from hospital operations (c)	**5,754**	4,244
Sundry income	**262**	380
	21,963	28,886

a) Revenue from hotel operations

The revenue relates to the operations of two hotels – FPSS and AKLS, which are owned by subsidiaries of the Company, ICSD Ventures Sdn. Bhd. and Iringan Flora Sdn. Bhd. respectively. The revenue earned from hotel operations is included in other income in line with management's intention to dispose of the hotels.

b) Revenue from mall operations

The revenue relates to the operation of HMS which is owned by a subsidiary of the Company, ICSD Ventures Sdn. Bhd.. The revenue earned from mall operations is included in other income in line with management's intention to dispose of the mall.

7 OTHER INCOME CONT'D

c) Revenue from hospital operations

The revenue relates to the operation of CIH which is owned by a subsidiary of the Company, City International Hospital Company Limited. The revenue earned from hospital operations is included in other income in line with management's intention to dispose of the hospital.

8 FOREIGN EXCHANGE (LOSS)/ GAIN

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Foreign exchange (loss)/ gain comprises:				
Realised foreign exchange loss	**(112)**	(371)	**(100)**	(227)
Unrealised foreign exchange (loss)/ gain	**(4,939)**	(2,544)	**(3,442)**	4,345
	(5,051)	(2,915)	**(3,542)**	4,118

9 MANAGEMENT FEES

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Management fees	**3,331**	3,115	**1,259**	1,257

The management fees payable to the Development Manager are based on 2% per annum of the Group's net asset value calculated on the last business day of June and December of each calendar year and payable quarterly in advance. The management fees were allocated to the subsidiaries and the 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 of the net asset value over a total compounded return hurdle rate of 10% per annum. No performance fee has been paid or accrued during the year (2015: US$Nil).

10 STAFF COSTS

Group	2016 US$'000	2015 US$'000
Wages, salaries and others	**9,144**	11,774
Employees' provident fund, social security and other pension costs	**497**	626
	9,641	12,400

The Company has no executive directors or employees under its employment. As of year ended 2016, the subsidiaries of the Group have a total of 612 (2015: 856) employees.

11 FINANCE (COSTS)/ INCOME

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Interest income from banks	**401**	355	**56**	17
Arrangement fee	**(621)**	–	**–**	–
Agency fees	**(194)**	(83)	**–**	–
Bank guarantee commission	**(50)**	(49)	**–**	–
Interest on bank loans	**(4,313)**	(3,214)	**–**	–
Interest on financial liabilities at amortised cost	**(1)**	(2)	**–**	–
Interest on medium term notes	**(4,437)**	(7,683)	**–**	–
	(9,215)	(10,676)	**56**	17

12 NET PROFIT/ (LOSS) BEFORE TAXATION

	Group 2016 US$'000	Group 2015 US$'000	Company 2016 US$'000	Company 2015 US$'000
Net profit/ (loss) before taxation is stated after charging/ (crediting):				
• Auditor's remuneration				
- current year	**205**	226	**101**	119
• Directors' fees	**297**	317	**297**	317
• Depreciation of property, plant and equipment	**98**	105	**–**	–
• Expenses of hotel operations	**9,482**	16,607	**–**	–
• Expenses of mall operations	**1,399**	1,401	**–**	–
• Expenses of hospital operations	**9,039**	11,110	**–**	–
• Fair value loss on amount due to non-controlling interests	**–**	320	**–**	–
• Impairment of amount due from subsidiary	**–**	–	**14,376**	8,223
• Impairment of investment in subsidiary	**–**	–	**–**	6,284
• Unrealised foreign exchange loss/ (gain)	**4,939**	2,544	**3,442**	(4,345)
• Realised foreign exchange loss	**112**	371	**100**	227
• Write down/ Impairment of intangible assets	**152**	1,565	**–**	–
• Gain on disposal of available-for-sale investments	**(2,285)**	(806)	**–**	–
• Gain on disposal of property, plant and equipment	**(5)**	–	**–**	–
• Gain on disposal of a subsidiary	**–**	–	**(34,895)**	–
• Tax services	**8**	15	**–**	–

13 TAXATION

		2016 US$'000	2015 US$'000
Current tax	– Current year	**796**	1,468
	– Prior year	**262**	(227)
Deferred tax (credit)/ expense	– Current year	**(354)**	678
	– Prior year	**(18)**	(641)
Total tax expense for the year		**686**	1,278

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	2016 US$'000	2015 US$'000
Net profit/ (loss) before taxation	**16,164**	(20,652)
Income tax at a rate of 24% (2015: 25%)	**3,879**	(5,163)
Add :		
Tax effect of expenses not deductible in determining taxable profit	**6,854**	3,689
Current year losses and other tax benefits for which no deferred tax asset was recognised	**2,029**	2,449
Tax effect of different tax rates in subsidiaries	**1,521**	2,703
Less :		
Tax effect of income not taxable in determining taxable profit	**(13,841)**	(1,532)
Under/ (over) provision in respect of prior years	**244**	(868)
Total tax expense for the year	**686**	1,278

The applicable corporate tax rate in Malaysia is 24% (2015: 25%).

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

The applicable corporate tax rates in Singapore and Vietnam are 17% and 20% (2015: 22%) respectively.

A subsidiary of the Group, CIH is granted preferential corporate tax rate of 10% for the results of the hospital operations. The preferential income tax is given by the government of Vietnam due to the subsidiary's involvement in the healthcare industry.

A Goods and Services Tax was introduced in Jersey in May 2008. The Company has been registered as an International Services Entity so it does not have to charge or pay local GST. The cost for this registration is £200 per annum.

The tax effect of income not taxable in determining taxable profit are mainly relates to the net gain on disposal from the sale of the AKLS (see Note 17).

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.

14 OTHER COMPREHENSIVE EXPENSE

Group Items that are or may be reclassified subsequently to profit or loss, net of tax	2016 US$'000	2015 US$'000
Foreign currency translation differences for foreign operation		
Loss arising during the year	**(3,522)**	(15,374)
Reclassification to profit or loss on disposal of subsidiary	**988**	(546)
	(2,534)	(15,920)
Fair value of available-for-sale investment		
(Loss)/ Gain arising during the year	**(233)**	2,680
Reclassification adjustments for gain on disposal included in profit or loss	**(2,208)**	(490)
	(2,441)	2,190
	(4,975)	(13,730)

15 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 2016 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	2016 US$'000	2015 US$'000
Profit/ (Loss) attributable to equity holders of the parent	**18,856**	(15,784)
Weighted average number of shares	**212,025**	212,025
Earnings/ (loss) per share **Basic and diluted (US cents)**	**8.89**	(7.44)

Company	2016 US$'000	2015 US$'000
Profit/ (loss) for the year	**14,516**	(13,026)
Weighted average number of shares	**212,025**	212,025
Earnings/ (loss) per share **Basic and diluted (US cents)**	**6.85**	(6.14)

16 PROPERTY, PLANT AND EQUIPMENT

	Furniture, Fittings & Equipment US$'000	Motor Vehicles US$'000	Leasehold Building US$'000	Total US$'000
Cost				
At 1 January 2016	**348**	**270**	**804**	**1,422**
Exchange adjustments	**(4)**	**(6)**	**(9)**	**(19)**
Disposal	**–**	**(60)**	**–**	**(60)**
At 31 December 2016	**344**	**204**	**795**	**1,343**
Accumulated Depreciation				
At 1 January 2016	**213**	**131**	**217**	**561**
Exchange adjustments	**(3)**	**(4)**	**(3)**	**(10)**
Charge for the year	**35**	**27**	**36**	**98**
Disposal	**–**	**(49)**	**–**	**(49)**
At 31 December 2016	**245**	**105**	**250**	**600**
Net carrying amount at 31 December 2016	**99**	**99**	**545**	**743**
Cost				
At 1 January 2015	366	299	846	1,511
Exchange adjustments	(18)	(29)	(42)	(89)
At 31 December 2015	348	270	804	1,422
Accumulated Depreciation				
At 1 January 2015	187	115	191	493
Exchange adjustments	(10)	(16)	(11)	(37)
Charge for the year	36	32	37	105
At 31 December 2015	213	131	217	561
Net carrying amount at 31 December 2015	135	139	587	861

17 INVESTMENT IN SUBSIDIARIES

Company	2016 US$'000	2015 US$'000
Unquoted shares, at cost	**66,428**	66,428
Discount on loans to subsidiaries	**14,518**	14,518
Less: Impairment loss	**(12,713)**	(12,713)
	68,233	68,233

A list of the main operating subsidiaries is provided in Note 37.

The investments in subsidiaries will be recovered through realisation of subsidiaries' assets and liabilities, including the sale of the underlying assets in the Group. The key sensitivities in relation to the recovery of these assets have been set up in Note 21.

Disposal of ASPL M3B Limited and Iringan Flora Sdn. Bhd.

During the financial year, the Group entered into a sale and purchase agreement to dispose of AKLS to Prosper Group Holdings Limited for a net adjusted price of US$104.3 million through disposal of the entire issued share capital of ASPL M3B Limited and Iringan Flora Sdn. Bhd. A gain on disposal of US$34.9million was recognised from the disposal of the subsidiary at Company level.

The condition precedent for the completion of the disposal of AKLS was met on 23 June 2016 when the transfer of shares was effected and upon the satisfactory completion of a due diligence conducted by Prosper Group Holdings Limited, and certain consents being obtained from Starwood Asia Pacific Hotels & Resorts Pte Ltd, the operator of the AKLS, and consents from the Company's financiers for the AKLS.

Disposal of Morningstar International Preschool Limited Liability Co.

During the financial year, the Group disposed of a plot of land in IHP through disposal of its entire interest in Morningstar International Preschool Limited Liability Company (previously known as Hoa Lam Shangri-La Limited Liability Co) ("HLSL4"), for a consideration of US$411,000 (VND9 billion). The condition precedent for the completion of the disposal was met on 22 January 2016 when the shares were transferred to the purchaser.

Disposal of ASPL PLB-Nam Long Limited Liability Co.

In the previous financial year, the Group disposed of the Waterside Estates residential project through the disposal of its 55% equity interest in ASPL PLB-Nam Long Ltd Liability Co ("ASPL PLB-Nam Long"), a subsidiary of the Group for a consideration of US$8,227,000 (VND185,165,679,414). The disposal of ASPL PLB-Nam Long in the previous financial year resulted in the derecognition of non-controlling interest of US$5,925,000.

Non-controlling interests in subsidiaries
The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

2016	Hoa Lam Services Co Ltd US$'000	Shangri-La Healthcare Investment Pte Ltd US$'000	Urban DNA Sdn. Bhd. US$'000	Other individually immaterial subsidiaries US$'000	Total US$'000
NCI percentage of ownership interest and voting interest	**49%**	**18.50%**	**30%**		
Carrying amount of NCI	**(3,083)**	**3,100**	**(1,353)**	**188**	**(1,148)**
Loss allocated to NCI	**(1,593)**	**(1,377)**	**(401)**	**(7)**	**(3,378)**
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	**30,523**	**68,820**	**1,219**		
Current assets	**45,477**	**103,340**	**68,398**		
Non-current liabilities	**(13,921)**	**(32,483)**	**–**		
Current liabilities	**(44,627)**	**(68,131)**	**(74,127)**		
Net assets/ (liabilities)	**17,452**	**71,546**	**(4,510)**		
Year ended 31 December					
Revenue	**–**	**–**	**–**		
Loss for the year	**(3,252)**	**(7,444)**	**(1,338)**		
Total comprehensive loss	**(3,092)**	**(7,160)**	**(1,089)**		
Cash flows (used in)/ from operating activities	**(1,699)**	**(3,974)**	**1,121**		
Cash flows (used in) investing activities	**(5,816)**	**(4,366)**	**–**		
Cash flows from financing activities	**4,774**	**11,154**	**781**		
Net (decrease)/ increase in cash and cash equivalents	**(2,741)**	**2,814**	**1,902**		

17 INVESTMENT IN SUBSIDIARIES CONT'D

Non-controlling interests in subsidiaries cont'd

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

2015	Hoa Lam Services Co Ltd US$'000	Shangri-La Healthcare Investment Pte Ltd US$'000	Urban DNA Sdn. Bhd. US$'000	Other individually immaterial subsidiaries US$'000	Total US$'000
NCI percentage of ownership interest and voting interest	49%	20.24%	30%		
Carrying amount of NCI	(1,524)	4,009	(1,026)	(26)	1,433
Loss allocated to NCI	(3,028)	(2,851)	(259)	(8)	(6,146)
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	36,487	82,824	1,023		
Current assets	31,035	74,229	55,752		
Non-current liabilities	(16,744)	(39,069)	–		
Current liabilities	(25,322)	(32,184)	(60,196)		
Net assets/ (liabilities)	25,456	85,800	(3,421)		
Year ended 31 December					
Revenue	–	–	–		
Loss for the year	(6,180)	(14,085)	(863)		
Total comprehensive loss	(5,741)	(13,431)	(191)		
Cash flows used in operating activities	(4,509)	(10,612)	(4,221)		
Cash flows used in investing activities	(6,743)	(9,971)	–		
Cash flows from financing activities	11,018	20,053	3,879		
Net decrease in cash and cash equivalents	(234)	(530)	(342)		

18 AVAILABLE-FOR-SALE INVESTMENTS

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

Group 2016	Quoted Shares US$'000
1 January – fair value	**9,917**
Disposal	**(7,562)**
Exchange adjustments	**86**
Recognised in other comprehensive expense	**(233)**
Reclassified from equity to profit or loss	**(2,208)**
At 31 December – fair value	**–**

Group 2015	Quoted Shares US$'000
1 January – fair value	12,822
Disposal	(4,553)
Exchange adjustments	(542)
Recognised in other comprehensive income	2,680
Reclassified from equity to profit or loss	(490)
At 31 December – fair value	9,917

During the financial year, the Group disposed the entire balance representing 9,784,653 (2015: 5,800,000) numbers of shares in Nam Long for a consideration of US$9,850,945 (2015: US$5,359,000) at an average market price of US$1.01 (2015: US$0.92) per share. The Group recognised a gain on disposal of US$ 2,285,000 during the year (2015: US$806,000).

19 INTANGIBLE ASSETS

Group	Licence Contracts and Related Relationships US$'000	Goodwill US$'000	Total US$'000
Cost			
At 1 January 2015/ 31 December 2015/ 31 December 2016	**10,695**	**6,479**	**17,174**
Accumulated impairment losses			
At 1 January 2015	4,276	4,100	8,376
Impairment	–	1,397	1,397
Write down	–	168	168
At 31 December 2015/ 1 January 2016	**4,276**	**5,665**	**9,941**
Write down	73	79	152
At 31 December 2016	**4,349**	**5,744**	**10,093**
Carrying amounts			
At 31 December 2015	6,419	814	7,233
At 31 December 2016	**6,346**	**735**	**7,081**

The licence contracts and related relationships represent the land use rights ("LUR") for the Group's land in Vietnam. LUR represents the rights to develop the IHP within a lease period ending on 9 July 2077. In 2016, the Group sold a selected plot of its undeveloped land in the IHP Lot, GD1 to third party purchasers.

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.

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

Group	2016 US$'000	2015 US$'000
Licence contracts and related relationships		
International Healthcare Park	**6,346**	6,419
Goodwill		
SENI Mont' Kiara	**185**	264
Sandakan Harbour Square	**550**	550
	735	814

The recoverable amount of licence contracts and related relationships has been tested based on the net realisable value of the Land Use Rights ("LUR") owned by the subsidiaries. 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 amounts.

The recoverable amount of goodwill has been tested by reference to underlying profitability of the ongoing operations of the developments using discounted cash flow projections (Refer Note 21).

In the previous financial year, impairment loses of US$1,397,000 in relation to the FPSS, have been recognised as the recoverable amount of the cash generating unit, estimated based on net realisable value, is below its carrying amount. Intangible assets of US$79,000 (2015: US$168,000) and US$73,000 (2015: US$Nil) in relation to SENI and IHP projects respectively were written down as certain components from developments were sold during the year.

20 DEFERRED TAX ASSETS

Group	2016 US$'000	2015 US$'000
At 1 January	**1,337**	1,683
Exchange adjustments	**(86)**	(309)
Deferred tax credit relating to origination and reversal of temporary differences during the year	**372**	(37)
At 31 December	**1,623**	1,337

The deferred tax assets comprise:

Group	2016 US$'000	2015 US$'000
Taxable temporary differences between accounting profit and taxable profit of property development units sold	**1,623**	1,337
At 31 December	**1,623**	1,337

Deferred tax assets have not been recognised in respect of unused tax losses of US$65,440,000 (2015: US$55,000,000) and other tax benefits which includes temporary differences between net carrying amount and tax written down value of property, plant and equipment, accrual of construction costs and other deductible temporary differences of US$4,460,000 (2015: US$3,100,000) 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.

21 INVENTORIES

Group	Note	2016 US$'000	2015 US$'000
Land held for property development	(a)	**22,514**	23,223
Work-in-progress	(b)	**62,708**	53,182
Stock of completed units, at cost	(c)	**159,334**	230,436
Consumables		**403**	487
At 31 December		**244,959**	307,328
Carrying amount of inventories pledged as security for Loan and borrowings and Medium Term Notes		**148,427**	237,059

(a) Land held for property development

Group	2016 US$'000	2015 US$'000
At 1 January	**23,223**	40,560
Add :		
Exchange adjustments	**(604)**	(3,466)
Additions	**86**	451
At 31 December	**22,705**	37,545
Less: Costs recognised as expenses in the statement of comprehensive income during the year (Note 6)	**(191)**	(14,322)
At 31 December	**22,514**	23,223

(b) Work-in-progress

Group	2016 US$'000	2015 US$'000
At 1 January	**53,182**	55,332
Add :		
Exchange adjustments	**(3,967)**	(10,273)
Work-in-progress incurred during the year	**13,493**	8,123
At 31 December	**62,708**	53,182

The above amounts included borrowing costs capitalised at interest rate ranging from 5.50% to 10.00% per annum (2015: 5.50% to 10.00%per annum) of US$1,620,000 (2015: US$1,670,000) during the financial year.

(c) Stock of completed units, at cost

The net realisable value of completed units have been tested by reference to underlying profitability of the ongoing operations of the developments using discounted cash flow projections and/ or comparison method with the similar properties within the local market which provides an approximation of the estimated selling price that is expected to be achieved in the ordinary course of business.

Included in the stock of completed units are SENI, Tiffani by i-ZEN as well as the following completed units:

Four Points by Sheraton Sandakan Hotel ("FPSS")

The recoverable amount of FPSS was determined based on a valuation by an external, independent valuer with appropriate recognised professional qualification. The carrying amount of FPSS including the attached goodwill was determined to be higher than its recoverable amount of US$37,012,000 (2015: US$40,949,000) and impairment losses of US$Nil (2015: US$1,397,000) and US$2,408,000 (2015: US$3,200,000) in relation to the goodwill and inventory amounts was recognised respectively. The impairment loss was included in cost of sales.

The valuation of FPSS was determined by discounting the future cash flows expected to be generated from the continuing operations of FPSS and was based on the following key assumptions:

1) Cash flows were projected based on past experience, actual operating results in 2016 and the 10 years budget of FPSS adjusted by the valuer;

2) The occupancy rate of FPSS will improve to an optimum level of 75% in 2026;

3) Projected gross margin reflects the average historical gross margin, adjusted for projected market and economic conditions and internal resources efficiency; and

4) Pre-tax discount rate of 9% was applied in discounting the cash flows. The discount rates takes into the prevailing trend of the hotel industry in Malaysia.

21 INVENTORIES CONT'D

Sensitivity analysis

The above estimates are sensitive in the following key areas:

a) an increase/ (decrease) of 1% in discount rate used would have (decreased)/ increased the recoverable amount by approximately (US$4,828,000)/ US$6,199,000.

b) an increase/ (decrease) of 1% in occupancy rate throughout the entire projection term used would have increased/ (decreased) the recoverable amount by approximately US$684,000/ (US$684,000).

Harbour Mall Sandakan ("HMS")

The recoverable amount of HMS was determined based on an internal valuation performed by management. The recoverable amount of HMS was determined to be higher than its carrying amount and no impairment losses in relation to the inventory amounts was recognised.

The valuation of HMS was determined by the capitalisation of net income expected to be generated from the continuing operations of HMS ("investment approach") when the mall operates at an optimum occupancy rate and was based on the following key assumptions:

1) Occupancy rate will improve to an optimum level of 95%;

2) Capitalisation period of 73 years covering the period of HMS achieving optimum operations to expiration of the title term;

3) Outgoing rate was projected at 35% against gross annual income;

4) Capitalisation rate was assumed at 6%;

Sensitivity analysis

The above estimates are sensitive in the following key areas:

a) an increase/ (decrease) of 1% in capitalisation rate used would have (decreased)/ increased the recoverable amount by approximately (US$5,652,000)/ US$7,555,000.

b) an increase/ (decrease) of 1% in optimum occupancy rate throughout the entire projection term would have increased/ (decreased) the recoverable amount by approximately US$435,000/ (US$435,000).

City International Hospital ("CIH")

The recoverable amount of CIH was determined based on a valuation by an external, independent valuer with appropriate recognised professional qualification. The recoverable amount of CIH was determined to be higher than its carrying amount and no impairment losses in relation to the inventory amounts was recognised.

The valuation of CIH was determined on a depreciated replacement cost approach which entails estimating the land value for its existing use, and the depreciated replacement costs of the site improvements and related expenditure. The followings are the key assumptions:

1) The underlying land value is based on the current prices quoted by the similar properties to potential investors who are looking to set up the private hospital in the area;

2) Replacement costs for the improvements on site was made with reference to construction cost data and research on similar structures, taking into considerations of professional fees, finance cost and depreciation expense in relation to the improvements on site and related expenditure; and

3) Plant and machinery that form part of the building services installations are reflective of its carrying amounts.

Sensitivity analysis

The above estimates are sensitive in the following key areas:

a) an increase/ (decrease) of 1% in land value would have increased/ (decreased) the recoverable amount by approximately US$149,700/ (US$149,700).

b) an increase/ (decrease) of 1% in depreciation charges used would have (decreased)/ increased the recoverable amount by approximately (US$30,000)/ US$30,000.

22 TRADE AND OTHER RECEIVABLES

Group	2016 US$'000	2015 US$'000
Trade receivables	**3,303**	2,901
Other receivables	**7,877**	14,489
Sundry deposits	**391**	351
	11,571	17,741

Company	2016 US$'000	2015 US$'000
Other receivables	**32**	–

Trade receivables represent progress billings receivable from the sale of completed units and land held for property development. Progress billings receivable from the sale of completed units are generally due for settlement within 21 days 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 2016	Gross US$'000	Individual Impairment US$'000	Net US$'000
Within credit terms	**434**	**–**	**434**
Stakeholder sums	**497**	**–**	**497**
Past due			
0 – 60 days	**10**	**–**	**10**
61 –120 days	**–**	**–**	**–**
More than 120 days	**2,362**	**–**	**2,362**
	3,303	**–**	**3,303**

Group 2015	Gross US$'000	Individual Impairment US$'000	Net US$'000
Within credit terms	602	–	602
Stakeholder sums	404	–	404
Past due			
0 – 60 days	1	–	1
61 –120 days	1	–	1
More than 120 days	1,893	–	1,893
	2,901	–	2,901

Included in trade receivables is an amount of US$1,760,000 (2015: US$1,840,000) due from a subsidiary of Ireka Corporation Berhad in relation to the acquisition of three units of SENI. As at 31 December 2016, these receivables are aged more than 120 days (2015: 120 days).

As at 31 December 2016, the stakeholder sums represent amounts receivable from two customers with sound financial standing (2015: One).

As at 31 December 2016, approximate 85% (2015: 77%) of the Group's trade receivables are from customers with sound financial standing. Other than the abovementioned customer, the Group has a large number of customers whose property purchases are mainly secured by personal bank financing.

Included in other receivables are sums of US$2,904,000 (2015: US$1,997,000) and US$114,000 (2015: US$1,415,000), due from a subsidiary of Ireka Corporation Berhad for advance payment to its contractors and due from Ireka Corporation Berhad for rental expenses paid on behalf.

Included in the other receivables at 31 December 2016 is US$ 893,000 (2015: US$nil) representing the balance of consideration receivable for the disposal of Nam Long shares. The amount was subsequently received on 23 February 2017.

Included in the other receivables at 31 December 2015 is US$6,400,000 representing the balance of consideration receivable for the disposal of the Group's 55% equity interest in ASPL PLB-Nam Long Ltd Liability Co, a subsidiary of the Group. The amount was subsequently received on 13 January 2016.

The maximum exposure to credit risk is represented by the carrying amount in the statement of financial position. 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.

23 AMOUNTS DUE FROM/ (TO) SUBSIDIARIES

Company	2016 US$'000	2015 US$'000
Due from subsidiaries (Current portion)	**239,397**	211,318
Less : Impairment loss	**(68,128)**	(53,752)
	171,269	157,566
Due to subsidiaries (Current portion)	**(77,105)**	(76,029)

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

As at the end of the reporting period, inter-company balances that were assessed to be irrecoverable were impaired by US$14,376,000 (2015: US$8,223,000).

24 CASH AND CASH EQUIVALENTS

Group	2016 US$'000	2015 US$'000
Cash and bank balances	**14,858**	9,143
Short term bank deposits	**11,792**	13,835
	26,650	22,978
Less: Deposits pledged	**(10,011)**	(9,646)
	16,639	13,332

Included in short term bank deposits is US$10,011,000 (2015: US$9,646,000) pledged for banking facilities granted to its subsidiaries.

Company	2016 US$'000	2015 US$'000
Cash and bank balances	**10,663**	6,089
Short term bank deposits	**90**	3,005
	10,753	9,094

The interest rate on cash and cash equivalents, excluding deposit pledged with licensed bank of US$10,011,000 (2015: US$9,646,000) pledged for banking facilities granted to subsidiaries, ranges from 0.20% to 2.80% per annum (2015: 0.20% to 2.80% per annum) and the maturity period is on daily basis (2015: 1 day to 7 days).

The interest rate on short term bank deposits pledged for banking facilities granted to subsidiaries ranges from 3.10% to 4.70% per annum (2015: 3.15% to 4.70% per annum) and the maturity period ranges from 1 month to 1 year (2015: 1 month to 1 year).

25 SHARE CAPITAL

Group and Company	Number of shares 2016 '000	Amount 2016 US$'000	Number of shares 2015 '000	Amount 2015 US$'000
Authorised Share Capital				
Ordinary shares of US$0.05 each	**2,000,000**	**100,000**	2,000,000	100,000
Management shares of US$0.05 each	**–***	**–***	–	–
	2,000,000	**100,000**	2,000,000	100,000
Issued Share Capital				
Ordinary shares of US$0.05 each	**212,025**	**10,601**	212,025	10,601
Management shares of US$0.05 each	**–#**	**–#**	–	–
	212,025	**10,601**	212,025	10,601

* represents 10 management shares at US$0.05 each
\# represents 2 management shares at US$0.05 each

At previous financial year end, the shareholders of the Company approved the creation and issuance of management shares by the Company as well as a compulsory redemption mechanism that was proposed by the Board.

The Company increased its authorised share capital from US$100,000,000 to US$100,000,000.50 by the creation of 10 management shares of US$0.05 each for cash.

The Company also increased its issued and paid-up share capital from US$10,601,250 to US$10,601,250.10 by way of an allotment of 2 new management shares of US$0.05 each at par via cash consideration.

In accordance with the compulsory redemption scheme, the Company's ordinary shares were converted into redeemable ordinary shares.

25 SHARE CAPITAL CONT'D

The ordinary shares and the management shares shall have attached thereto the rights and privileges, and shall be subject to the limitations and restrictions, as are set out below:

a) Distribution of dividend:

  i) The ordinary shares carry the right to receive all the profits of the Company available for distribution by way of interim or final dividend at such times as the Directors may determine from time to time; and

  ii) The management shares carry no right to receive dividends out of any profits of the Company.

b) Winding-up or return of capital:

  i) The holders of the management shares shall be paid an amount equal to the paid-up capital on such management shares; and

  ii) Subsequent to the payment to holders of the management shares, the holders of the ordinary shares shall be repaid the surplus assets of the Company available for distribution.

c) Voting rights:

  i) The holders of the ordinary shares and management shares shall have the right to receive notice of and to attend and vote at general meetings of the Company; and

  ii) Each holder of ordinary shares and management shares being present in person or by a duly authorised representative (if a corporation) at a meeting shall upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by a duly authorised representative (if a corporation) shall have one vote in respect of every full paid share held by him.

26 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 and Company	2016 US$'000	2015 US$'000
At 1 January/ 31 December	**218,926**	218,926

27 CAPITAL REDEMPTION RESERVE

The capital redemption reserve was incurred after the Company cancelled its 37,475,000 and 500,000 ordinary shares of US$0.05 per share in 2009 and 2013 respectively.

28 TRANSLATION RESERVE

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

29 FAIR VALUE RESERVE

The fair value reserve comprises the cumulative change in the fair value of available-for-sale investments.

30 ACCUMULATED LOSSES

Group	2016 US$'000	2015 US$'000
At 1 January	**(77,301)**	(60,932)
Profit/ (Loss) attributable to equity holders of the parent	**18,856**	(15,784)
Changes in ownership interests in subsidiaries	**(477)**	(585)
At 31 December	**(58,922)**	(77,301)

Company	2016 US$'000	2015 US$'000
At 1 January	**(72,747)**	(59,721)
Profit/ (Loss) for the year	**14,516**	(13,026)
At 31 December	**(58,231)**	(72,747)

31 TRADE AND OTHER PAYABLES

Group	2016 US$'000	2015 US$'000
Trade payables	**2,284**	2,094
Other payables	**4,741**	6,526
Progress billings	**38,346**	23,199
Deposits refundable	**6,087**	1,337
Accruals	**2,422**	4,180
	53,880	37,336

Company	2016 US$'000	2015 US$'000
Other payables	**90**	62
Accruals	**173**	123
	263	185

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.

Progress billings represent proceeds received from purchasers of development properties i.e. SENI and The RuMa which are pending transfer of vacant possession.

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

32 AMOUNT DUE TO NON-CONTROLLING INTERESTS

Group	2016 US$'000	2015 US$'000
Current		
Minority Shareholder of Bumiraya Impian Sdn. Bhd.:		
- Global Evergroup Sdn. Bhd.	**1,105**	1,155
Minority Shareholders of Hoa Lam Services Co Ltd:		
- Tran Thi Lam	**1,752**	1,727
- Tri Hanh Consultancy Co Ltd	**3,944**	3,257
- Hoa Lam Development Investment Joint Stock Company	**2,228**	244
- Duong Ngoc Hoa	**226**	163
Minority Shareholder of The RuMa Hotel KL Sdn. Bhd.:		
- Ireka Corporation Berhad	**2**	1
Minority Shareholder of Urban DNA Sdn. Bhd.:		
- Ireka Corporation Berhad	**3,316**	3,467
	12,573	10,014

The current amount due to non-controlling interests amounting to US$12,573,000 (2015: US$10,014,000) is unsecured, interest free and repayable on demand.

In the previous financial year, amount due to non-controlling interests amounting to US$1,440,000 was capitalised as share capital of Shangri-La Healthcare Investment Pte Ltd.

33 LOANS AND BORROWINGS

Group	2016 US$'000	2015 US$'000
Non-current		
Bank loans	**46,405**	55,813
Finance lease liabilities	**–**	10
	46,405	55,823
Current		
Bank loans	**10,804**	13,489
Finance lease liabilities	**3**	11
	10,807	13,500
	57,212	69,323

The effective interest rates on the bank loans and finance lease arrangement for the year ranged from 5.25% to 12.50% (2015: 5.25% to 12.50%) per annum and 2.50% (2015: 2.50%to 3.50%) per annum respectively.

Borrowings are denominated in Ringgit Malaysia, United States Dollars and Vietnam Dong.

Bank loans are repayable by monthly, quarterly or semi-annually instalments.

Bank loans are secured by land held for property development, work-in-progress, operating assets of the Group, pledged deposits and some by the corporate guarantee of the Company.

Finance lease liabilities are payable as follows:

Group	Future minimum lease payment 2016 US$'000	Interest 2016 US$'000	Present value of minimum lease payment 2016 US$'000	Future minimum lease payment 2015 US$'000	Interest 2015 US$'000	Present value of minimum lease payment 2015 US$'000
Within one year	**3**	**–**	**3**	12	1	11
Between one and five years	**–**	**–**	**–**	12	2	10
	3	**–**	**3**	24	3	21

34 MEDIUM TERM NOTES

Group	2016 US$'000	2015 US$'000
Outstanding medium term notes	**26,748**	119,711
Net transaction costs	**(405)**	(1,191)
Less:		
Repayment due within twelve months*	**(26,343)**	(108,190)
Repayment due after twelve months	**–**	10,330

* Includes net transaction costs in relation to medium term notes due within twelve months of US$0.40 million (2015: US$1.04 million).

The Medium Term Notes ("MTNs") were issued pursuant to a programme with a tenure of ten (10) years from the first issue date of the notes. The MTNs were issued by a subsidiary, to fund two development projects known as Sandakan Harbour Square and AKLS in Malaysia. US$54.61 million (RM245.00 million) was drawn down in 2011 for Sandakan Harbour Square. US$3.34 million (RM15.00 million) was drawn down in 2012 for AKLS and the remaining US$56.62 million (RM254 million) in 2013.

During the financial year, the Group completed the sale of the AKLS. The net adjusted price for the sale of AKLS, which includes the sale of the entire issued share capital of ASPL M3B Limited and Iringan Flora Sdn. Bhd is approximately US$104.3 million. Proceeds received from the sale of AKLS were used to redeem the MTNs Series 2 and Series 3. Following the completion of the disposal of AKLS, US$87.8 million (RM394.0 million) of MTNs associated with the AKLS (Series 3) and the FPSS (Series 2) was repaid on 19 August 2016. The charges in relation to AKLS was also discharged following the completion of the disposal. Subsequent to the repayment of MTNs Series 2 and Series 3, MTNs Series 1 of US$26.75 million (RM120 million) remains. The Group secured a rollover of US$16.72 million (RM75 million) on 7 December 2016 to expire on 8 December 2017.

The weighted average interest rate of the MTNs was 5.93% per annum at the statement of financial position date. The effective interest rates of the MTNs and their outstanding amounts are as follows:

	Maturity Dates	Interest rate % per annum	US$'000
Series 1 Tranche FG 003	8 December 2017	5.90	5,572
Series 1 Tranche BG 003	8 December 2017	5.85	4,458
Series 1 Tranche FG 004	8 December 2017	6.00	10,031
Series 1 Tranche BG 004	8 December 2017	5.92	6,687
			26,748

34 MEDIUM TERM NOTES CONT'D

The medium term notes are secured by way of:

i) bank guarantee from two financial institutions in respect of the BG Tranches;

ii) financial guarantee insurance policy from Danajamin Nasional Berhad ("Danajamin") 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 and ICSD Ventures 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) a corporate guarantee by Aseana Properties Limited;

vi) 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;

vii) assignment of all its present and future rights, interest and benefits under the ICSD Ventures Sdn. Bhd.'s Put Option Agreements in favor of Danajamin, Malayan Banking Berhad and OCBC Bank (Malaysia) Berhad (collectively as "the guarantors") where once exercised, the sale and purchase of HMS and FPSS shall take place in accordance with the provision of the Put Option Agreement; and the proceeds from HMS and FPSS will be utilised to repay the MTNs.;

viii) assignment over the disbursement account, revenue account, operating account, sale proceed account, debt service reserve account and sinking fund account of Silver Sparrow Berhad; revenue account of ICSD Venture Sdn. Bhd. and escrow account of Ireka Land Sdn. Bhd.;

ix) assignment of all ICSD Ventures Sdn. Bhd's present and future rights, title, interest and benefits in and under the insurance policies; and

x) a first legal charge over all the shares of Silver Sparrow Berhad, ICSD Ventures Sdn. Bhd. and any dividends, distributions and entitlements.

35 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 17 of the Directors' Report under the headings of 'Management'.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

Group	2016 US$'000	2015 US$'000
ICB Group of Companies		
Accounting and financial reporting services fee charged by an ICB subsidiary	**50**	50
Advance payment to the contractors of an ICB subsidiary	**1,591**	833
Construction progress claims charged by an ICB subsidiary	**9,960**	6,423
Acquisition of SENI units by an ICB subsidiary	**–**	2,008
Management fees charged by an ICB subsidiary	**3,331**	3,115
Marketing commission charged by an ICB subsidiary	**248**	281
Project staff cost reimbursed to an ICB subsidiary	**2**	289
Rental expenses charged by an ICB subsidiary	**–**	4
Rental expenses paid on behalf of ICB	**493**	512
Secretarial and administrative services fee charged by an ICB subsidiary	**50**	50
Key management personnel		
Remuneration of key management personnel - Directors' fees	**297**	317
Remuneration of key management personnel - Salaries	**123**	49

Company	2016 US$'000	2015 US$'000
ICB Group of Companies		
Accounting and financial reporting services fee charged by an ICB subsidiary	**50**	50
Management fees charged by an ICB subsidiary	**1,259**	1,257
Secretarial and administrative services fee charged by an ICB subsidiary	**50**	50
Key management personnel		
Remuneration of key management personnel - Directors' fees	**297**	317

Transactions between the Group with other significant related parties are as follows:

Group	2016 US$'000	2015 US$'000
Non-controlling interests		
Advances – non-interest bearing (Note 32)	**2,819**	1,067
Capitalisation of amount due to non-controlling interests as share capital	**–**	1,440

35 RELATED PARTY TRANSACTIONS CONT'D

The above transactions have been entered into in the normal course of business and have been established under negotiated terms.

The outstanding amounts due from/ (to) ICB and its group of companies as at 31 December 2016 and 31 December 2015 are as follows:

Group	Note	2016 US$'000	2015 US$'000
Amount due from an ICB subsidiary for advance payment to its contractors	(ii)	**2,903**	1,997
Amount due to an ICB subsidiary for construction progress claims charged	(i)	**(928)**	(38)
Amount due from an ICB subsidiary for acquisition of SENI units	(i)	**1,760**	1,840
Amount due from/ (to) an ICB subsidiary for management fees	(ii)	**(22)**	25
Amount due to an ICB subsidiary for marketing commissions	(ii)	**(13)**	(43)
Amount due to an ICB subsidiary for reimbursement of project staff costs	(ii)	**–**	(24)
Amount due to an ICB subsidiary for rental expenses	(ii)	**–**	(3)
Amount due from ICB for rental expenses paid on behalf	(ii)	**114**	1,415

Company	Note	2016 US$'000	2015 US$'000
Amount due from/ (to) an ICB subsidiary for management fees	(ii)	**12**	(52)

i) These amounts are trade in nature and subject to normal trade terms.

ii) These amounts are non-trade in nature and are unsecured, interest-free and repayable on demand.

The outstanding amounts due from/ (to) the other significant related parties as at 31 December 2016 and 31 December 2015 are as follows:

Group	2016 US$'000	2015 US$'000
Non-controlling interests		
Advances – non-interest bearing (Note 32)	**(12,573)**	(10,014)

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 37.

36 BUSINESS COMBINATION

Change in equity interest in subsidiaries

During the financial year, the Group increased its equity interest in Shangri-La Healthcare Investment Pte Ltd ("SHIPL") from 79.76% to 81.50%(2015: 75.38% to 79.76%) arising from an issue of new shares in the subsidiary for cash consideration of US$4.3 million. Consequently, the Company's effective equity interest in Hoa Lam – Shangri-La Healthcare Ltd Liability Co, City International Hospital Co Ltd, Hoa Lam – Shangri-La 3 Ltd Liability Co, Hoa Lam – Shangri-La 5 Ltd Liability Co and Hoa Lam – Shangri-La 6 Ltd Liability Co, subsidiaries of SHIPL, increased to 72.35% (2015: 71.13%).

The Group recognised an increase in non-controlling interests of US$477,000 (2015: US$585,000) and an increase in accumulated losses of US$477,000 (2015: US$585,000) resulting from the increase in equity interest in the above subsidiaries. The transaction was accounted for using the acquisition method of accounting.

37 INVESTMENT IN PRINCIPAL SUBSIDIARIES

Name	Country of incorporation	Principal activities	Effective ownership interest 2016	2015
Principal Subsidiaries				
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	Hotel and mall ownership and operation	**100%**	100%
Priority Elite Sdn. Bhd.	Malaysia	Project management services	**100%**	100%
Iringan Flora Sdn. Bhd.*	Malaysia	Hotel ownership and operation	**–**	100%
Silver Sparrow Berhad	Malaysia	Participating in the transactions contemplated under the Guaranteed MTNs Programme	**100%**	100%
Bumiraya Impian Sdn. Bhd.	Malaysia	Property development	**80%**	80%
The RuMa Hotel KL Sdn. Bhd.	Malaysia	Investment holding	**70%**	70%
Urban DNA Sdn. Bhd.	Malaysia	Property development	**70%**	70%
Aseana-BDC Co Ltd	Vietnam	Investment holding	**65%**	65%
Hoa Lam Services Co Ltd	Vietnam	Investment holding	**51%**	51%
Shangri-La Healthcare Investment Pte Ltd and its subsidiaries	Singapore	Investment holding	**82%**	80%
Hoa Lam-Shangri-La Healthcare Ltd Liability Co	Vietnam	Property development	**72%**	71%
City International Hospital Co Ltd	Vietnam	Hospital ownership and operation	**72%**	71%
Hoa Lam-Shangri-La 3 Ltd Liability Co	Vietnam	Property development	**72%**	71%
Morningstar International Preschool Ltd Liability Co (Formerly known as Hoa Lam- Shangri-La 4 Ltd Liability Co) *	Vietnam	Property development	**–**	71%
Hoa Lam-Shangri-La 5 Ltd Liability Co	Vietnam	Property development	**72%**	–
Hoa Lam-Shangri-La 6 Ltd Liability Co	Vietnam	Property development	**72%**	–

** The entire shareholding was disposed of in 2016*

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

The shareholdings of the principal subsidiaries are held through subsidiaries.

38 COMMITMENTS AND CONTINGENCIES

The Group and Company do not have any contingencies at the statement of financial position date except as follows:

Debt service reserve account

Under the par down medium term notes programme of up to US$26.748 million, Silver Sparrow Berhad ("SSB") had opened a Ringgit Malaysia debt service reserve account ("DSRA") and shall ensure that an amount equivalent to RM30.0 million (US$6.69 million) (the "Minimum Deposit") be maintained in the DSRA at all times. The amount is disclosed as deposits pledged (refer Note 24). 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.

39 EVENT AFTER STATEMENT OF FINANCIAL POSITION DATE

On 4 January 2017, the Shareholders of the Company at an Extraordinary General Meeting approved a proposal to return US$10,000,500 or US$0.75 per share for 13,334,000 shares representing 6.29 per cent of the Company's share capital to Shareholders through N+1 Singer. The capital distribution was completed on 10 January 2017 and the repurchased shares of 13,334,000 are currently held as Treasury Shares. The issued and paid up share capital of The Company remains unchanged at 212,025,002.

40 PRIOR YEAR RESTATEMENT

In the previous financial year, the Group disposed of its 55% interest in ASPL PLB-Nam Long Limited Liability Co. ("ASPL PLB-Nam Long"), a subsidiary of the Group, who is the developer of the Waterside Estates residential project in Vietnam, to Nam Long Investment Corporation ("Nam Long") and Nam Khang Construction Investment Development Limited Liability Company ("Nam Khang") for a cash consideration of US$8.2 million.

As the Group is principally a property developer, the disposal of ASPL PLB-Nam Long represents a disposal of the Waterside Estates residential project. Accordingly, the Group has more appropriately reflected the disposal of ASPL PLB-Nam Long as a disposal of the Group's inventory, the Waterside Estates residential project. Thus reflecting the transaction as revenue from sale of the inventory with the relevant costs being recognised as its cost of sales, instead of gain on disposal of a subsidiary which was reflected in the previous year's financial statements.

The cash generated from Operating profit/ (loss) before changes in working capital has been adjusted by the gain on disposal of subsidiary of US$675,000, this has now been reflected into changes in working capital in net cash from operating activities rather than Operating profit/ (loss) before changes in working capital as previously stated. The operating cash flows have also been adjusted by the net cash outflows on disposal, which was made up of proceeds received in 2015 (US$1,517,000), offset by the cash and cash equivalents disposed of (US$1,663,000), this has been reflected in net cash from operating activities rather than net cash from investing activities as previously stated.

The effects of restatement are disclosed below:

	Group 31.12.2015 As restated US$'000	Group 31.12.2015 As previously stated US$'000
Consolidated statement of comprehensive income		
Revenue	30,323	22,096
Cost of sales	(29,164)	(21,612)
Other Income	28,886	29,561
Consolidated statement of cash flows		
Operating profit/ (loss) before changes in working capital	(6,248)	(6,923)
Cash generated from operations (before interest and tax paid)	4,320	4,466
Net cash used in operating activities	(11,032)	(10,886)
Net cash from investing activities	9,005	8,859

The comparatives in notes 5, 6 and 7 to the financial statements were restated to reflect the above.

The restatement had no impact on the profit for the financial year, the total assets, total equity, or net cash flow for any of the periods presented of the Group.

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.

CORPORATE INFORMATION

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NON-EXECUTIVE DIRECTORS
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David Harris
John Lynton Jones
Gerald Ong Chong Keng
Nicholas John Paris
Ferheen Mahomed

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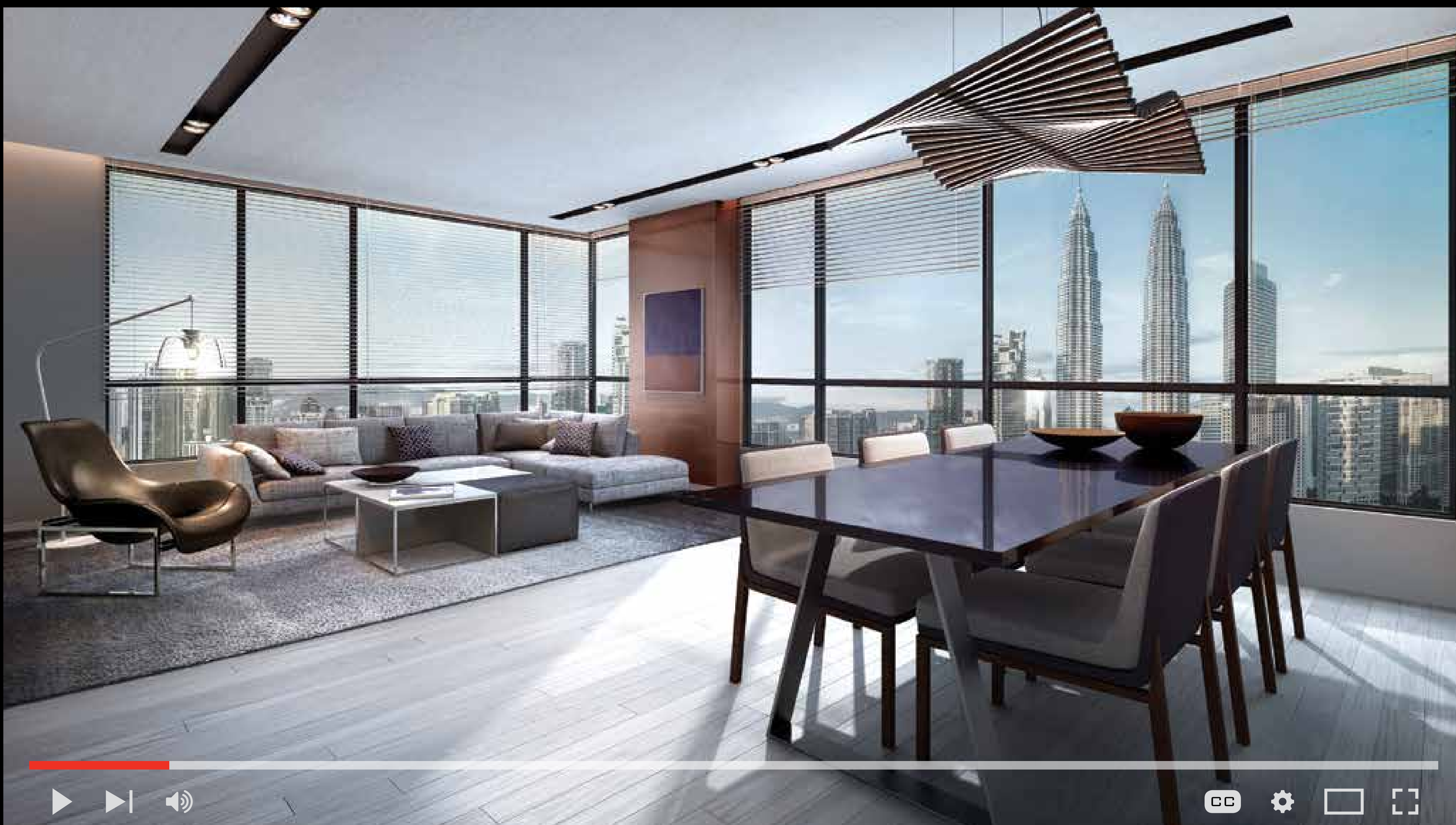

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COMING SOON

★★★★★ The RuMa Hotel and Residences on Jalan Kia Peng is a contemporary masterpiece blending together two distinctive elements of culture & heritage, luxury & comfort.

Experience cosmopolitan living at the heart of Kuala Lumpur City Centre where you will be minutes away from everything that a vibrant city has to offer!

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