ASEANA PROPERTIES LIMITED

ANNUAL REPORT

2018

CONTENTS

CORPORATE INFORMATION

NON-EXECUTIVE CHAIRMAN
Mohammed Azlan Hashim

NON-EXECUTIVE DIRECTORS
Gerald Ong Chong Keng
Ferheen Mahomed

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LISTING DETAILS
Main Market of the London Stock Exchange under the ticker symbol ASPL

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CORPORATE STRATEGY

INTRODUCTION

Aseana Properties Limited ("Aseana Properties" or "the Company") is a London-listed company incorporated in Jersey. The Company and its subsidiary undertakings (together with the "Group") are 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 the Group was launched in 2007, the Board considered it desirable that Shareholders should have an opportunity to review the future of the Group at appropriate intervals.

At a general meeting of the Company held on 23 April 2018, Shareholders voted in favour of the Board's proposals to continue with the Group's divestment investment policy to enable a realisation of the Group'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 Group's investments. Shareholders also supported the Board's recommendation to vote against the Discontinuation Resolution proposed at the general meeting, in order to allow a policy of orderly realisation of the Group's assets over a period of up to eighteen months in order to maximise the value of the Group's assets and returns to Shareholders, both up to and upon the eventual liquidation of the Company.

To the extent that the Group has not disposed of all of its assets by 31 December 2019, Shareholders will be provided with an opportunity to review the future of the Group, which would include the option for shareholders to vote for the continuation of the Company. The Board shall procure that, at a general meeting of the Company, an ordinary resolution will be proposed to the effect that the Company shall cease to continue as presently constituted (the "December 2019 Resolution"). If, at any such meeting, such resolution is passed, the Board shall within four months of such meeting, convene a general meeting of the Company at which a special resolution shall be proposed requiring the Company to be wound up voluntarily. In connection with, or at the same time as, the proposal that the Company be wound up voluntarily the Board shall be entitled to make proposals for the reconstruction of the Group.

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

KEY FACTS

Exchange: London Stock Exchange Main Market

Symbol: ASPL

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

Domicile: Jersey

Shares Issued: 212,025,002

Shares Held in Treasury: 13,334,000

Voting Share Capital 198,691,002

Share Denomination: US Dollars

Fee Structure Prior to 1 May 2018
- Management Fee: – 2% of NAV
- Performance Fee: – 20% of the out performance of the NAV over a total return hurdle rate of 10%

Revised Fee Structure from 1 May 2018:
- Base fee:
  - Period up to 30 April 2019 – US$75,000 per month
  - From 1 May 2019 – US$50,000 per month
- Realisation fee:
  - 1% of Net Disposal Proceeds of each asset if sold within 3 months of the end of the relevant quater specified in the published disposal schedule
- Incentive fee:
  - 1% of Aggregate Net Disposal Proceeds if Aggregate Net Disposal Proceeds is between 90% to 100% of Aggregate RNAV plus;
  - 20% of any Aggregate Net Disposal Proceeds in excess of 100% of Aggregate RNAV

Admission Date: 5 April 2007

ADVISERS & SERVICE PROVIDERS

Development Manager: Ireka Development Management Sdn. Bhd.

Corporate Broker: Nplus 1 Singer Advisory LLP

Auditor: Crowe U.K. LLP

CHAIRMAN'S STATEMENT

The global economy started 2018 with robust and synchronised growth. However, as the year progressed, growth trends deviated and momentum faltered as a result of the moderating activity and heightened risks due to elevated trade tensions between the world's two largest economies, the United States of America ("USA") and China. Restrictive trade measures such as tariffs and import duties introduced by these economic powerhouses have posed more downside risks and threatened global economic growth. Similarly, some large emerging markets and developing economies have experienced significant financial market stress and strungglled with tighter liquidity and capital outflow. The global economic environment is likely to remain challenging in 2019 amid increasing interest rates and rising trade protectionism. The World Bank has estimated global economic growth to soften to 2.9% in 2019 amid rising downside risks.

Against the subdued global growth backdrop, Malaysian Gross Domestic Product ("GDP") growth moderated to 4.7% in 2018, compared to 5.9% in 2017. The Malaysian economy experienced a period of uncertainty subsequent to the electoral transition in 2018 as the nation anticipated the effects of the newly implemented economic policies by the current Government. Nevertheless, measures are being taken by the Malaysian Government to mitigate further economic slowdown such as improving the nation's debt servicing cost by securing the Samurai bonds at a coupon rate of 0.65%, which is expected to avoid a credit rating downgrade. Bank Negara Malaysia ("BNM") has kept the nation's overnight policy rate ("OPR") at 3.25% which indicates sustained economic expansion and resilient domestic demand, with private consumption remaining as the main growth pillar. The Ringgit saw a mixed performance in 2018 as the local currency was dragged down by a sharp change of sentiment in the second quarter due to adverse external factors such as the trade tensions between USA and China as well as the prospect of higher interest rates in the USA. However, the Ringgit improved slightly during the last quarter of 2018 and appreciated marginally to close at RM4.1356/US$1.00.

In contrast, the Vietnamese economy remained buoyant in 2018 with GDP growth of 7.1%, the strongest expansion since 2011, exceeding the target of 6.8%. The strong GDP growth was driven by strong domestic demand and a dynamic export-oriented manufacturing sector. Foreign Direct Investment ("FDI") growth remained as one of the primary factors for Vietnam's strong GDP growth, with a record high of US$19.1 billion of foreign FDI being disbursed in 2018. Low business operating cost and strong macroeconomic growth continued to attract foreign investments into Vietnam. However, given its high trade openness and limited fiscal as well as monetary policy buffer, Vietnam's economic outlook is susceptible to downside risks and external volatilities amidst the ongoing USA-China trade war. The country's GDP is expected to grow at a slower pace of 6.6% in 2019 as a result of the tightened monetary policies introduced by the Vietnamese Government and the slowdown in global demand.

In parallel with the slowdown of the Malaysian economy, the nation's property market remained soft in 2018. Imbalances observed in the property market continued to persist, evidenced by the increase in unsold completed units by 48.4% to 30,115 units based on records from the Valuation and Property Services Department of Malaysia. The recent increase in Real Property Gains Tax ("RPGT") from 5% to 10% for foreigners and 0% to 5% for Malaysians, for property disposals after the fifth year, could dampen the local property market further. In a bid to boost the property sector, the Government has proposed to implement certain measures such as easing home financing requirements for first time home buyers, reducing compliance cost and implementation of industrialised building systems to reduce the cost of housing.

On the back of Vietnam's robust economic growth, the country's property market in 2018 continued to be stable, with supply on the rise and is expected to remain bullish in 2019. The number of foreign investors purchasing luxury properties in Vietnam has been on the rise following the easing of foreign ownership regulation back in 2015. In addition, infrastructure improvements, including the construction of Metro Line No.1 and the opening of the Ho Chi Minh City-Long Thanh-Dau Giay Expressway, have significantly improved the development landscape in the city's eastern area over the last few years. However, Vietnam's property market is still vulnerable to downside risks stemming from the new regulation set by the State Bank of Vietnam ("SBV") which increases the risk weighting for real estate loans from 200.0% to 250.0% from 2020 onwards which will significantly disincentivise banks from lending to the property sector. Since January 2019, SBV has also reduced the proportion of short-term funds available for medium and long-term loans from 45.0 % to 40.0%, a move which will reduce banks' liquidity and therefore hinder property developers' access to funds.

In the financial year ended 31 December 2018, Aseana Properties and its subsidiaries (the "Group") registered revenue of US$33.1 million (2017: US$33.5 million (restated)), attributable to the sale of completed units at SENI Mont' Kiara and The RuMa Residences. The Group has adopted IFRS 15 Revenue from Contracts with Customers with an initial application date of 1 January 2018.

The Group recorded a consolidated comprehensive loss of US$7.5 million, mainly due to losses of US$4.2 million incurred by The RuMa Hotel which was mostly was attributable to pre-opening expenses as well as US$7.0 million of finance costs mainly attributable to City International Hospital ("CIH"), International Healthcare Park ("IHP"), Four Points by Sheraton Sandakan Hotel ("FPSS") and Harbour Mall Sandakan ("HMS"); and operating losses at CIH and FPSS. The comprehensive loss included a loss on foreign currency translation of US$1.1 million (2017: gains of US$8.7 million (restated)), as a result of the weakened Ringgit Malaysia ("RM") against the US Dollar from RM4.0469/US$1.00 at 31 December 2017 to RM4.1356/US$1.00 at 31 December 2018.

CHAIRMAN'S STATEMENT (CONT'D)

PROGRESS OF THE PROPERTY PORTFOLIO

The sluggish property market in Malaysia has affected the sale of properties at The RuMa Hotel and Residences ("The RuMa") in 2018. Construction of The RuMa was completed and the Certificate of Completion and Compliance ("CCC") was obtained on 28 September 2018. Sales of The RuMa Residences to date stands at 68.3% based on sale and purchase agreements signed. The Group will continue to actively market the available residence units to local and overseas buyers. Meanwhile, The RuMa Hotel commenced business on 30 November 2018 with limited inventory. Since its opening, it has received positive reviews from local and international media including CNN, Bloomberg and The UK's Independent newspaper. Based on the data from Ministry of Tourism Malaysia, tourist arrivals to Malaysia in 2018 experienced a slight decrease of 0.45% as compared to the previous year, with a total of 25.8 million tourist arrivals. However, tourist receipts were 2.4% higher at RM84.1 billion. The Ministry has set a target of 28.1 million tourist arrivals for 2019, while tourist receipts are targeted to increase to RM92.2 billion.

Meanwhile, tourism in Sabah showed a slight improvement with the total number of tourist arrivals reaching 3.9 million in 2018, which is generated an estimated RM8.0 billion in tourism receipts. Visitors from China continued to be the largest group with 0.6 million visitors during the year while the Sabah tourism board has targeted approximately 4.0 million tourists in 2019. The Government's decision to proceed with the Pan Borneo Highway is expected to have a positive effect on the tourism sector in Sabah upon its completion. It will allow travelling within Borneo to be more accessible. FPSS recorded an occupancy level of 39.2% for year ended 31 December 2018 and 35.2% for year 2019 to date. David Scully was appointed as the new General Manager of FPSS on 29 February 2019; he has over 27 years' experience in the hotel industry, across central and Southeast Asia. In the meantime, performance of HMS has improved compared to last year with occupancy recorded at 78.1% to date.

In Vietnam, the Group has entered into an agreement to divest a plot of land at IHP for approximately US$6.6 million, completion of which is still pending regulatory approval. Operational performance at CIH for the year ended 2018 has seen a 21.6% increase in outpatient volume and 22.4% increase in inpatient volume compared to 2017. The operation of the angiographic intervention service since the end of April 2018 has contributed to the overall increase inpatient volume of the hospital. Apart from that, a new Stroke Centre for emergency care and interventional therapies, which are jointly managed by CIH and the founder of Vietnam Stroke International Services, came into operation at the end of 2018.

Further information on each of the Group's properties is set out in the Development Manager's report on pages 7 to 8.

POST YEAR END COMPANY ANNOUNCEMENTS

On 20 March 2019, the Company announced that Nicholas Paris had resigned as a non-executive Director, with effect from 19 March 2019. The Board will identify a suitable replacement Director.

On 22 March 2019, the Company announced that Ireka Development Management Sdn Bhd ("IDM"), the current Development Manager for the Company, had on 21 March 2019, submitted a notice to terminate its appointment under the Management Agreement. IDM is a wholly-owned subsidiary of Ireka Corporation Berhad which holds 23.07% of ASPL's issued share capital. Unless otherwise agreed, IDM's resignation is subject to a three-month notice period which will enable the orderly transition of operations currently carried out by IDM to the Company itself or to third parties. Following the termination, IDM has indicated that it would be prepared to work with the Board to facilitate a smooth and orderly transition of the operations of the Company. At the request of the Board, IDM is agreeable to extend the notice period, should the Board require more time to put in place the effected changes.

OUTLOOK

2018 was a challenging year for the Malaysian property market as a result of the post-election sentiment which affected investors' confidence and consumer spending. For 2019, the general outlook for the Malaysian property market seems to be one of cautious optimism, with recovery expected in the mid to longer term. In contrast, the property market in Vietnam has performed well in 2018 and is expected to be sustainable with robust growth in 2019. Disposal of the Group's remaining assets will continue to be the primary focus of the Board.

In closing, I wish to take this opportunity to thank my Board colleagues at Aseana Properties, our advisors, shareholders and business associates for their continued support and guidance throughout the year.

MOHAMMED AZLAN HASHIM
Chairman
30 April 2019

DEVELOPMENT MANAGER'S REVIEW

BUSINESS OVERVIEW

2018 was a challenging year for Aseana Properties as uncertainties in the Malaysian and the global economy continued to impact the performance of the Group. In Malaysia, the Group successfully sold the remaining units at SENI and construction of The RuMa was completed in September 2018 with the hotel commencing business on 30 November 2018. The sluggish property market in Malaysia has affected the sale of The RuMa Residences, which has sold 68.3% of units to date. HMS has shown improvement in performance against a tough economic landscape, although FPSS is still impacted by the slow recovery of tourists to Sandakan.

In Vietnam, the economy remained resilient with robust growth throughout 2018 notwithstanding the global economic slowdown. The Group entered into an agreement to divest a plot of land in Vietnam for approximately US$6.6 million during the year, the completion of which is still pending approval from regulatory authorities. CIH has performed well with an increased number of patients and revenue. This was partially due to the introduction of the angiographic intervention services which began operations in April 2018.

Looking forward to 2019, the Malaysian economy is expected to experience modest growth underpinned by stronger domestic demand and increasing public spending. On the property front, the market is expected to remain challenging, in particular with high-end residential properties. The Malaysian Government has introduced further measures to curb property speculation and to encourage long-term buyers by increasing the RPGT for disposal of properties from 5% to 10% for foreigners and 0% to 5% for locals after the fifth year of purchase. On the other hand, Vietnam's growth in 2019 is envisaged to be marginally lower than 2018 due to constricting monetary policies and reduced global demand.

MALAYSIA ECONOMIC UPDATE

Malaysia's economy grew at 4.7% in 2018, marginally above earlier expectations due to better growth in the fourth quarter of 2018. Private sector activity was the main driver of growth, whilst a rebound in exports of goods and services contributed towards net export growth. However, growth was still below the stellar growth of 5.9% in 2017. This was largely due to external economic factors caused by the ongoing trade tensions between USA and China which led to the introduction of various restrictive trade measures such as tariffs and import duties on a multitude of goods. On the back of the subdued economic conditions, the International Monetary Fund ("IMF") has projected Malaysia's 2019 GDP growth to be at 4.5% to 5.0%. Domestic demand is expected to remain the driving force of growth amid moderating global demand. In tandem, BNM has kept the nation's OPR at 3.25% which is intended to reduce capital outflows and maintain the stability of the Ringgit. The Ringgit weathered the emerging currency turmoil in 2018 despite being dragged down by a sharp change of sentiment in the second quarter due to adverse external factors and improved slightly against the US Dollar to close at RM4.1356/US$1.00.

Meanwhile, as Malaysia continues the journey of restoring its fiscal stability through the implementation of several key election promises by the current Government, including the repeal of the Goods and Services Tax and the review of infrastructure projects, Fitch Ratings has affirmed the nation's Long-Term Foreign-Currency Issuer Default Rating at "A-" with a stable outlook. This reflects higher growth rates supported by solid economic growth and steady current account surpluses. Malaysia's Consumer Price Index ("CPI") recorded a nine-year low growth of 1.0% compared to the previous year. This was achieved as a result of the abolishment of the Goods and Services Tax in September 2018.

Foreign investment remains a vital growth driver for the Malaysian economy as the country aims to achieve developed nation status in the near future. An uncertain political environment coupled with global trade slowdown have affected foreign investments in the region. Malaysia was not spared as it recorded FDI net inflow of RM32.6 billion in 2018, a decrease of approximately 19.3% from the prior year. Renegotiations of a number of mega infrastructure projects such as the East Coast Rail Line and High-Speed Rail have had an adverse effect on the country's relationship with its largest trading partner, China. However, despite these difficulties, Malaysia-China bilateral trade volume recorded a high of RM443.0 billion in 2018. In addition, Malaysia's trade surplus widened to RM120.3 billion in 2018, its largest in recent years.

VIETNAM ECONOMIC UPDATE

In contrast to the subdued global economy, Vietnam remains as one of the strongest performing nations in the region with impressive growth during the year. The country's economy expanded by 7.1% in 2018, the highest rate since 2011 and exceeding the Government's initial target of 6.7%, driven by robust domestic demand, increased exports, manufacturing and foreign investment. The Vietnamese Government is taking advantage of the USA-China trade tensions to boost the nation's profile as a manufacturing and export powerhouse. In addition, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("CPTPP"), the eleven-country trade pact, took effect in Vietnam in January 2019. According to Vietnam's Ministry of Industry and Trade, CPTPP is expected to create as many as 26,000 jobs by 2035 and also amplify the country's GDP growth.

Although registered FDI slipped by 1.2% to US$35.46 billion in 2018 compared to the prior year, disbursed FDI jumped to a record high of US$19.1 billion, representing a year-on-year increase of 9.1%. Processing and manufacturing industries accounted for 46.7% of all registered FDI capital in 2018, with US$16.58 billion invested across 1,065 newly granted projects. The Vietnamese Government has astutely negotiated numerous free-trade agreements ("FTA"), integrating its economy more closely with key trading partners across the world. The country is part of the Asean FTA and is close to concluding an FTA with the European Union. These FTAs have improved the country's access to foreign markets and improved competitiveness. Meanwhile, the Vietnamese Government's efforts to strengthen macroeconomic stability have proven to be successful as the country's core inflation rate was contained at a manageable rate of 1.5% in 2018. CPI rose to 3.6%, below the 4.0% target, as a result of the Government's efforts in curbing prices. CPI growth was mainly driven by upward adjustment of prices in healthcare and education services.

DEVELOPMENT MANAGER'S REVIEW (CONT'D)

The State Bank of Vietnam ("SBV") continued to introduce measures to tighten monetary policies which have resulted in growth of only 14.0% in total outstanding credit in 2018, the lowest rate since 2014. Moody's Investors Service ("Moody's") has recently changed its 12 to 18-month outlook on the Vietnamese banking system from positive to Ba3 on the back of robust economic growth which will support the banks' operating environment and improve asset quality. Moody's expects the Vietnamese credit growth in 2019 to remain at approximately 14.0% due to the slow progress of raising new capital by state-owned banks and also SBV's efforts in maintaining control over credit growth.

PORTFOLIO REVIEW

MALAYSIA

PROPERTY MARKET REVIEW

The Malaysian property market remained lacklustre in 2018, partly due to the 14th General Election. Uncertainties and apprehension pre and post-election drove many investors and buyers to the side-lines. Although investors and homebuyers are expected to slowly return to the market in 2019 due to improved confidence in the newly elected government, with a clearer picture of Government policies, the current property market continues to experience challenges such as a property oversupply, a tight lending environment and the affordability of property. The slight upward revision in the rates of the RPGT and stamp duty as announced in Budget 2019 are unlikely to have significant impact on the high-end condominium sector. However, it may impact the acquisition and disposal costs in property transactions.

In the retail property market, the average occupancy rates remained stable at 78.2% in 2018 due to the diminishing amount of new retail spaces coming onto the market as compared to the prior year. However, the retail market is expected to remain challenging for the coming year in tandem with deteriorating consumer sentiment caused by the dull economic environment and rising costs of living. This is evidenced by the drop of 10.7 points to 96.8 points in the Consumer Sentiment Index, in the last quarter of 2018, measured by the Malaysian Institute of Economic Research

Meanwhile, growth in Malaysia's hospitality sector suffered a setback in 2018. Tourist arrivals in 2018 fell short of its target for the eighth consecutive year to a total of 25.8 million, compared to the target of 26.4 million. This was also a 0.4% decline from the 26.0 million recorded in 2017. In Sabah, the tourism sector remained a major contributor to its State economy as tourist receipts in 2018 generated approximately RM8.0 billion (US$1.9 million). Sabah welcomed a total of 3.9 million visitors in 2018, representing an increase of 5.3% compared to 2017. The largest group of tourists came from China, with 0.6 million visitors throughout the year. The decision to proceed with the Pan Borneo Highway is expected to positively impact the tourism sector in Sabah as travelling within the region becomes more accessible.

Aseana Properties currently has four investments in Malaysia. These investments consist of residential properties, hotels and a retail mall:

- **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 world-famous Petronas Twin Towers, KLCC Convention Centre, Suria KLCC shopping mall and KLCC Central Park. The RuMa Hotel and Residences is owned by Aseana Properties 70.0% and Ireka Corporation Berhad 30.0%. 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 Hotel is 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.

- **Harbour Mall Sandakan**
  The occupancy rate at HMS is currently recorded at 78.1%. Notable tenants include Lotus Five Star Cinema, Popular Bookstore, Levi's, The Body Shop, Watsons and McDonalds. The outlook for HMS is promising, as leasing initiatives were undertaken to increase the occupancy rate to above 85% this year.

  HMS is funded by medium term notes amounting to approximately US$23.8 million (RM100.0 million) as at 31 December 2018.

- **Four Points by Sheraton Sandakan Hotel**
  FPSS recorded an occupancy rate of 39.2% for 2018, with an Average Daily Room Rate of approximately US$56 (RM232). Sandakan's hotel occupancy has been greatly affected by on-going negative travel advisories issued by some countries in response to previous cases of kidnapping for ransom along the coast of Eastern Sabah. 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. David Scully was appointed as the new General Manager of FPSS on 29 February 2019 and has over 27 years' experience in the hotel industry, across central and Southeast Asia. In addition, the on-going expansion of the runway at Sandakan Airport is expected to attract more commercial airlines and charter flights, in particular from China, to fly directly to Sandakan in the future.

- **Kota Kinabalu Seafront resort & residences**
  Aseana Properties acquired three adjoining plots of land totalling approximately 80 acres in September 2008 with the intention of developing a 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 and the Group is currently working with various consultants/agents for the disposal of the lands to potential buyers.

VIETNAM

PROPERTY MARKET REVIEW

The property market in Vietnam witnessed a stable development during the period under review on the back of continued strong economic growth, rapid urbanisation and increased foreign investments into the property sector as well as the fast-growing number of local middle-class buyers. The real estate sector lured nearly US$6.6

DEVELOPMENT MANAGER'S REVIEW (CONT'D)

billion in foreign investment, doubling from the same period last year and accounted for 18.5% of the country's total foreign investment. According to the Real Estate Association of Vietnam, inventory sank to a low of US$1.0 billion as of November 2018, down from the peak of US$105.6 billion in the first quarter of 2013.

In tandem with Vietnam's buoyant economic growth, the country's residential property market recorded strong demand throughout 2018. In Ho Chi Minh City ("HCMC"), a total of 31,083 condominium units were sold and 30,792 units were launched during the year.

Meanwhile, office markets in both HCMC and Hanoi continued to favour landlords as supply was scarce while demand remained strong. In 2018, HCMC's overall office market occupancy rate increased to more than 96.0% while occupancy in Hanoi's office market stood at 92.0%. The year was also an exceptional year for the co-working space market in HCMC and Hanoi. Total supply of flexible workspace in HCMC has surged up to 37,780 square metres gross floor area, increasing by 109.0% compared to 2017. Correspondingly, competition in the Vietnamese retail market continued to intensify, underpinned by massive expansion plans from domestic and foreign retailers. Retailers from across Asia are flooding into Vietnam as the country loosens its restrictions on foreign companies, racing to bring convenience stores and supermarkets to an economy dominated by small businesses. The overall shopping centres and departmental stores' occupancy rate remained stable at 90.0% in HCMC and 88.0% in Hanoi.

The hospitality sector emerged as one of Vietnam's most lucrative sectors in its real estate industry in 2018, drawing attention from international and local developers as well as investors. The tourism industry of Vietnam contributed approximately US$26.8 billion in tourism revenue during 2018 with a total of 15.5 million tourist arrivals, an increase of 19.9% compared to the year before. Further to that, Vietnam won a series of international awards, recognising it as a safe and friendly destination and was crowned "Asia's Leading Destination" for the first time at the 2018 World Travel Awards,

With robust economic development and better living conditions, Vietnam witnessed an increasing demand for higher quality products and services, including medical care. To fulfil demand, modernised hospitals and clinics have been growing in numbers in Hanoi and HCMC to accommodate a majority of the Vietnamese middle-class. In tandem with the overall policy to transform the nation into a market economy, the Vietnamese Government has been encouraging foreign investors to engage in the health-related sector. According to the Business Monitor International ("BMI"), Vietnam's healthcare expenditure in 2017 reached US$16.1 billion, representing 7.5% of the country's GDP. BMI forecasts that healthcare spending will grow to US$22.7 billion in 2021, a compound annual growth rate of approximately 12.5% from 2017 to 2021.

Aseana Properties now has two investments in Vietnam:-

- **International Healthcare Park**
  IHP is a planned mixed development on 37.5 hectares of land comprising private hospitals, mixed commercial, hospitality and residential developments. It is located in the Binh Tan District, close to District 5 (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 local partner, Hoa Lam Group holds a significant minority stake together with a consortium of investors from Singapore, Malaysia and Vietnam. A total of 19 plots of land were approved for development and Land Use Right ("LUR") was issued and paid for a 69-year lease. Of the 19 plots, 6 plots are dedicated to hospital and related functions. To date, 8 plots have been developed or divested. Apart from the international-class City International Hospital, IHP also boasts the largest AEON retail mall in Ho Chi Minh City.

  US$14.6 million of loan facilities to part finance the land and working capital remained outstanding as at 31 December 2018.

- **City International Hospital**
  CIH is a modern private care tertiary hospital conforming to international standards with 320 beds (Phase 1: 168 beds). In April 2018, the hospital introduced the angiographic intervention service which has improved the overall patient volume of the hospital. Additionally, a new Stroke Centre for emergency care and interventional therapies, which is jointly managed by CIH and the founder of Vietnam Stroke International Services, came into operation at the end of 2018.

  The development of City International Hospital is funded by total facilities of US$41.0 million as at 31 December 2018.

OUTLOOK

The Board and the Manager remain focused and committed on divesting the remaining investments in its portfolio and enhancing the value of its operating assets through diligent management. The Malaysian economy in particular, is expected to face another difficult year in 2019 as it is being challenged by the on-going domestic market adjustments and rising external headwinds. Recalibration of fiscal policies and structural reforms by the Malaysian Government will continue to put pressure on the nation's economic performance. In addition, Vietnam's economy is expected to grow at a slower pace as a result of tightened monetary policies as well as the slowdown in global demand despite its broad macroeconomic stability.

On a personal note, I would like to take this opportunity to extend my warmest gratitude to the Board of Directors of Aseana Properties, our advisors, shareholders and business associates for their unrelenting support and guidance throughout the year.

LAI VOON HON
President
Ireka Development Management Sdn. Bhd.
Development Manager
30 April 2019

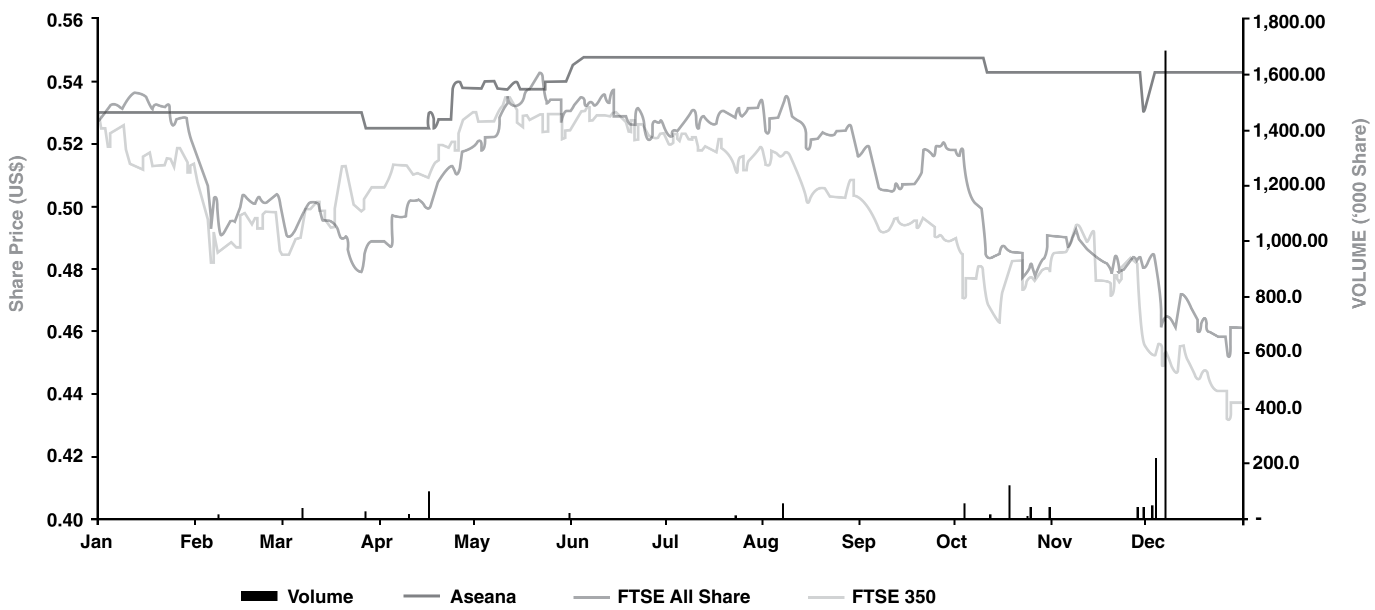
PROPERTY PORTFOLIO

as at 31 December 2018

Project	Type	Effective Ownership	Approximate Gross Floor Area (sq m)	Approximate Land Area (sq m)	Scheduled Completion
Completed projects:					
The RuMa Hotel and Residences Kuala Lumpur, Malaysia	Luxury residential tower and bespoke hotel	70.0%	40,000	4,000	Completed in September 2018
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
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					
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
Tiffani by i-ZEN Kuala Lumpur, Malaysia	Luxury condominiums	100.0%	81,000	15,000	Completed in August 2009
1 Mont' Kiara by i-ZEN Kuala Lumpur, Malaysia	Office suites, office tower and retail mall	100.0%	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, Ho Chi Minh City, Vietnam	Listed equity investment	6.9%	n/a	n/a	Effective ownerships as at FY2015 before full disposal in November 2016

*Shareholding as at 31 December 2018
n/a: Not available / not applicable

SHARE PRICE CHART



PERFORMANCE SUMMARY

	Year ended 31 December 2018	Year ended 31 December 2017 (Restated)
Total Returns since listing		
Ordinary share price	-45.75%	-47.00%
FTSE All-share index	10.30%	26.71%
FTSE 350 Real Estate Index	-50.03%	-39.43%
One Year Returns		
Ordinary share price	2.36%	1.92%
FTSE All-share index	-12.95%	9.00%
FTSE 350 Real Estate Index	-17.49%	10.34%
Capital Values		
Total assets less current liabilities (US$ million)	186.60	178.29
Net asset value per share (US$)	0.69	0.72
Ordinary share price (US$)	0.54	0.53
FTSE 350 Real Estate Index	468.71	568.05
Debt-to-equity ratio		
Debt-to-equity ratio [1]	90.82%	82.72%
Net debt-to-equity ratio [2]	81.54%	64.53%
(Loss)/ Earnings Per Share		
Earnings per ordinary share - basic (US cents)	-2.46	-1.98
- diluted (US cents)	-2.46	-1.98

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 ÷ Total Equity) x 100%

FINANCIAL REVIEW

For the Year Ended 31 December 2018

INTRODUCTION

The Group recorded a consolidated comprehensive loss of US$7.5 million for the financial year ended 31 December 2018, mainly due to losses incurred by The RuMa Hotel and finance costs attributable to its four operating assets.

STATEMENT OF COMPREHENSIVE INCOME

The Group recognised revenue of US$33.1 million, compared to US$33.5 million (restated) for the previous financial year. The revenue was mainly attributable to the sale of completed units at SENI Mont' Kiara and The RuMa Residences. The Group adopted and applied IFRS 15 Revenue from Contracts with Customers retrospectively. The adjustments to revenue were made for property development activities of The RuMa Hotel Suites and Residences (the "RuMa Project"), where no revenue was previously recognised under IFRIC 15 – Agreements for Construction of Real Estate, which prescribes that revenue to be recognised only when the properties are completed and occupancy permits are issued. With the adoption of IFRS 15, which requires the revenue from the development of the RuMa Project to be recognised over the contract period. In respect of the revenue from the sale of the The RuMa Hotel Suites, the Group also has a contractual arrangement with the buyer for the leaseback of the hotel suites to operate for the hotel operation. Under this sale and leaseback arrangement, which prescribes that control of the hotel suites has yet to be transferred to the buyers of the hotel suites. Hence, revenue of US$38 million is deferred until such time that control is passed to the buyers of the hotel suites.

The Group recorded a net loss before taxation of US$6.8 million compared to a net loss before taxation of US$4.3 million (restated) for the previous financial year. The losses were largely due to The RuMa Hotel of US$4.2 million which mostly was attributable to pre-opening expenses; and finance costs of US$7.0 million which mainly were attributable to City International Hospital, International Healthcare Park, Four Points by Sheraton Sandakan Hotel and Harbour Mall Sandakan; and operating losses of City International Hospital and Four Points by Sheraton Sandakan Hotel.

Net loss attributable to equity holders of the parent company was US$4.9 million, compared to a net loss of US$3.9 million (restated) for the previous financial year. Tax income for the year at US$0.4 million (2017: Tax expenses of US$1.2 million (restated))

The consolidated comprehensive loss was US$7.5 million (2017: comprehensive income of US$3.1 million (restated)), which included a loss of US$1.1 million (2017: gains of US$8.7 million(restated)) arising from foreign currency translation differences for foreign operations due to a weakening of the Ringgit against the US Dollar, during the year.

Basic and diluted loss per share were both US cents 2.46 (2017: US cents 1.98 (restated)).

STATEMENT OF FINANCIAL POSITION

Total assets were US$307.5 million, compared to US$304.1 million (restated) for the previous year, representing an increase of US$3.4 million.

Total liabilities were US$172.1 million, compared to US$161.3 million (restated) for the previous year, representing an increase of US$10.8 million. This was mainly due to an increase of US$20.2 million in trade and other payables.

Net Asset Value per share was US$0.69 (31 December 2017: US$0.72 (restated)).

CASH FLOW AND FUNDING

Cash flow used in operations before interest and tax paid was US$1.9 million, compared to cash flow generated from operation of US$15.7 (restated) million for the previous year.

The Group generated net cash flow of US$1.1 million from investing activities, compared to US$2.1 million in the previous year.

Changes in cash flow in 2018 were positive at US$ 0.1million, compared to the negative cash flow of US$7.1 million in 2017.

The borrowing of the Group undertakings to fund property development projects and for working capital. As at 31 December 2018, the Group's gross borrowings stood at US$85 million (31 December 2017: US$91.8 million). Net debt-to-equity ratio was 53.0% (31 December 2017: 46.0%(restated)).

Finance income was US$1.24 million for financial year ended 31 December 2018 (2017: US$0.39million). Finance costs were US$7.0 million (2017: US$12.4 million (restated)), which were mostly incurred by City International Hospital, International Healthcare Park, Four Points by Sheraton Sandakan Hotel and Harbour Mall Sandakan.

EVENT AFTER STATEMENT OF FINANCIAL POSITION DATE

On 22 March 2019, the Company announced that Ireka Development Management Sdn Bhd ("IDM"), the current Development Manager for the Company, had on 21 March 2019, submitted a notice to terminate its appointment under the Management Agreement. IDM is a wholly-owned subsidiary of Ireka Corporation Berhad which holds 23.07% of ASPL's issued share capital. Unless otherwise agreed, IDM's resignation is subject to a three-month notice period which will enable the orderly transition of operations currently carried out by IDM to the Company itself or to third parties. Following the termination, IDM has indicated that it would be prepared to work with the Board to facilitate a smooth and orderly transition of the operations of the Company. At the request of the Board, IDM is agreeable to extend the notice period, should the Board require more time to put in place the effected changes.

DIVIDEND

No dividend was declared or paid in the financial years 2018 and 2017.

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
30 April 2019

CORPORATE SOCIAL RESPONSIBILITY

Aseana Properties is committed to making a positive difference in the world, whether it is for the local community or whether it is building a better working environment. The Company 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 on all aspects. 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 changing economic environment, with 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 employees are treated fairly and with dignity because it is the right thing to do and also to get the best out of them.

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 organized efforts and procedures for reducing workplace accidents, risks and hazards, exposure to harmful solutions 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.

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 events, roadshows, briefings, conference calls, timely release of annual reports and publication of its quarterly magazine, CiTi-ZEN (now in its 13th year). Aseana Properties also maintains an updated and informative website, www.aseanaproperties.com that is accessible to stakeholders and members of the public.

The RuMa Hotel and Residences has also created its own YouTube Channel with the aim of informing the public on all aspects of The RuMa's development, providing an overview and introducing key individuals behind the concept and design of both the hotel and residences.

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. It also works with consultants such as architects to look at how they can be more environmentally friendly by incorporating natural elements such as water, greenery, light and air into its projects. Maintaining and sustaining local Malaysian heritage is the essence of the RuMa Hotel so decorative elements like batik prints throughout are recycled from a local batik factory. The Kelelai (a type of bamboo) ornaments and ceiling panels at the pool area of Level 6 are cultivated from a dying weaving art by Kelantanese women.

The RuMa Hotel and Residences have both been separately awarded the Green Building Index (GBI) Provisional Gold Rating having successfully met all the GBI Criteria under each category for Energy Efficiency, Indoor Environment Quality, Sustainable Site Planning & Management, Materials & Resources, Water Efficiency and Innovation. The GBI is Malaysia's industry recognised green rating tool for buildings to promote sustainability in the building industry.

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.

CALENDAR OF EVENTS

24 Jan	Aseana Properties published a Shareholder's Consultation Presentation which provided an update on the Company's progress in executing its divestment policy, and details the alternative proposals to the discontinuation resolution, on which the Board is seeking feedback from shareholders ahead of the 2018 Annual General Meeting ("AGM").
24 Feb	Harbour Mall Sandakan (HMS) celebrated Chinese New Year 2018 by organising a red packet redemption programme; Lion dance performances, singing and dancing performances by local artistes to entertain the community.
27 Feb	City International Hospital (CIH) celebrated Vietnam Doctor's Day which was very well supported by all the doctors and patients.
24 Mar	HMS organised the International Run for Orang Utans to create awareness about this endangered species and of wildlife animals in general.
21 Apr	HMS launched its MyKad Smart Shopper Programme in April and became the first mall in Sabah to collaborate with the Programme, offering cash rewards and benefits of using the MyCard.
23 Apr	Aseana Properties convened its General Meeting at its registered office in Jersey, Channel Islands where the Shareholders had supported both the Board's recommendations, to vote in favour of the special resolution to amend the Company's Articles, and to vote against the ordinary resolution that the Company shall cease as presently constituted.
27 Apr	Aseana Properties announced its Audited Full Year Results for the financial year ended 31 December 2017.
1 May	Together with LFS Cinemas, HMS joined forces to bring Malaysia's famous classic comedian, A.R. Badul together with ZERO, a Sabah comedy group made famous through comedy reality shows to entertain customers and the local community.
23 May	Aseana Properties published its Q4 2017 Corporate Presentation.
1 Jun	HMS organised a Bubur Lambuk Giveaway & Charity Donation for Ramadhan & Hari Raya Celebrations 2018 which was popular with both the beneficiaries and local community.
9 Jun	CIH organised a Colorectal Cancer Seminar to create awareness about the disease with patients and the local community.
3 Jul	Aseana Properties convened its 12th Annual General Meeting at its registered office in Jersey, Channel Islands on 2 July 2018. All the resolutions tabled were passed at the meeting. Aseana Properties announced an update on the progress of divestment of the Company's assets, which commenced following approval by Shareholders at the Company's General Meeting on 23 April 2018.
4 Jul	Aseana Properties published its Q1 2018 Corporate Presentation.
14 & 15 Jul	In conjunction with the FIFA 2018 Russia World Cup, a series of activities ranging from Facebook quizzes, PS4 Tournament, World Cup Match Live Screening and Face Booth painting were held at the HMS to entertain everyone. These proved very popular especially with the younger audience.
31 Aug	Aseana Properties announced its Half-Year Results for the six-month period ended 30 June 2018.
12 Sep	Aseana Properties published its Q2 2018 Corporate Presentation.
28 Sep	Sabah State Minister for Health and People's Wellbeing, the late Stephen Wong Tien Fatt and State Youth and Sports Minister Frankie Poon Ming Fung paid a visit to HMS. In the same month, the Mall celebrated the Mid-Autumn Festival by organising activities such as colouring contest, recycled items Coin Box contest, singing and dancing performances to the delight of the local community.
3 Oct	Aseana Properties announced a further update on the progress of divestment of the Company's assets following an earlier update announced on 3 July 2018.
15 to 31 Oct	CIH conducted free eye examinations for the public.
20 Oct	The first Harbour Mall Sandakan Star contest was held where more than 50 contestants participated in the event to win the Champion of the Star Search.
29 Oct	CIH organised the 3rd Science and Technology Conference.

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 IHH Healthcare Berhad, D&O Green Technologies Berhad and Marine & General Berhad. He is also currently a board member of Labuan Financial Services Authority.

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

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 25 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.

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 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.

Ferheen is also a director of the Asian University for Women Support Foundation (Hong Kong) Limited ("AUW"). AUW's goal is to ensure the long term sustainability of the University which provides education for under-privileged women from Asia.

DIRECTORS' REPORT

For the Year Ended 31 December 2018

The Directors present their report together with the audited financial statements of Aseana Properties Limited (the "Company") and its subsidiary undertakings (together with the "Group") for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

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

OBJECTIVES AND STRATEGY

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.

At a general meeting of the Company held on 23 April 2018, Shareholders voted in favour of the Board's proposals to continue with the Company's divestment 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 general meeting, in order to allow a policy of orderly realisation of the Company's assets over a period of up to eighteen months 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 31 December 2019, 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 Board shall procure that, at a general meeting of the Company, an ordinary resolution will be proposed to the effect that the Company shall cease to continue as presently constituted. If, at any such meeting, such resolution is passed, the Board shall within four months of such meeting, convene a general meeting of the Company at which a special resolution shall be proposed requiring the Company to be wound up voluntarily. In connection with, or at the same time as, the proposal that the Company be wound up voluntarily the Board shall be entitled to make proposals for the reconstruction of the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

DIRECTORS' REPORT (CONT'D)

as at 31 December 2018 (cont'd)

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 2018 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. The capital distribution was completed on 10 January 2017 and the repurchased shares of 13,334,000 are held as Treasury Shares. The issued and paid up share capital of the Company remains unchanged at 212,025,002. The company did not purchase its own shares during the year ended 31 December 2018.

SHARE CAPITAL

No shares were issued in 2018. Further details on share capital are stated in Note 24 to the financial statements.

DIRECTORS

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

- Mohammed Azlan Hashim – Chairman
- Gerald Ong Chong Keng
- Ferheen Mahomed

David Harris, John Lynton Jones and Christopher Henry Lovell have stepped down from the Board following the AGM, which was held on 2 July 2018. On 20 March 2019, the Company announced that Nicholas Paris had resigned as a non-executive Director, with effect from 19 March 2019. The Board will identify a suitable replacement Director.

DIRECTORS' INTERESTS

The interests of the directors in the Company's shares as at 31 December 2018 and as at the date of this report were as follows:

DIRECTOR	ORDINARY SHARES OF US$0.05 EACH	
	As at 31 Dec 2018	As at 30 Apr 2019
GERALD ONG CHONG KENG	2,108,467	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" or "IDM"). The Development Manager is a wholly-owned subsidiary of Ireka Corporation Berhad, a company listed on Bursa Malaysia since 1993 which has 52 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.

On 22 March 2019, the Company announced that IDM had, on 21 March 2019, submitted a notice to terminate its appointment under the Management Agreement. Unless otherwise agreed, IDM's resignation is subject to a three months notice period which will enable the orderly transition of operations currently carried out by IDM to the Company itself or to third parties. Following the termination, IDM has indicated that it would be prepared to work with the Board to facilitate a smooth and orderly transition of the operations of the Company. At the request of the Board, IDM is agreeable to extend the notice period, should the Board require more time to put in place the effected changes.

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 10 April 2019:

	Number of Ordinary Shares Held	Percentage of Voting Share Capital
Ireka Corporation Berhad	45,837,504	23.07%
LIM Advisors	36,654,192	18.45%
Legacy Essence Limited and its related parties	36,628,282	18.43%
SIX SIS	16,140,642	8.12%
Progressive Capital Partners	14,393,372	7.24%
Credit Suisse	12,024,891	6.05%
Dr. Thong Kok Cheong	11,959,608	6.02%

EMPLOYEES

The Company has no executive Directors or employees. The subsidiaries of the Group have a total of 816 employees as at 31 December 2018, of which 174, 423 and 219 are employed by FPSS/HMS, CIH and The RuMa Hotel KL Sdn Bhd respectively. 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 as at 31 December 2018.

DIRECTORS' REPORT (CONT'D)

as at 31 December 2018 (cont'd)

GOING CONCERN

Notwithstanding to the non-compliance with the financial covenants and the Discontinuation Resolution as set out in Note 2.1 and Note 2.1.1 respectively, 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 2018 amounted to 69 days (2017: 69 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 and Capital Risk Management Objectives and Policies are set out in Note 4 to the financial statements.

DIRECTORS' LIABILITIES

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Companies (Jersey) Law 1991 requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by European Unions ("IFRSs").

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. 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 Company'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 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, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; 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, 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

During the year, KPMG LLP resigned, and Crowe U.K. LLP were appointed in their place as auditors of the Company.

The auditor, Crowe U.K. 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 and Nomination & Remuneration Committee is included in the Corporate Governance section of the Annual Report on page 19.

ANNUAL GENERAL MEETING

The tabling of the 2018 Annual Report and Financial Statements to shareholders will be at an Annual General Meeting ("AGM") to be held in July 2019.

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

GERALD ONG CHONG KENG
Director

30 April 2019

REPORT OF DIRECTORS' REMUNERATION

DIRECTORS' EMOLUMENTS

The Company has no executive Directors or employees. The Nomination & Remuneration Committee ("NRC") 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 NRC 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.

In line with the Directors' intention to reduce cost of operating the Company during the divestment period, a 25% reduction in directors' fees took effect from July 2017. The size of the Board was also reduced in line with the objectives of the realisation process. Subsequent to the changes to the Board, the Nomination Committee and Remuneration Committee were merged to streamline the operation process.

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

Directors	Year ended 31 December 2018 (US$)	Year ended 31 December 2017 (US$)
Mohammed Azlan Hashim (Chairman of the Board)	**52,500**	61,250
Christopher Henry Lovell[1, 3]	**20,624**	48,124
David Harris[1]	**18,000**	42,000
John Lynton Jones[1]	**18,000**	42,000
Gerald Ong Chong Keng[3]	**36,000**	42,000
Nicholas John Paris[2, 4]	**–**	–
Ferheen Mahomed[4]	**–**	–
Total	**145,124**	**235,374**

[1] Resigned w.e.f. 2 July 2018
[2] Resigned w.e.f. 19 March 2019
[3] Christopher Henry Lovell was Chairman of the Audit Committee before his resignation on 2 July 2018
Gerald Ong Chong Keng was appointed Chairman of the Audit Committee w.e.f. 2 July 2018
[4] Nicholas John Paris and Ferheen Mahomed have waived their entitlement for directors' fees since their appointment in 2015

SHARE OPTIONS

The Company did not operate any share option schemes during the year ended 31 December 2018.

SHARE PRICE INFORMATION

- High for the year - US$0.548
- Low for the year - US$0.525
- Close for the year - US$0.543

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.

GERALD ONG CHONG KENG

CHAIRMAN OF THE NOMINATION & REMUNERATION COMMITTEE

30 April 2019

CORPORATE GOVERNANCE STATEMENT

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 three (3) non-executive Directors, including the non-executive Chairman.

The brief biographies of the following Directors appear on page 14 of the Annual Report 2018:

- Mohammed Azlan Hashim (Non-Executive Chairman)
- Gerald Ong Chong Keng
- Ferheen Mahomed

In line with the objectives of the realisation process, David Harris, John Lynton Jones and Christopher Henry Lovell stepped down from the Board at the conclusion of the 2018 Annual General Meeting so as to reduce the Company's ongoing costs and decrease the size of the Board. Nicholas John Paris resigned as a non-executive Director on 19 March 2019. Consequently, he ceased as a member of the Audit Committee and Nomination & Remuneration Committee. The Board is in the process of identifying a suitable replacement Director.

The Board did not appoint a Chief Executive or a Senior Independent Director since its incorporation as it did not consider it appropriate given the nature of the Group's business and that the Group's property portfolio is externally managed by Ireka Development Management Sdn. Bhd. (the "Development Manager"). On 21 March 2019, the Development Manager submitted a notice to terminate its appointment under the Management Agreement. The termination is subject to a three (3)-month notice period. Following the notice of termination, the Development Manager has indicated that it would be prepared to work with the Board to facilitate a smooth and orderly transition of the operations of Aseana Properties, currently carried out by the Development Manager, to Aseana Properties itself or to third parties. The Board will be deliberating on the various options available to it in managing the executive functions and administrative functions of Aseana Properties including to identify a replacement for the Development Manager, to identify and appoint senior executives to oversee the operations of Aseana Properties, and also to identify and appoint divestment specialists to lead the orderly disposal of the assets.

ROLE OF THE BOARD OF DIRECTORS

The Board's role is to provide entrepreneurial leadership to the Group, within a framework of prudent and effective controls, enabling risks to be assessed and managed. The Board sets the Group's strategic objectives, monitors and reviews the Group's operational and financial performance, ensures the Group has sufficient funding, and examines and approves disposal of the Group's assets in a controlled, orderly and timely manner. The Board also sets the Group's values and standards and ensures that its obligations to its shareholders and other stakeholders are met. The implementation of the Group's strategy was delegated to the Development Manager and its performance was 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 (4) times a year and at such other times as the Chairman shall require. During the year ended 31 December 2018, the Board met eight (8) times and their respective attendance are as follows:

Name of Directors	Attendance
Mohammed Azlan Hashim	7/8
Christopher Henry Lovell *(resigned w.e.f. 2 July 2018)*	5/5
David Harris *(resigned w.e.f. 2 July 2018)*	5/5
John Lynton Jones *(resigned w.e.f. 2 July 2018)*	5/5
Gerald Ong Chong Keng	8/8
Nicholas John Paris *(resigned w.e.f. 19 March 2019)*	8/8
Ferheen Mahomed	6/8

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 Group'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 Ferheen Mahomed, the representative of Legacy Essence Limited, being appointed as the Non-Independent Non-Executive Director of the Company, the Board considers the Director to be independent, being independent of management and also having no business relationships which could interfere materially with the exercise of her 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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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 Group.

PERFORMANCE APPRAISAL

The Board undertakes an annual evaluation of its own performance and that of its Committees and individual Directors. In November 2018, 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 2 July 2018, no agenda on the directors' retirement by rotation was tabled as the Directors concerned had earlier informed the Board of their intention to step down at the conclusion of the Annual General Meeting, in line with the Board's plan to reduce operating costs of the Company during the divestment period.

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. During the year, the Nomination Committee and the Remuneration Committee were merged and the Management Engagement Committee was dissolved with the Board assuming all delegated responsibility, to streamline the operation in line with the Directors' intention to reduce cost of operating the Company during the divestment period. 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 two (2) members and is currently chaired by Gerald Ong Chong Keng, who replaces Christopher Henry Lovell following his resignation from the Board during the year. The other member is Mohammed Azlan Hashim. 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 (4) times during the year and their respective attendance are as follows:

Name	Attendance
Gerald Ong Chong Keng	4/4
Mohammed Azlan Hashim	4/4
Christopher Henry Lovell *(resigned w.e.f. 2 July 2018)*	2/2
Nicholas John Paris *(appointed w.e.f. 2 July 2018 and resigned w.e.f. 19 March 2019)*	2/2

Representatives of the auditor, the Chief Financial Officer and President 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 Group, any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements contained in them;
- reviewing the Group'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 2018, the

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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 & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee is chaired by Gerald Ong Chong Keng. The other committee member is Mohammed Azlan Hashim. The Committee meets annually and at any such times as the Chairman of the Nomination & 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 Nomination & Remuneration Committee.

During the year ended 31 December 2018, the Nomination & Remuneration 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;
- considering any matter relating to the continuation in office of any Director at any time;
- determining and agreeing with the Board the framework for the remuneration of the Directors; and
- setting the remuneration for all Directors.

FINANCIAL REPORTING

The Board aims to present a fair, balanced and understandable assessment of the Group'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 Group'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 Group 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. Crowe U.K. LLP was appointed in December 2018 to replace KPMG LLP which had been the Company's Auditor since November 2010.

Pursuant to audit and ethical standards, the auditor is required to assess and confirm to the Board their independence, integrity and objectivity. The Auditor had carried out this assessment and considered themselves to be independent, objective and in compliance with the Ethical Standard for Auditors published by the UK Financial Reporting Council and the Code of Ethics issued by the Institute of Chartered Accountants in England and Wales.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the effectiveness of the Group'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 Group 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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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 requirement 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 President, 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 2018 AGM, held on 2 July 2018 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

GERALD ONG CHONG KENG
Director

30 April 2019

INDEPENDENT AUDITOR'S REPORT

to the member of Aseana Properties Limited

OPINION

We have audited the financial statements of Aseana Properties Limited and its subsidiary (the "Group") for the year ended 31 December 2018, which comprise:

- the consolidated statement of comprehensive income for the year ended 31 December 2018;
- the consolidated statements of financial position as at 31 December 2018;
- the consolidated statements of cash flows for the year then ended;
- the consolidated statements of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2018 and of the Group's loss for the period then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to the Note [2.1] in the financial statements, concerning the non-compliance with a financial covenant to a bank loan taken out by one of the Group's subsidiary undertakings.

As set out in Note [2.1], in the event of a non-compliance with the financial covenant, the loan shall be repayable on demand together with accrued interest upon notification by the lenders. The Group has requested a non-compliance waiver from the lenders in respect of this non-compliance. At the date of approving these financial statements the waiver has not been received. The matters explained in Note [2.1] indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern. Our opinion is not modified in respect of this matter.

OVERVIEW OF OUR AUDIT APPROACH

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be $3,500,000, based on 1% of the Group's total assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of $105,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

to the member of Aseana Properties Limited

Overview of the scope of our audit

We carried out a full scope audit. Our audit approach was developed by obtaining an understanding of the Group's activities and the overall control environment. Based on this understanding we assessed those aspects of the Group's transactions and balances which were most likely to give rise to a material misstatement.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of the valuation of inventories which have a high level of estimation uncertainty involved in determining its net realisable value.

Whilst the Group's accounting is centralised in Kuala Lumpur, Malaysia, the main activities of the Group are accounted for from two operating locations in Malaysia and Vietnam.

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team. For the full scope components in Malaysia and Vietnam, where the work was performed by member firms of Crowe Global Network, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The primary team led by the Senior Statutory Auditor was ultimately responsible for the scope and direction of the audit process. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed key working papers at component auditor office based in Malaysia and Vietnam and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies (Jersey) Law 1991, DTR rules and IFRS.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of Board meetings throughout the period; and
- considering the effectiveness of control environment in monitoring compliance with laws and regulations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

to the member of Aseana Properties Limited

In addition to the matter described in the "Material uncertainty related to going concern", we have determined the following key audit matters.

Key audit matter	*How the scope of our audit addressed the key audit matter*
Carrying value of inventories The Group's inventories comprise land held for property development, work in progress and completed of properties held for sale. At 31 December 2018, the carrying value of inventories were US$267.2 million.	The Group uses external valuers to provide a valuation of their inventories to support the Group's assessment of net realisable value ("NRV") We focused on this area due to the significance of the carrying value of the assets, the risk of impairment was considered likely to be highly sensitive to assumptions and estimates about the forecast occupancy rate, average daily room rates, average rent rates, capitalisation rate and discount rate, as described in Note [20]. Other assumption include exchange rates and operating costs. We evaluated management's NRV assessment for the Group's inventories. We have: • assessed the competence and capabilities of the valuers and verified their qualifications. • For significant assets, we held discussions with the Group's valuers and the Group's Development Manager to determine whether the valuation methodologies used are appropriate and acceptable within real estate sector. • tested average rent rates and daily room rate assumptions by comparing to the latest market evidence available and benchmarking the rate to the risks faced by the group or risk exposed to the property developments; • tested forecast cash flows by comparing the assumptions used within the cash flow projection models. We assessed the historical accuracy of management's budgets and forecasts by comparing them to actual performance; • tested significant property development expenditure and capitalised borrowing costs incurred during the year to supporting documents. • evaluated the financial statement disclosures for compliance with the requirements of accounting standards.
December 2019 resolution Following the general meeting (the "Discontinuation Resolution") held on 23 April 2018, the shareholders voted in favour of the Board's proposal to continue with the Group's divestment policy to enable a realisation of the Group's assets in a controlled, orderly and timely manner. To the extent that the Group has not disposed of all of its assets by 31 December 2019, shareholders will be provided with an opportunity for another vote in relation to the continuation of the Company. The outcome of this vote is uncertain and may impact on the going concern status of the Group.	In the event of the December 2019 Resolution for discontinuation is passed, the Company shall within four months convene a general meeting of the Company at which a special resolution shall be proposed requiring the Company to be wound up voluntarily. The approval of this special resolution requires a two-third majority of the share-holders' votes. We have reviewed the board's assessment, taking into account the shareholders composition, the likelihood this special resolution would be passed is remote. We also assessed the completeness and accuracy of the matters described in the going concern disclosure within the significant accounting policies and the critical judgments, as set out in Note [2.1.1] and [2.2(d)] respectively.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

to the member of Aseana Properties Limited

Key audit matter	*How the scope of our audit addressed the key audit matter*
Revenue recognition The Group enters into a range of client contract types. The revenue recognition policy varies depending on the underlying contract and could result in revenue being recognised at a point in time, over time or on a percentage complete basis where certain conditions are met. The transition to IFRS 15 and the application of the new accounting policies was considered to be a significant audit risk.	Our procedures included reviewing the Group's assessment of the impact of IFRS 15 on the revenue streams in the business and their modified accounting policies. We agreed the performance obligations identified by management to a sample of contracts to ensure the adopted accounting policy was appropriate. This was considered at the transition date and was also included in our year end fieldwork. We designed procedures to test each different revenue stream and to consider whether the revenue recognition policy applied to the revenue stream was appropriate. Our testing in this area included examining contract terms, obtaining evidence of delivery of vacant possession and obtaining evidence to support the percentage complete and the budgeted margin. We obtained and reviewed the sale and leaseback agreement. We have discussed with the Management Manager and reviewed Group's statement of compliance and judgment applied as set out in Note [2.2(c)] and Note [2.3(e)] respectively, which indicated the substance of the sale and leaseback arrangement is a temporarily financing arrangement between the Group and buyer lessor. Accordingly, no revenue is recognised and the proceeds of the revenue received from the buyer lessor were recognised as financial liability being amounts owed to contract buyers in Note [29].

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

to the member of Aseana Properties Limited

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Directors' responsibilities statement set out on pages 15 to 17, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.This description forms part of our auditor's report.

USE OF OUR REPORT

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.

STACY EDEN (Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
30 April 2019

Notes:
The maintenance and integrity of the Aseana's website is the responsibility of the directors. The work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

Continuing activities	Notes	2018 US$'000	2017 US$'000 Restated*
Revenue	5	**33,054**	33,548
Cost of sales	6	**(24,601)**	(20,448)
Gross profit		**8,453**	13,100
Other income	7	**19,149**	14,176
Administrative expenses		**(1,027)**	(927)
Foreign exchange (loss)/gain	8	**(1,353)**	3,419
Management fees	9	**(1,460)**	(3,129)
Marketing expenses		**(671)**	(496)
Other operating expenses		**(24,095)**	(18,417)
Operating (loss)/profit		**(1,004)**	7,726
Finance income		**1,242**	392
Finance costs		**(7,034)**	(12,444)
Net finance costs	11	**(5,792)**	(12,052)
Net loss before taxation	12	**(6,796)**	(4,326)
Taxation	13	**390**	(1,207)
Loss for the year		**(6,406)**	(5,533)
Other comprehensive (loss)/income, net of tax Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	14	**(1,082)**	8,671
Total other comprehensive (loss)/income for the year	14	**(1,082)**	8,671
Total comprehensive (loss)/income for the year		**(7,488)**	3,138
Loss attributable to:			
Equity holders of the parent company	15	**(4,885)**	(3,937)
Non-controlling interests	16	**(1,521)**	(1,596)
Loss for the year		**(6,406)**	(5,533)
Total comprehensive (loss)/income attributable to:			
Equity holders of the parent company		**(6,154)**	4,629
Non-controlling interests		**(1,334)**	(1,491)
Total comprehensive (loss)/income for the year		**(7,488)**	3,138
Loss per share			
Basic and diluted (US cents)	15	**(2.46)**	(1.98)

**See Note 39*

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	31 December 2018 US$'000	31 December 2017 US$'000 Restated*	1 January 2017 US$'000 Restated*
Non-current assets				
Property, plant and equipment	17	**678**	663	743
Intangible assets	18	**4,148**	4,201	7,081
Deferred tax assets	19	**5,186**	5,058	1,606
Total non-current assets		**10,012**	9,922	9,430
Current assets				
Inventories	20	**267,160**	250,173	234,920
Trade and other receivables	21	**16,991**	17,394	14,136
Prepayments	22	**635**	293	1,093
Current tax assets		**157**	372	660
Cash and cash equivalents	23	**12,573**	25,984	26,650
Total current assets		**297,516**	294,216	277,459
TOTAL ASSETS		**307,528**	304,138	286,889
Equity				
Share capital	24	**10,601**	10,601	10,601
Share premium	25	**208,925**	208,925	218,926
Capital redemption reserve	26	**1,899**	1,899	1,899
Translation reserve	27	**(22,265)**	(20,996)	(29,562)
Accumulated losses	28	**(62,786)**	(57,898)	(53,422)
Shareholders' equity		**136,374**	142,531	148,442
Non-controlling interests	16	**(937)**	331	1,031
Total equity		**135,437**	142,862	149,473
Non-current liabilities				
Trade and other payable	29	**37,976**	26,392	19,004
Loans and borrowings	31	**13,188**	54,572	46,405
Total non-current liabilities		**51,164**	80,964	65,409
Current liabilities				
Trade and other payables	29	**34,128**	25,552	20,143
Amount due to non-controlling interests	30	**13,194**	13,400	12,573
Loans and borrowings	31	**48,084**	12,882	10,807
Medium term notes	32	**23,761**	24,324	26,343
Current tax liabilities		**1,760**	4,154	2,141
Total current liabilities		**120,927**	80,312	72,007
Total liabilities		**172,091**	161,276	137,416
TOTAL EQUITY AND LIABILITIES		**307,528**	304,138	286,889

**See Note 39*

The financial statements were approved on 30 April 2019 and authorised for issue by the Board and were signed on its behalf by

MOHAMMED AZLAN HASHIM
Director

GERALD ONG CHONG KENG
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

Consolidated	Redeemable Ordinary Shares US$'000	Management Shares US$'000	Share Premium US$'000	Capital Redemption Reserve US$'000	Translation 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
Balance at 1 January 2017	10,601	–#	218,926	1,899	(29,142)	(58,922)	143,362	(1,148)	142,214
Impact of change in accounting policy	–	–	–	–	(420)	5,500	5,080	2,179	7,259
Adjusted balance at 1 January 2017	10,601	–	218,926	1,899	(29,562)	(53,422)	148,442	1,031	149,473
Share buy back (Note 25)	–	–	(10,001)	–	–	–	(10,001)	–	(10,001)
Changes in ownership interests in subsidiaries (Note 33)	–	–	–	–	–	(539)	(539)	539	–
Non-controlling interests contribution	–	–	–	–	–	–	–	252	252
Restated loss for the year	–	–	–	–	–	(3,937)	(3,937)	(1,596)	(5,533)
Restated total other comprehensive income for the year	–	–	–	–	8,566	–	8,566	105	8,671
Restated total comprehensive income for the year	–	–	–	–	8,566	(3,937)	4,629	(1,491)	3,138
Restated balance at 31 December 2017/ 1 January 2018	**10,601**	**–**	**208,925**	**1,899**	**(20,996)**	**(57,898)**	**142,531**	**331**	**142,862**
Changes in ownership interests in subsidiaries (Note 33)	–	–	–	–	–	(3)	(3)	3	–
Non-controlling interests contribution	–	–	–	–	–	–	–	63	63
Loss for the year	–	–	–	–	–	(4,885)	(4,885)	(1,521)	(6,406)
Total other comprehensive loss for the year	–	–	–	–	(1,269)	–	(1,269)	187	(1,082)
Total comprehensive loss for the year	–	–	–	–	(1,269)	(4,885)	(6,154)	(1,334)	(7,488)
Shareholders' equity at 31 December 2018	**10,601**	**–#**	**208,925**	**1,899**	**(22,265)**	**(62,786)**	**136,374**	**(937)**	**135,437**

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 2018

	2018 US$'000	2017 US$'000 Restated*
Cash Flows from Operating Activities		
Net loss before taxation	**(6,796)**	(4,326)
Finance income	**(1,242)**	(392)
Finance costs	**7,034**	12,444
Unrealised foreign exchange loss/(gain)	**1,382**	(2,973)
Write down/Impairment of goodwill	**53**	2,880
Depreciation of property, plant and equipment	**92**	84
Operating profit before changes in working capital	**523**	7,717
Changes in working capital:		
Increase in inventories	**(22,243)**	(2,847)
(Increase)/Decrease in trade and other receivables and prepayments	**(987)**	14,295
Increase/(Decrease) in trade and other payables	**20,768**	(3,509)
Cash (used in)/from operations	**(1,939)**	15,656
Interest paid	**(7,034)**	(12,444)
Tax paid	**(1,955)**	(2,606)
Net cash (used in) /from operating activities	**(10,928)**	606
Cash Flows From Investing Activities		
Proceeds from disposal of available-for-sale Investments (iii)	**–**	893
Purchase of property, plant and equipment	**(121)**	(5)
Proceeds from disposal of an indirectly held subsidiary	**–**	800
Finance income received	**1,242**	392
Net cash from investing activities	**1,121**	2,080

**See Note 39*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 US$'000	2017 US$'000 Restated*
Cash Flows From Financing Activities		
Advances from non-controlling interests	**82**	327
Issuance of ordinary shares of subsidiaries to non-controlling interests (ii)	**63**	252
Purchase of own shares	**–**	(10,001)
Repayment of loans and borrowings	**(24,197)**	(14,773)
Repayment of medium term notes	**–**	(4,615)
Drawdown of loans and borrowings	**20,308**	25,038
Net decrease in pledged deposits for loans and borrowings and Medium Term Notes	**13,623**	7,923
Deposits subject to restriction in use (iv)	**–**	(13,867)
Net cash from/(used in) financing activities	**9,879**	(9,716)
Net changes in cash and cash equivalents during the year	**72**	(7,030)
Effect of changes in exchange rates	**497**	(315)
Cash and cash equivalents at the beginning of the year	**9,294**	16,639
Cash and cash equivalents at the end of the year (i)	**9,863**	9,294

**See Note 39*

(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:

	31 December 2018 US$'000	31 December 2017 US$'000
Cash and bank balances	**9,372**	10,343
Short term bank deposits	**3,201**	15,641
	12,573	25,984
Less: Deposits subject to restriction in use (iv)	**–**	(13,867)
Less: Deposits pledged (v)	**(2,710)**	(2,823)
Cash and cash equivalents	**9,863**	9,294

(ii) During the financial year, US$63,000 (2017: US$252,000) of ordinary shares of subsidiaries were issued to non-controlling shareholders which was satisfied via cash consideration.

(iii) In 2016, the Group disposed the entire balance representing 9,784,653 shares in Nam Long Investment Corporation for a consideration of US$9,848,000 of which US$8,955,000 was received in 2016. The balance consideration of US$893,000 was received in previous financial year.

(iv) Included in short term bank deposits in 2017 is US$13,867,000 obtained from the term loan granted to City International Hospital Company Ltd ("CIH") by Vietbank during the year where the utilisation of this balance is restricted solely for the purpose of refinancing the existing syndicated term loan under CIH.

(v) Included in short term bank deposits and cash and bank balance is US$2,710,000 (2017: US$2,823,000) pledged for loans and borrowings and Medium Term Notes of the Group.

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

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Aseana Properties Limited (the "Company") was incorporated in Jersey as a limited liability par value company. The Company's registered office is 12 Castle Street, St Helier, Jersey JE2 3RT.

The consolidated financial statements comprise the financial information of the Company and its subsidiary undertakings (together the "Group"). Detail of the entities of the Group are described in Note 36.

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.

The financial statements are presented in US Dollar (US$), which is the Group's presentation currency. All financial information is presented in US$ and has been rounded to the nearest thousand (US$'000), unless otherwise stated.

2 BASIS OF PREPARATION

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

As permitted by Companies (Jersey) Law 1991 only the consolidated financial statements are presented.

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.

2.1 Going concern

The financial statements have been prepared on the historical cost basis and on the assumption that the Group 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 31 and 32) 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.

At 31 December 2018, one of the Group's subsidiary undertakings had not complied with the Debt to Equity ratio covenant in respect of a loan of US$27.8million. In accordance with the term set out in the Facility Agreement, in the event of non-compliance of the financial covenant, the loan shall be immediately due and payable together with accrued interest thereon upon notification by the lenders. The group's subsidiary undertaking has requested a waiver from the lenders in respect of this non-compliance. At the date of approving these financial statements, one of the lenders has approved the waiver and approval from the other lender has not been received. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

The Directors expect to raise sufficient funds to finance the completion of the Group's existing projects 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 City International Hospital, the Four Points Sheraton Sandakan Hotel and the Harbour Mall Sandakan.

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 and secured by two completed inventories of the Group with carrying amount of US$79.92 million as at 31 December 2018. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2 BASIS OF PREPARATION (cont'd)

2.1 Going concern (cont'd)

The Group also has significant borrowings in Vietnam secured by the City International Hospital 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 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.

2.1.1 December 2019 Resolution

When the Group was launched in 2007, the Board considered it desirable that Shareholders should have an opportunity to review the future of the Group at appropriate intervals.

At a general meeting of the Company held on 23 April 2018, Shareholders voted in favour of the Board's proposals to continue with the Group's divestment investment policy to enable a realisation of the Group'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 Group's investments. Shareholders also supported the Board's recommendation to vote against the Discontinuation Resolution proposed at the general meeting, in order to allow a policy of orderly realisation of the Group's assets over a period of up to eighteen months in order to maximise the value of the Group's assets and returns to Shareholders, both up to and upon the eventual liquidation of the Company.

To the extent that the Group has not disposed of all of its assets by 31 December 2019, Shareholders will be provided with an opportunity to review the future of the Group, which would include the option for shareholders to vote for the continuation of the Company. The Board shall procure that, at a general meeting of the Company, an ordinary resolution will be proposed to the effect that the Company shall cease to continue as presently constituted (the "December 2019 Resolution"). If, at any such meeting, such resolution is passed, the Board shall within four months of such meeting, convene a general meeting of the Company at which a special resolution shall be proposed requiring the Company to be wound up voluntarily. In connection with, or at the same time as, the proposal that the Company be wound up voluntarily the Board shall be entitled to make proposals for the reconstruction of the Group.

It is necessary for the Board to determine if the Company and the Group should be continued as a going concern. The Board has therefore requested its two largest shareholders (holding collectively approximately 41% of the Company's shares) to state how they might vote in relation to the December 2019 Resolution.

While the two shareholders did not disclose how they might vote in relation to the December 2019 Resolution, the two shareholders have expressed their view that:
- The Group is already in a divestment mode and is not making new investments.
- Divestment of the Group's assets is best carried out by the Board itself in a solvent orderly manner and with the assistance of appropriately experienced professionals.
- If necessary, and should the Board decides that it does not have the necessary experience, the Board may bring in new people (including additional Directors) with the relevant experience.
- The shareholders may not have control over the appointment of the liquidator and the liquidator will be heavily influenced by the interest of the Group's creditors instead of its shareholders.
- At this stage, they see no circumstances where it is better to rely on the liquidator to divest the assets of the Group rather than the Board doing so itself in an orderly manner.
- Hence, should the December 2019 Resolution be passed, these shareholders expect the Board to come up with new ideas on the continuing divestment of the Group's assets.
- Until substantially all the Group's assets have been orderly disposed of and its proceeds returned to shareholders, they have expressed that they will not vote in favour of a voluntary winding up of the Company as doing so will be detrimental to the interests of the Company and its shareholders.

As a special resolution requires the approval of the Company's shareholders by a two-third majority, the Board believes that the possibility of the Company being put in voluntarily winding-up within the next twelve months to be remote. For this reason, the Company and the Group continue to adopt the going concern basis in preparing the financial statements.

In the event the continuation vote is not passed, the directors do not consider this will have a material impact on the carrying value and classification of the group's net assets as the discontinuance provides for an orderly realisation process.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2 BASIS OF PREPARATION (cont'd)

2.2 Statement of Compliance

A number of new standards and amendments to standards and interpretations have been issued by International Accounting Standards Board but are not yet effective and in some cases have not yet been adopted by the EU. The Directors do not expect that the adoption of these standards will have a material impact on the financial statements of the Group in future periods, except as mentioned below:

(a) IFRS 16, Leases

IFRS 16 replaces, the guidance in IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases – Incentives and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of Lease. IFRS 16 is likely to require the recognition of the material operating lease commitments on the Group's balance sheet as assets and the recognition of a corresponding liability. At 31 December 2018, the Group does not have any lease which is material and long term, Directors do not therefore anticipate the adoption of IFRS 16 will have any impact on the Group's consolidated financial statements.

During the year, the Group adopted the following new standards, amendments and interpretations with a date of initial application of 1 January 2018. As a result of the changes in the Group's accounting policies, prior year financial statements had to be restated. As explained in Note 39, the impact of these adopted standards is described as follow:

(b) IFRS 9, Financial instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It simplifies the existing categories of financial instruments, introduces an expected credit loss model and redefines the criteria required for hedge effectiveness. The adoption of IFRS 9, there is no material impact on the Group's financial information for the year ended 31 December 2018 and its comparative.

(c) IFRS 15, Revenue from contracts with customers

The Group adopted IFRS 15 Revenue from Contracts with Customers with a date of initial application of 1 January 2018. The Group applied IFRS 15 retrospectively and has restated comparatives financial information as disclosed in Note 39. The adjustments to revenue are made for property development activities of The RuMa Hotel Suites and Residences, where no revenue was previously recognised under IFRIC 15 – Agreements for Construction of Real Estate, which prescribes that revenue be recognised only when the properties are completed and occupancy permits are issued.

Under the new rule of IFRS 15, revenue from the development of The RuMa Hotel Suites and Residences is recognised as and when the control of the asset is transferred to the buyer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the buyer. In light of the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

In respect of the sale of The RuMa Hotel Suites, the Group entered into agreements with the buyer for a sale and leaseback of the hotel suites for hotel operation. Under this arrangement, the Group considered the buyer did not obtain any control of the hotel suite as the buyer has limited ability to direct the use of, and obtain substantially all of the remaining benefits from the asset, even though the buyer may have physical possession of the asset.

On that basis, the control of the hotel suites, under sale and leaseback arrangement, has yet to be transferred to the buyer and transfer of the asset is not a sale. Accordingly, no revenue from the sale of The RuMa Hotel Suites was recognised over the contract period.

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:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2 BASIS OF PREPARATION (cont'd)

2.3 Use of estimates and judgements (cont'd)

(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 supported by external valuations. 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.

As detailed in Note 20, the methods and key assumptions in relation to the calculation of the net realisable value of inventories. At 31 December 2018, the carrying value of inventories were approximately US$267million (31 December 2017: US$250million) and no impairment was made during the year.

(b) Impairment of licence contracts and related relationships

Licence contracts and related relationships represent the rights to develop the International Healthcare Park 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 relationships is attached (refer to Note 2.3(a) and Note 18). 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) Classification of assets as inventory

The Directors apply judgements in determining the classification of the properties held by the Group. As the Group's principal activity is property development, the Group continues to classify its completed developments, namely the hotel, mall and hospital as inventories, in line with the Group's intention to dispose of 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.

(d) Going concern

While there can be no certainty the shareholders will vote to reject the December 2019 Resolution, the approval of a special resolution, which prescribed the Company being put into voluntarily winding up, shall require two-third majority of the shareholders' votes. Based on their enquiries of key shareholders as described in Note 2.1.1, the Directors have a reasonable expectation that the possibility of the special solution to be passed by two-third majority within the next twelve from the date of approval these financial statement to be remote. For this reason, the Company and the Group continue to adopt the going concern basis in preparing the financial statements.

In the context of these financial statements the directors consider the company to be a going concern while the directors continue with the agreed divestment and realisation process in an orderly manner under their control and they expect to be able to continue to meet all finance obligations as they fall due.

(e) Revenue – sale and leaseback arrangement

As described in Note 2.2(c), the Group entered into agreements with the buyers of The RuMa Hotel Suites for a sale and leaseback arrangement. The sold hotel suites will be leaseback to the Group for the hotel operation over the lease term period of 10 years.

The Group considers that the control of the sold hotel suite, under sale and leaseback arrangement, has yet to be transferred to the buyer and the transfer of the asset is therefore not sale. No revenue is recognised in the financial statements.

The nature of this leaseback transaction represent, in substance, a temporarily financing arrangement. Any contractual payment made to the buyer was recognised as finance costs. The proceeds of the revenue received from these buyers were recognised as amounts owed to contract buyers, amounted to US$38million was disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial information 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.

(b) 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.

(c) 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.

3.2 Foreign Currencies

(a) Foreign currency transactions

The consolidated financial statements are presented in United States Dollar ("US$"), which is 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Foreign Currencies (cont'd)

(b) Foreign operations (cont'd)

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 completed properties

Revenue from sale of completed 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.

(b) Sale of development properties

Revenue from sale of development properties is recognised as and when the control of the asset is transferred to the buyer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the buyer. In light of the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. This is determined based on the actual cost incurred to date to estimated total cost for each contract.

Where the outcome of a contract cannot be reliably estimated, revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(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) Income from hotel, hospital and mall operations

Income 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. Income from hospital operations is recognised as other income.

Income 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. Income from hotel operations is recognised as other income.

Income 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. Income from mall operations is recognised as other income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Revenue Recognition and Other Income (cont'd)

(e) 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.

3.4 Property, Plant and Equipment

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

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

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

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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other operating expenses" respectively in profit or loss.

3.5 Income Tax

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Income Tax (cont'd)

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

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

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

3.6 Financial Instruments

(a) Non-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.

(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 and other receivables.

Trade receivables are recognised initially at the transaction price and subsequently measured at amortised cost, less any impairment losses.

(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.

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

Accounting for interest income and finance cost are discussed in Note 3.3 (e) and 3.12 respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Financial Instruments (cont'd)

(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.

3.7 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 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.

3.8 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 contracts and related relationships represent the rights to develop the International Healthcare Park venture with the lease period ending 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 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. The licence contracts and related relationships are tested for impairment when there is an indicator of impairment. 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 to. (refer to Note 2.3(a), 18 and 20).

(b) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition. Goodwill is tested for impairment when there is an indicator of impairment. The Group assesses the recoverable amount of goodwill by reference to the realisability of the properties of which the goodwill is attached to (refer to Note 2.3(a), 18 and 20).

3.9 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 (refer to Note 2.3(a)).

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Inventories

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.

3.10 Impairment

(a) 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 (excluding future credit losses that had not been incurred) discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced and the loss is recognised in the statement of comprehensive income within administrative expenses.

(a) Loans and receivables (cont'd)

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.

(b) Non-financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Impairment (cont'd)

(c) 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) 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.

3.11 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.

3.12 Finance Costs

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised to the cost of those assets. 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.

Any unsold unit is not a qualifying asset because the asset is ready for its intended sale in its current condition. The unsold unit fails to meet the definition of qualifying asset under IAS 23 and accordingly, no capitalisation of borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Finance Costs (cont'd)

All sold units are not a qualifying asset to the developer as the control of the asset has been transferred to customers over time. No capitalisation borrowing costs relating to assets that it no longer controls and recognises.

All other finance costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

3.13 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.

3.14 Provisions

Provisions are recognised if, as a result of past event, the Group has a present legal or constructive obligation that can be estimated reliably 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.

3.15 Commitments and Contingencies

Commitments and contingent liabilities are disclosed in the financial statements and described in Note 37. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

3.16 Segment Reporting

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

4 FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payable, amount due to non-controlling interest, medium term notes, loan and borrowings. The Group's accounting policies and method adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of each class of financial assets, financial liability and equity instrument are set out in Note 3.6.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4 FINANCIAL INSTRUMENTS (cont'd)

4.1 Financial Risk Management Objectives and Policies (cont'd)

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 2018, 98.07% (2017: 96.52%) 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 1.93% (2017: 3.48%) with local banks, in the case of Vietnam. Management does not expect any counterparty to fail to meet its obligations.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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 2018, 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 21 and totals US$17.0 million (2017: US$17.4 million). The Group's exposure to credit risk arising from deposits and balances with banks is set out in Note 23 and totals US$12.6 million (2017: US$26.0 million).

Financial guarantees

The Company provides unsecured financial guarantee to banks in respect of banking facilities granted to certain subsidiaries, as set out in Notes 32.

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	2018 US$'000	2017 US$'000
Financial institutions for bank facilities granted to its subsidiaries	**70,809**	77,825

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.

NOTE TO THE FINANCIAL STATEMENTS (CONT'D)

4 FINANCIAL INSTRUMENTS (cont'd)

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 2018, 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.

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

	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 2018							
Interest bearing loans and borrowings	**85,033**	**5.55% - 11.3%**	**101,506**	**50,817**	**30,087**	**20,602**	**–**
Trade and other payables	**31,324**	**–**	**31,324**	**31,324**	**–**	**–**	**–**
Amount due to non-controlling interests	**13,194**	**–**	**13,194**	**13,194**	**–**	**–**	**–**
	129,551	**–**	**146,024**	**95,335**	**30,087**	**20,602**	**–**
At 31 December 2017							
Interest bearing loans and borrowings	91,778	5.35% - 10.50%	104,554	43,715	8,450	52,389	–
Trade and other payables	21,664	–	21,664	21,664	–	–	–
Amount due to non-controlling interests	13,400	–	13,400	13,400	–	–	–
	126,842	–	139,618	78,779	8,450	52,389	–

The above table excludes current tax liabilities and contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4 FINANCIAL INSTRUMENTS (cont'd)

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 currencies of the relevant Group entities.

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

	2018 US$'000	2017 US$'000
US Dollar	**44**	2,217
Ringgit Malaysia	**41**	115
Sterling Pound	**–**	–
Others	**4**	11
	89	2,343

At 31 December 2018, if cash and cash equivalents denominated in a currency other than the functional currencies of the Group entities strengthened/ (weakened) by 10% and all other variables were held constant, the effects on the Group's profit or loss and equity expressed in US$ would have been US$8,900/ (US$8,900) (2017: US$234,300/ (US$234,300)).

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 significant interest-bearing financial instrument, based on carrying amounts at the end of the reporting period was:

	2018 US$'000	2017 US$'000
Fixed rate instruments:		
Financial assets	**3,201**	15,641
Financial liabilities	**23,761**	24,324
Floating rate instruments:		
Financial liabilities	**61,272**	67,454

4 FINANCIAL INSTRUMENTS (cont'd)

4.4 Market Risk (cont'd)

(b) Interest Rate Risk (cont'd)

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 28% (2017: 27%) of the Group's total borrowings at 31 December 2018.

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 2018, if the interest rate had been 100 basis point lower/ higher and all other variables were held constant, this would (decrease)/increase the Group loss for the year by approximately (US$613,000)/US$613,000 ((2017: would (decrease)/increase the Group loss for the year by approximately (US$674,000)/US$674,000).

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 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 shown in the statement of financial position:

2018 US$'000	Fair value of financial instruments carried at fair value Level 1	Level 2	Level 3	Total	Fair value of financial instruments not carried at fair value Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
Financial liabilities										
Amount due to										
non-controlling interests	–	–	–	–	–	–	(13,194)	(13,194)	(13,194)	(13,194)
Bank loans and borrowings	–	–	–	–	–	–	(61,272)	(61,272)	(61,272)	(61,272)
Medium term notes	–	–	–	–	–	–	(23,723)	(23,723)	(23,723)	(23,761)
	–	–	–	–	–	–	(98,189)	(98,189)	(98,189)	(98,227)

4 FINANCIAL INSTRUMENTS (cont'd)

4.5 Fair Values (cont'd)

2017 US$'000	Fair value of financial instruments carried at fair value Level 1	Level 2	Level 3	Total	Fair value of financial instruments not carried at fair value Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
Financial liabilities										
Amount due to non-controlling interests	–	–	–	–	–	–	(13,400)	(13,400)	(13,400)	(13,400)
Bank loans and borrowings	–	–	–	–	–	–	(67,454)	(67,454)	(67,454)	(67,454)
Medium term notes	–	–	–	–	–	–	(23,896)	(23,896)	(23,896)	(24,324)
	–	–	–	–	–	–	(104,750)	(104,750)	(104,750)	(105,178)

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 (2017: no transfer in either direction).

Transfers between Level 2 and Level 3 fair values

There has been no transfer in either direction during the financial year (2017: 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 2018, the interest rate used to discount estimated cash flows of the medium term notes is 8.30% (2017: 8.10%).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4 FINANCIAL INSTRUMENTS (cont'd)

4.6 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:

	2018 US$'000	2017 US$'000
Capital structure analysis:		
Cash and cash equivalents	**12,573**	25,984
Loans and borrowings and finance lease liabilities	**(61,272)**	(67,454)
Medium term notes	**(23,761)**	(24,324)
Equity attributable to equity holders of the parent	**(136,374)**	(142,531)
Total capital	**(208,834)**	(208,325)

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 2018 and 31 December 2017 were as follows:

	2018 US$'000	2017 US$'000
Total borrowings and finance lease liabilities	**85,033**	91,778
Less: Cash and cash equivalents (Note 23)	**(12,573)**	(25,984)
Net debt	**72,460**	65,794
Total equity	**135,437**	142,862
Net debt-to-equity ratio	**0.53**	0.46

5 REVENUE AND SEGMENTAL INFORMATION

The Group's operating revenue for the year was mainly attributable to the sale of completed units in Malaysia.

Income earned from hotel, mall and hospital operations are included in other income in line with management's intention to dispose of the properties.

5.1 Revenue recognised during the year as follows:

	2018 US$'000	2017 US$'000 Restated
Sales of land held for property development	**–**	13,132
Sale of development properties	**27,650**	14,450
Sale of completed units	**5,404**	5,966
	33,054	33,548

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5 REVENUE AND SEGMENTAL INFORMATION (cont'd)

5.1 Revenue recognised during the year as follows: (cont'd)

	2018 US$'000	2017 US$'000 Restated
Timing of revenue recognition		
Properties transferred at a point in time	**5,404**	19,098
Properties transferred over time	**27,650**	14,450
	33,054	33,548

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) Urban DNA Sdn. Bhd.– develops The RuMa Hotel and Residences ("The Ruma"); and
(vi) Hoa Lam Shangri-La Healthcare Group – master developer of International Healthcare Park ("IHP"); owns and operates the City International Hospital ("CIH").

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 2018 and 2017.

Information regarding the operations of each reportable segment is in Notes 5.3. 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 and liabilities are presented inclusive of inter-segment balances and inter-segment pricing is determined on an arm's length basis.

The Group's revenue generating development projects are in Malaysia and Vietnam.

5 REVENUE AND SEGMENTAL INFORMATION (cont'd)

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

Operating Segments – ended 31 December 2018

	Investment Holding Companies US$'000	Ireka Land Sdn. Bhd. US$'000	ICSD Ventures Sdn. Bhd. US$'000	Amatir Resources Sdn. Bhd. US$'000	The RuMa Hotel KL Sdn. Bhd. US$'000	Urban DNA Sdn. Bhd. US$'000	Hoa Lam Shangri-La Healthcare Group US$'000	Total US$'000
Segment (loss)/profit before taxation	(2,475)	(32)	(1,339)	820	(4,199)	6,118	(4,107)	(5,214)
Included in the measure of segment (loss)/profit are:								
Revenue	–	–	–	5,404	–	27,650	–	33,054
Other income from hotel operations	–	–	3,727	–	109	–	–	3,836
Other income from mall operations	–	–	1,767	–	–	–	–	1,767
Other income from hospital operations	–	–	–	–	–	–	12,695	12,695
Disposal of intangible assets	–	–	–	(53)	–	–	–	(53)
Marketing expenses	–	–	–	–	–	(671)	–	(671)
Expenses from hotel operations	–	–	(4,169)	–	(593)	–	–	(4,762)
Expenses from mall operations	–	–	(1,395)	–	–	–	–	(1,395)
Expenses from hospital operations	–	–	–	–	–	–	(12,989)	(12,989)
Depreciation of property, plant and equipment	–	–	–	–	(14)	–	(78)	(92)
Finance costs	–	–	(1,494)	(135)	–	(156)	(5,249)	(7,034)
Finance income	–	1	80	158	–	18	985	1,242
Segment assets	275	501	82,219	16,987	737	104,498	88,531	293,748
Segment liabilities	450	182	2,400	9,513	659	23,240	64,793	101,237

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

Profit or loss	US$'000
Total loss for reportable segments	(5,214)
Other non-reportable segments	(1,582)
Consolidated loss before taxation	(6,796)

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 2017

(Restated)	Investment Holding Companies US$'000	Ireka Land Sdn. Bhd. US$'000	ICSD Ventures Sdn. Bhd. US$'000	Amatir Resources Sdn. Bhd. US$'000	Urban DNA Sdn. Bhd. US$'000	Hoa Lam Shangri-La Healthcare Group US$'000	Total US$'000
Segment profit/(loss) before taxation	1,077	(432)	(1,554)	193	(728)	(2,852)	(4,296)
Included in the measure of segment profit/(loss) are:							
Revenue	–	935	–	5,031	14,450	13,132	33,548
Other income from hotel operations	–	–	3,842	–	–	–	3,842
Other income from mall operations	–	–	1,440	–	–	–	1,440
Other income from hospital operations	–	–	–	–	–	8,234	8,234
Disposal of intangible assets	–	–	–	(53)	–	(2,827)	(2,880)
Marketing expenses	–	–	–	(8)	(488)	–	(496)
Expenses from hotel operations	–	–	(3,939)	–	–	–	(3,939)
Expenses from mall operations	–	–	(1,488)	–	–	–	(1,488)
Expenses from hospital operations	–	–	–	–	–	(10,491)	(10,491)
Depreciation of property, plant and equipment	–	–	–	–	–	(84)	(84)
Finance costs	–	–	(1,713)	–	(6,700)	(4,031)	(12,444)
Finance income	6	2	236	12	23	113	392
Segment assets	735	523	83,525	15,438	84,825	104,829	289,875
Segment liabilities	166	88	2,480	3,374	44,998	77,244	128,350

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

Profit or loss	US$'000
Total loss for reportable segments	(4,296)
Other non-reportable segments	(30)
Consolidated loss before taxation	(4,326)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5 REVENUE AND SEGMENTAL INFORMATION (cont'd)

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

2018 US$'000	Revenue	Depreciation	Finance costs	Finance income	Segment assets	Segment liabilities	Additions to non-current assets
Total reportable segment	**33,054**	**(92)**	**(7,034)**	**1,242**	**293,748**	**101,237**	**–**
Other non-reportable segments	**–**	**–**	**–**	**–**	**13,780**	**70,854**	**121**
Consolidated total	**33,054**	**(92)**	**(7,034)**	**1,242**	**307,528**	**172,091**	**121**

2017 (Restated) US$'000	Revenue	Depreciation	Finance costs	Finance income	Segment assets	Segment liabilities	Additions to non-current assets
Total reportable segment	33,548	(84)	(12,444)	392	289,875	128,350	–
Other non-reportable segments	–	–	–	–	14,263	32,926	5
Consolidated total	33,548	(84)	(12,444)	392	304,138	161,276	5

Geographical Information – ended 31 December 2018

	Malaysia US$'000	Vietnam US$'000	Consolidated US$'000
Revenue	**33,054**	**–**	**33,054**
Non-current assets	**5,925**	**4,087**	**10,012**

In the financial year ended 31 December 2018, no single customer exceeded 10% of the Group's total revenue.

Geographical Information – ended 31 December 2017 (Restated)

	Malaysia US$'000	Vietnam US$'000	Consolidated US$'000
Revenue	20,416	13,132	33,548
Non-current assets	5,744	4,178	9,922

Included in the revenue of the Group for the financial year ended 31 December 2017 is revenue from the sale of two plots of land (Lot D2 and D3) at the International Healthcare Park ("IHP").

For the year ended 31 December 2017, two customers exceeded 10% of the Group's total revenue as follows:

	US$'000	Segments
Tien Phat Consultancy Investment Co. Ltd	5,399	Hoa Lam Shangri-La Healthcare Group
Tri Hanh Consultancy Co. Ltd	7,733	Hoa Lam Shangri-La Healthcare Group

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6 COST OF SALES

	2018 US$'000	2017 US$'000 Restated
Direct costs attributable to:		
Completed units (Note 20)	**24,548**	12,277
Sales of land held for property development (Note 20)	**–**	5,291
Disposal/impairment of intangible assets (Note 18)	**53**	2,880
	24,601	20,448

Included in the cost of sales of the Group for the last financial year is sale of two plots of land (Lot D2 and D3).

7 OTHER INCOME

	2018 US$'000	2017 US$'000
Rental income	**236**	260
Other income from hotel operations (a)	**3,836**	3,842
Other income from mall operations (b)	**1,767**	1,440
Other income from hospital operations (c)	**12,695**	8,234
Sundry income	**615**	400
	19,149	14,176

(a) Other income from hotel operations
The income in 2018 and 2017 relates to the hotel operations of FPSS which is owned by a subsidiary of the Company, ICSD Ventures Sdn. Bhd.. The income earned from hotel operations is included in other income in line with management's intention to dispose of the hotel.

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

(c) Other income from hospital operations
The income relates to the operation of CIH which is owned by a subsidiary of the Company, City International Hospital Company Limited. The income 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

	2018 US$'000	2017 US$'000
Foreign exchange (loss)/gain comprises:		
Realised foreign exchange gain	**29**	446
Unrealised foreign exchange (loss)/gain	**(1,382)**	2,973
	(1,353)	3,419

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9 MANAGEMENT FEES

	2018 US$'000	2017 US$'000
Management fees	**1,460**	3,129

From January 2017 to April 2018, 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 Development Manager is entitled to a performance fee calculated at 20% of the out performance 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.

From 1 May 2018, the management fees payable to the Manager equal to US$75,000 per month, payable in advance, in respect of the period to 30 April 2019, following which the base fee payable to the Manager shall reduce to US$50,000 per month, again payable in advance; The management fees were allocated to the subsidiaries and the Company based on where the service was provided.

On 22 March 2019, the Company announced that Ireka Development Management Sdn Bhd ("IDM"), the current Development Manager for the Company, had on 21 March 2019, submitted a notice to terminate its appointment under the Management Agreement. IDM is a wholly-owned subsidiary of Ireka Corporation Berhad which holds 23.07% of ASPL's issued share capital. Unless otherwise agreed, IDM's resignation is subject to a three-month notice period which will enable the orderly transition of operations currently carried out by IDM to the Company itself or to third parties. Following the termination, IDM has indicated that it is be prepared to work with the Board to facilitate a smooth and orderly transition of the operations of the Company.

10 STAFF COSTS

	2018 US$'000	2017 US$'000
Wages, salaries and others (including key management personnel)	**8,387**	7,498
Employees' provident fund, social security and other pension costs	**337**	292
	8,724	7,790

The Company has no executive Directors or employees under its employment. As of year ended 2018, the subsidiaries of the Group have a total of 816 (2017: 613) employees.

11 FINANCE (COSTS)/ INCOME

	2018 US$'000	2017 US$'000 Restated
Interest income from banks	**1,242**	392
Agency fees	**(59)**	(34)
Interest on bank loans	**(5,540)**	(10,731)
Interest on medium term notes	**(1,435)**	(1,679)
	(5,792)	(12,052)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12 NET LOSS BEFORE TAXATION

	2018 US$'000	2017 US$'000
Net loss before taxation is stated after charging/(crediting):		
Auditor's remuneration	**190**	202
Directors' fees/emoluments	**145**	235
Depreciation of property, plant and equipment	**92**	84
Expenses of hotel operations	**4,763**	3,939
Expenses of mall operations	**1,395**	1,488
Expenses of hospital operations	**12,989**	10,491
Unrealised foreign exchange loss/(gain)	**1,382**	(2,973)
Realised foreign exchange gain	**(29)**	(446)
Disposal/impairment of intangible assets	**53**	2,880
Loss on disposal of an indirectly held subsidiary	**–**	1,298
Tax services	**11**	13

13 TAXATION

		2018 US$'000	2017 US$'000 Restated
Current tax expense	– Current year	**2,275**	4,215
	– Prior year	**(2,422)**	104
Deferred tax credit	– Current year	**(243)**	(3,628)
	– Prior year	**–**	516
Total tax (income)/expense for the year		**(390)**	1,207

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

	2018 US$'000	2017 US$'000 Restated
Net loss before taxation	**(6,796)**	(4,326)
Income tax at a rate of 24% (2017: 24%)	**(1,631)**	(1,038)
Add :		
Tax effect of expenses not deductible in determining taxable profit	**4,137**	2,794
Current year losses and other tax benefits for which no deferred tax asset was recognised	**1,927**	1,140
Tax effect of different tax rates in subsidiaries	**948**	708
Less :		
Tax effect of income not taxable in determining taxable profit	**(3,348)**	(3,017)
(Under)/Over provision in respect of prior period/year	**(2,423)**	620
Total tax (income)/expense for the year	**(390)**	1,207

The applicable corporate tax rate in Malaysia is 24% (2017: 24%).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13 TAXATION (cont'd)

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% (2017: 17% and 20%) 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.

14 OTHER COMPRENHENSIVE (LOSS)/INCOME

Items that are or may be reclassified subsequently to profit or loss, net of tax	**2018 US$'000**	**2017 US$'000 Restated**
Foreign currency translation differences for foreign operations		
(Losses)/Gain arising during the year	**(1,082)**	9,752
Reclassification to profit or loss on disposal of land held for property development	**–**	61
Reclassification to profit or loss on disposal of an indirectly held subsidiary	**–**	(1,142)
	(1,082)	8,671

15 LOSS PER SHARE

Basic and diluted loss per ordinary share
The calculation of basic and diluted loss per ordinary share for the year ended 31 December 2018 was based on the loss attributable to equity holders of the parent and a weighted average number of ordinary shares outstanding, calculated as below:

	2018	**2017 Restated**
Loss attributable to equity holders of the parent (US$'000)	**(4,885)**	(3,937)
Weighted average number of shares	**198,691,000**	199,019,784
Loss per share		
Basic and diluted (US cents)	**(2.46)**	(1.98)

Weighted average number of ordinary shares

	2018	**2017**
Issued ordinary shares at 1 January	**198,691,002**	212,025,002
Effect of share buy back (Note 25)	**–**	(13,005,218)
Weighted average number of ordinary shares at 31 December	**198,691,002**	199,019,784

The diluted loss per share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16 NON-CONTROLLING INTERESTS

Non-controlling interests in subsidiaries

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

2018	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%**	**18.42%**	**30%**		
Carrying amount of NCI	**(4,555)**	**2,185**	**2,585**	**(1,152)**	**(937)**
Loss allocated to NCI	**(1,280)**	**(1,048)**	**2,074**	**(1,267)**	**(1,521)**

Summarised financial information before intra-group elimination

	Hoa Lam Services Co Ltd US$'000	Shangri-La Healthcare Investment Pte Ltd US$'000	Urban DNA Sdn. Bhd. US$'000
As at 31 December 2018			
Non-current assets	**33,567**	**75,919**	**4,745**
Current assets	**37,865**	**86,153**	**99,751**
Non-current liabilities	**(3,956)**	**(9,231)**	**(37,975)**
Current liabilities	**(50,090)**	**(79,261)**	**(57,904)**
Net assets	**17,386**	**73,580**	**8,617**
Year ended 31 December 2018			
Revenue	**–**	**–**	**–**
(Loss)/profit for the year	**(2,611)**	**(5,691)**	**6,912**
Total comprehensive (loss)/profit	**(2,317)**	**(5,277)**	**6,915**
Cash flows used in operating activities	**(1,582)**	**(3,265)**	**(4,255)**
Cash flows from investing activities	**933**	**3,905**	**–**
Cash flows from financing activities	**4,244**	**9,940**	**3,364**
Net increase /(decrease) in cash and cash equivalents	**3,595**	**10,580**	**(891)**

(Restated) 2017	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%	18.42%	30%		
Carrying amount of NCI	(3,419)	3,090	573	87	331
Loss allocated to NCI	(426)	(708)	(322)	(140)	(1,596)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16 NON-CONTROLLING INTERESTS (cont'd)

Summarised financial information before intra-group elimination

(Restated)	Hoa Lam Services Co Ltd US$'000	Shangri-La Healthcare Investment Pte Ltd US$'000	Urban DNA Sdn. Bhd. US$'000
As at 31 December 2017			
Non-current assets	33,626	76,058	4,579
Current assets	43,082	97,799	80,239
Non-current liabilities	(8,008)	(18,684)	(26,395)
Current liabilities	(48,998)	(76,840)	(56,513)
Net assets	19,702	78,333	1,910
Year ended 31 December 2017			
Revenue	–	–	–
Loss for the year	(869)	(3,841)	(1,073)
Total comprehensive loss	(851)	(3,855)	(1,436)
Cash flows used in operating activities	(1,617)	(3,346)	(4,348)
Cash flows from investing activities	954	3,991	–
Cash flows from financing activities	4,338	10,158	3,438
Net increase /(decrease) in cash and cash equivalents	3,675	10,803	(910)

17 PROPERTY, PLANT AND EQUIPMENT

	Furniture, Fittings & Equipment US$'000	Motor Vehicles US$'000	Leasehold Building US$'000	Total US$'000
Cost				
At 1 January 2018	**350**	**207**	**797**	**1,354**
Exchange adjustments	**(8)**	**(4)**	**(9)**	**(21)**
Addition	**120**	**–**	**–**	**120**
At 31 December 2018	**462**	**203**	**788**	**1,453**
Accumulated Depreciation				
At 1 January 2018	**280**	**126**	**285**	**691**
Exchange adjustments	**(8)**	**(3)**	**3**	**(8)**
Charge for the year	**40**	**20**	**32**	**92**
At 31 December 2018	**312**	**143**	**320**	**775**
Net carrying amount at 31 December 2018	**150**	**60**	**468**	**678**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Furniture, Fittings & Equipment US$'000	Motor Vehicles US$'000	Leasehold Building US$'000	Total US$'000
Cost				
At 1 January 2017	344	204	795	1,343
Exchange adjustments	1	3	2	6
Disposal	5	–	–	5
At 31 December 2017	350	207	797	1,354
Accumulated Depreciation				
At 1 January 2017	245	105	250	600
Exchange adjustments	3	3	1	7
Charge for the year	32	18	34	84
At 31 December 2017	280	126	285	691
Net carrying amount at 31 December 2017	70	81	512	663

18 INTANGIBLE ASSETS

	Licence Contracts and Related Relationships US$'000	Goodwill US$'000	Total US$'000
Cost			
At 1 January 2017/ 31 December 2017 / 31 December 2018	**10,695**	**6,479**	**17,174**
Accumulated impairment			
At 1 January 2017	4,349	5,744	10,093
Disposals	2,827	53	2,880
At 31 December 2017 / 1 January 2018	**7,176**	**5,797**	**12,973**
Disposals	–	53	53
At 31 December 2018	**7,176**	**5,850**	**13,026**
Carrying amounts			
At 31 December 2017	3,519	682	4,201
At 31 December 2018	**3,519**	**629**	**4,148**

The licence contracts and related relationships represent the Land Use Rights ("LUR") for the Group's lands in Vietnam. LUR represents the rights to develop the IHP within a lease period ending on 9 July 2077. In 2017, the Group disposed of its undeveloped land in the IHP Lot D2 and D3 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18 INTANGIBLE ASSETS (cont'd)

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

	31 December 2018 US$'000	31 December 2017 US$'000
Licence contracts and related relationships		
International Healthcare Park	**3,519**	3,519
Goodwill		
SENI Mont' Kiara	**79**	132
Sandakan Harbour Square	**550**	550
	629	682

The recoverable amount of licence contracts and related relationships has been tested based on the net realisable value of the 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 to Note 20).

Intangible assets of US$53,000 (31 December 2017: US$53,000) and US$Nil (31 December 2017: US$2,827,000) in relation to SENI and IHP projects respectively were written down as certain components from the developments were sold during the year.

19 DEFERRED TAX ASSETS

	31 December 2018 US$'000	31 December 2017 US$'000 Restated	1 January 2017 US$'000 Restated
At 1 January	**5,058**	1,606	1,337
Exchange adjustments	**(114)**	352	(84)
Deferred tax credit relating to origination of temporary differences during the year	**242**	3,100	353
At 31 December	**5,186**	5,058	1,606

The deferred tax assets comprise:

	31 December 2018 US$'000	31 December 2017 US$'000 Restated	1 January 2017 US$'000 Restated
Taxable temporary differences between accounting profit and taxable profit of property development units sold	**5,186**	5,058	1,606
At 31 December	**5,186**	5,058	1,606

Deferred tax assets have not been recognised in respect of unused tax losses of US$79,450,000 (31 December 2017: US$71,935,000; 1 January 2017: US$65,440,000) 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$5,410,000 (31 December 2017: US$4,834,000; 1 January 2017: US$4,460,000) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20 INVENTORIES

	Notes	31 December 2018 US$'000	31 December 2017 US$'000 Restated	1 January 2 017 US$'000 Restated
Land held for property development	(a)	**18,674**	19,021	22,514
Work-in-progress	(b)	**–**	66,744	52,669
Stock of completed units, at cost	(c)	**247,937**	163,880	159,334
Consumables		**549**	528	403
At 31 December		**267,160**	250,173	234,920
Carrying amount of inventories pledged as security for Loans and borrowings and Medium Term Notes		**154,168**	156,857	148,427

(a) Land held for property development

	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
At 1 January	**19,021**	22,514	23,223
Add :			
Exchange adjustments	**(418)**	925	(604)
Additions	**71**	873	86
At 31 December	**18,674**	24,312	22,705
Less: Costs recognised as expenses in the consolidated statement of comprehensive income during the year (Note 6)	**–**	(5,291)	(191)
At 31 December	**18,674**	19,021	22,514

(b) Work-in-progress

	31 December 2018 US$'000	31 December 2017 US$'000 Restated	1 January 2017 US$'000 Restated
At 1 January	**66,744**	52,669	53,812
Transfer to stock of completed units	**(71,683)**	–	–
Add :			
Exchange adjustments	**(1,432)**	6,809	(3,967)
Work-in-progress incurred during the year	**6,371**	7,266	2,824
At 31 December	**–**	66,744	52,669

Included in previous financial year are the borrowing costs capitalised at interest rate ranging from 5.50% to 10.00% per annum of US$0.2 million.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20 INVENTORIES (cont'd)

(c) Stock of completed units, at cost

	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
At 1 January	**163,880**	159,334	230,436
Transfer from work in progress	**71,683**	–	–
Less :			
Exchange adjustments	**36,922**	16,823	6,102
Costs recognised as expenses in the consolidated statement of comprehensive income during the year (Note 6)	**(24,548)**	(12,277)	(74,796)
Impairment of inventory	**–**	–	(2,408)
At 31 December	**247,937**	163,880	159,334

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 units 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 recoverable amount US$41,243,000 of FPSS was determined to approximate with its carrying amount.

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 2018 and the 10 years projection of FPSS;

(2) The occupancy rate of FPSS will improve to 73% in 2027 which is when the hotel's operations are expected to stabilise;

(3) Average daily rates of the hotel will improve to US$102 in 2027 which is when the hotel's operations are expected to stabilise;

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

(5) 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.

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$5,077,000)/US$6,286,000;

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$967,000/ (US$1,209,000); and

c) an increase/(decrease) of 5% in average daily rates throughout the entire projection term used would have increased/ (decreased) the recoverable amount by approximately US$3,385,000/ (US$3,627,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20 INVENTORIES (cont'd)

(c) Stock of completed units, at cost (cont'd)

Harbour Mall Sandakan ("HMS")

The recoverable amount of HMS was determined based on a valuation by an external, independent valuer with appropriate recognised professional qualification. The recoverable amount US$42,795,000 of HMS was determined to approximate with its carrying value.

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) Outgoing rate projected at 43.8% against gross annual income;

(3) Capitalisation rate assumed at 4%; and

(4) Capitalisation period of 83 years covering the period of HMS achieving optimum operations to expiration of the title term.

Sensitivity analysis

The above estimates are sensitive in the following key areas:

a) an increase/(decrease) of 0.25% in capitalisation rate used would have (decreased) /increased the recoverable amount by approximately (US$2,176,000)/ US$2,418,000;

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$484,000/ (US$484,000); and

c) an increase/(decrease) of 5% in average rental rate used would have increased /(decreased) the recoverable amount by approximately US$1,693,000/ (US$1,934,000).

City International Hospital ("CIH")

The recoverable amount US$75,000,000 (2017: US$75,200,000) 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 with its carrying amount.

The valuation of CIH was adopted from the results of discounted cash flow approach as calculated by discounting the future cash flows expected to be generated from the continuing operations of CIH. The followings are the key assumptions:

(1) Cash flows were projected based on past actual operating results from 2015 to 2018 and references to the 5 years budget of CIH, as adjusted by the valuer;

(2) Projected revenue growth reflects the increase in average historical growth figures, adjusted for projected market and economic conditions and internal resources efficiency. Revenue is projected to grow at a compound annual growth rate of 8% from 2019 to 2023;

(3) Pre-tax discount rate of 12% was applied in discounting the cash flows. The discount rates take into the prevailing market condition of the hospital industry in Vietnam, development time frame and scale of the property; and

(4) Terminal yield rate of 10% was applied to reflect the uncertainty and risk associated with remaining lease term of the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20 INVENTORIES (cont'd)

(c) Stock of completed units, at cost

The RuMa Hotel and Residences ("The RuMa")

The recoverable amount of The RuMa was determined based on a valuation by an external, independent valuer with appropriate recognised professional qualification. The recoverable amount US$127,430,000 of The RuMa was determined to be higher than its carrying amount and no impairment losses in relation to the inventory amount was recognised.

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

(1) Cash flows were projected based on the 10 years projection of The RuMa Hotel;

(2) The occupancy rate of The RuMa Hotel will improve to 78% in 2025 which is when the hotel's operations are expected to stabilise;

(3) Average daily rates of the hotel will improve to US$227 in 2025 which is when the hotel's operations are expected to stabilise;

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

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

The valuation of The RuMa Residences was determined based on the Comparison Approach as the sole method of valuation.

21 TRADE AND OTHER RECEIVABLES

	31 December 2018 US$'000	31 December 2017 US$'000 Restated	1 January 2017 US$'000 Restated
Trade receivables	**8,418**	2,074	3,303
Other receivables	**7,754**	14,880	10,442
Contract assets	**397**	–	–
Sundry deposits	**422**	440	391
	16,991	17,394	14,136

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 on initial recognition less provision for impairment where it is required.

The loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows for both trade receivables and contract assets:

31 December 2018	Trade receivable US$'000	Contract asset US$'000	Loss allowance US$'000	Total US$'000
Current	**3,064**	**–**	**–**	**3,064**
Past due				
0 – 60 days	**3,428**	**–**	**(3)**	**3,425**
61 –120 days	**880**	**–**	**(3)**	**877**
More than 120 days	**1,183**	**397**	**(131)**	**1,449**
	8,555	**397**	**(137)**	**8,815**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21 TRADE AND OTHER RECEIVABLES (cont'd)

31 December 2017	Trade receivable US$'000	Contract asset US$'000	Loss allowance US$'000	Total US$'000
Current	–	–	–	–
Past due				
0 – 60 days	120	–	–	120
61 –120 days	–	–	–	–
More than 120 days	1,954	–	–	1,954
	2,074	–	–	2,074

Included in trade receivables is US$1.91mil representing 25% of the Group's trade receivables which are due from a subsidiary of Ireka Corporation Berhad, for the acquisition of SENI units (31 December 2017: US$1.95mil, representing 94% of the Group's trade receivables, for the acquisition of SENI units and expenses paid on behalf). Other than the abovementioned customers, 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$2,427,000 (31 December 2017: US$3,993,000) due from a subsidiary of Ireka Corporation Berhad for advance payment made to its contractors and US$126,000 (31 December 2017: US$137,000) due from Ireka Corporation Berhad for rental expenses paid on behalf.

Contracts assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date.

The maximum exposure to credit risk is represented by the carrying amount in the statement of financial position. The Group monitors the repayment of the customers regularly and are confident of the ability of the customers to repay the balance outstanding.

22 PREPAYMENTS

	31 December 2018 US$'000	31 December 2017 US$'000
Prepayments	**635**	293

23 CASH AND CASH EQUIVALENTS

	31 December 2018 US$'000	31 December 2017 US$'000
Cash and bank balances	**9,372**	10,343
Short term bank deposits	**3,201**	15,641
	12,573	25,984
Less: Deposits subject to restriction in use	**–**	(13,867)
Less: Deposits pledged	**(2,710)**	(2,823)
Cash and cash equivalents	**9,863**	9,294

Included in short term bank deposits in 2018 is Nil (31 December 2017: US$13,867,000) obtained from the term loan granted to City International Hospital Company Ltd ("CIH") by Vietbank during the year where the utilisation of this balance is restricted solely for the purpose of refinancing the existing syndicated term loan under CIH.

Included in short term bank deposits and cash and bank balance is US$2,710,000 (31 December 2017: US$2,823,000) pledged for loans and borrowings and Medium Term Notes of the Group.

The interest rate on cash and cash equivalents, excluding deposit pledged with licensed bank of US$2,710,000 (31 December 2017: US$2,823,000) pledged for loans and borrowings and Medium Term Notes of the Group, ranges from 1.20% to 2.80% per annum (31 December 2017: 1.20% to 2.80% per annum).

The interest rate on short term bank deposits and cash and bank balance pledged for loans and borrowings and Medium Term Notes of the Group, ranges from 2.50% to 4.50% per annum (31 December 2017: 2.50% to 4.70% per annum).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24 SHARE CAPITAL

	Number of shares 2018 '000	Amount 2018 US$'000	Number of shares 2017 '000	Amount 2017 US$'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

In 2015, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25 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.

	31 December 2018 US$'000	31 December 2017 US$'000
At 1 January	**208,925**	218,926
Treasury shares	**–**	(10,001)
As at 31 December	**208,925**	208,925

In previous financial year, 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. 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.

26 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.

27 TRANSLATION RESERVE

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

28 ACCUMULATED LOSSES

	31 December 2018 US$'000	31 December 2017 US$'000 Restated	1 January 2017 US$'000 Restated
At 1 January	**(57,898)**	(53,422)	(77,301)
(Loss)/ Profit attributable to equity holders of the parent	**(4,885)**	(3,937)	18,856
Changes in ownership interests in subsidiaries	**(3)**	(539)	(477)
Changes in accounting policy	**–**	–	5,500
	(62,786)	(57,898)	(53,422)

29 TRADE AND OTHER PAYABLES

	31 December 2018 US$'000	31 December 2017 US$'000 Restated	1 January 2017 US$'000 Restated
Non-current			
Amount owed to contract buyers	**37,976**	26,392	19,004
	37,976	26,392	19,004
Current			
Trade payables	**6,544**	2,717	2,284
Other payables	**19,394**	12,281	7,499
Contract liabilities	**2,804**	3,888	1,851
Deposits refundable	**3,091**	2,027	6,087
Accruals	**2,295**	4,639	2,422
	34,128	25,552	20,143
	72,104	51,944	39,147

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29 TRADE AND OTHER PAYABLES (cont'd)

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.

Included in the other payable comprise of the accrued costs to the development of the RuMa project amounted to US$14.6 million (31 December 2017: US$2.7 million).

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

	31 December 2018 US$'000	31 December 2017 US$'000 Restated	1 January 2017 US$'000 Restated
Revenue recognised in the period from:			
Amounts included in contract liability at the beginning of the period	**28,270**	20,416	20,871
Performance obligations satisfied in previous period	**4,784**	–	–

Amount owed to contract buyer is of funding received, by way of non-refundable deposits, in advance of completion of the hotel suites which are at 31 December 2018 still controlled by the Group.

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

30 AMOUNT DUE TO NON-CONTROLLING INTERESTS

	31 December 2018 US$'000	31 December 2017 US$'000
Minority Shareholder of Bumiraya Impian Sdn. Bhd.:		
- Global Evergroup Sdn. Bhd.	**1,199**	1,225
Minority Shareholders of Hoa Lam Services Co Ltd:		
- Tran Thi Lam	**1,718**	1,756
- Tri Hanh Consultancy Co Ltd	**3,869**	3,954
- Hoa Lam Development Investment Joint Stock Company	**2,586**	2,560
- Duong Ngoc Hoa	**222**	227
Minority Shareholder of The RuMa Hotel KL Sdn. Bhd.:		
- Ireka Corporation Berhad	**2**	2
Minority Shareholder of Urban DNA Sdn. Bhd.:		
- Ireka Corporation Berhad	**3,598**	3,676
	13,194	13,400

The current amount due to non-controlling interests amounting to US$13,194,000 (31 December 2017: US$13,400,000) is unsecured, interest free and repayable on demand.

31 LOANS AND BORROWINGS

	31 December 2018 US$'000	31 December 2017 US$'000
Non-current		
Bank loans	**13,188**	54,572
	13,188	54,572
Current		
Bank loans	**48,084**	12,882
	48,084	12,882
	61,272	67,454

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 LOANS AND BORROWINGS (cont'd)

The effective interest rates on the bank loans for the year ranged from 5.55% to 11.30% (31 December 2017: 5.35% to 10.50%) per annum.

Borrowings are denominated in Ringgit Malaysia, United State 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.

At 31 December 2018, one of the Group's subsidiary undertakings had not complied with the Debt to Equity ratio covenant in respect of a loan of US$27.8million. In accordance with the term set out in the Facility Agreement, in the event of the financial covenant, the loan shall be immediately due and payable together with accrued interest thereon upon notification by the lenders. The group's subsidiary undertaking has requested a non-compliance waiver from the lenders in respect of this non-compliance. At the date of approving these financial statements, one of the lenders has approved the waiver and approval from the other lender has not been received. Consequently, the non-current portion of US23.5m of Bank loan has been reclassified to current liabilities as at 31 December 2018.

Reconciliation of movement of loan and borrowings to cash flows arising from financing activities:

	As at 1 January 2018 US$'000	Drawdown of loan US$'000	Repayment of loan US$'000	Foreign exchange movements US$'000	As at 31 December 2018 US$'000
Bank loans	**67,454**	**20,308**	**(24,197)**	**(2,293)**	**61,272**
Total	**67,454**	**20,038**	**(24,197)**	**(2,293)**	**61,272**

	As at 1 January 2017 US$'000	Drawdown of loan US$'000	Repayment of loan US$'000	Foreign exchange movements US$'000	As at 31 December 2017 US$'000
Bank loans	57,209	25,038	(14,770)	(23)	67,454
Finance lease liabilities	3	–	(3)	–	–
Total	**57,212**	**25,038**	**(14,773)**	**(23)**	**67,454**

32 MEDIUM TERM NOTES

	31 December 2018 US$'000	31 December 2017 US$'000
Outstanding medium term notes	**24,180**	24,710
Net transaction costs	**(419)**	(386)
Less:		
Repayment due within twelve months *	**(23,761)**	(24,324)
Repayment due after twelve months	**–**	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32 MEDIUM TERM NOTES (cont'd)

Reconciliation of movement of medium term notes to cash flows arising from financing activities:

	As at 1 January 2018 US$'000	Drawdown of loan US$'000	Repayment of loan US$'000	Foreign exchange movements US$'000	As at 31 December 2018 US$'000
Medium Term Notes	**24,324**	**–**	**–**	**(563)**	**23,761**

	As at 1 January 2017 US$'000	Drawdown of loan US$'000	Repayment of loan US$'000	Foreign exchange movements US$'000	As at 31 December 2017 US$'000
Medium Term Notes	26,343	–	(4,615)	2,596	24,324

* Includes net transaction costs in relation to medium term notes due within twelve months of US$0.42 million (31 December 2017: US$0.39 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 Aloft Kuala Lumpur Sentral ("AKLS") in Malaysia.

In 2016, the Group completed the sale of the AKLS. The net adjusted price value for the sale of AKLS, which included the sale of the entire issued share capital of ASPL M3B Limited and Iringan Flora Sdn. Bhd. (the "Aloft Companies") were used to redeem the MTN Series 2 and Series 3. Following the completion of the disposal of AKLS, US$95.27 million (RM394.0 million) of MTN associated with the AKLS (Series 3) and the Four Points Sheraton Sandakan (Series 2) were repaid on 19 August 2016. The charges in relation to AKLS was also discharged following the completion of the disposal.

In 2017, Silver Sparrow Berhad ("SSB") obtained consent from the lenders to utilise proceeds of US$4.84 million in the Sales Proceeds Account and Debt Service Reserve Account to partially redeem the MTNs in November 2017. SSB also secured a "roll-over" for the remaining MTNs of US$23.7mil which is due on 10 December 2018 (now repayable on 10 December 2019). The MTNs are rated AAA.

The weighted average interest rate of the MTN was 6.00% per annum at the statement of financial position date. The effective interest rates of the MTN and their outstanding amounts are as follows:

	Maturity Dates	Interest rate % per annum	US$'000
Series 1 Tranche FG	10 December 2019	6.15	10,397
Series 1 Tranche BG	10 December 2019	6.15	13,783
			24,180

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 the Company;

(vi) letter of undertaking from the Company 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 Ventures Sdn. Bhd. and escrow account of Ireka Land Sdn. Bhd.;

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32 MEDIUM TERM NOTES (cont'd)

(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.

33 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 81.58% to 81.59% (2017: 81.50% to 81.58%) arising from an issue of new shares in the subsidiary for cash consideration of US$0.525 million (2017: US$1.5 million). Consequently, the Company's effective equity interest in Hoa Lam Shangri-La Healthcare Ltd Liability Co., City International Hospital Co. Ltd, subsidiaries of SHIPL, increased to 72.413% (2017: 72.410%). The Group recognised an increase in non-controlling interests of US$3,000 (2017: US$539,000) and an increase in accumulated losses of US$3,000 (2017: US$539,000) resulting from the increase in equity interest in the above subsidiaries. The transaction was accounted for using the acquisition method of accounting.

34 RELATED PARTY TRANSACTIONS

Transactions between the Group 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 include all the Directors of the Group, and certain members of senior management of the Group.

	2018 US$'000	2017 US$'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	**–**	732
Construction progress claims charged by an ICB subsidiary	**27,812**	21,099
Management fees charged by an ICB subsidiary	**1,460**	3,129
Marketing commission charged by an ICB subsidiary	**106**	114
Project staff cost reimbursed to an ICB subsidiary	**288**	311
Rental expenses charged by an ICB subsidiary	**3**	4
Rental expenses paid on behalf of ICB	**529**	516
Secretarial and administrative services fee charged by an ICB subsidiary	**50**	50
Key management personnel		
Remuneration of key management personnel - Directors' fees	**145**	235
Remuneration of key management personnel - Salaries	**123**	143

Liquidated and Ascertained Damages ("LADs")

Ireka Engineering & Construction Sdn. Bhd. ("IECSB"), a subsidiary of ICB, is the project contractor of The RuMa Hotel and Residences ("The RuMa"). The expected completion date of the RuMa development has been deferred to 15 June 2018, with vacant possession expected to be issued from 15 June 2018. Based on the Sale and Purchase Agreements ("SPAs") signed, the contractual date of issuance of vacant possession to purchasers starts from June 2017 (48 months from date of signed SPAs). For hotel suites, Urban DNA Sdn. Bhd ("the Developer") is given three months from the date of delivery of vacant possession letter for installation of the furniture and fittings as stipulated in the respective buyers' SPA for hotel suites. The delay will potentially result in Liquidated Ascertained Damages ("LADs") being imposed to the Developer. However, the Developer is entitled to recover these LADs from the project contractor, IECSB. Construction of The RuMa Hotel and Residences ("The RuMa") was completed and Certificate of Completion and Compliance ("CCC") was obtained on 28 September 2018.

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

	2018 US$'000	2017 US$'000
Non-controlling interests		
Advances – non-interest bearing (Note 30)	**82**	327

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34 RELATED PARTY TRANSACTIONS (cont'd)

The outstanding amounts due from/ (to) ICB and its group of companies as at 31 December 2018 and 31 December 2017 are as follows:

	Notes	31 December 2018 US$'000	31 December 2017 US$'000
Net amount due from an ICB subsidiary for advance payment to its contractors	(ii)	**2,427**	3,993
Net amount due to an ICB subsidiary for construction progress claims charged	(i)	**(1,508)**	(2,046)
Net amount due from an ICB subsidiary for acquisition of SENI Mont' Kiara units	(i)	**1,910**	1,952
Net amount due to an ICB subsidiary for management fees	(ii)	**(239)**	–
Net amount due to an ICB subsidiary for marketing commissions	(ii)	**(17)**	(15)
Net amount due to an ICB subsidiary for reimbursement of project staff costs	(ii)	**(40)**	(55)
Net amount due to an ICB subsidiary for rental expenses	(ii)	**(2)**	(5)
Net amount due from ICB for rental expenses paid on behalf	(ii)	**126**	137
Net amount due to an ICB subsidiary for staff cost paid on behalf	(ii)	**–**	(4)

(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 to the other significant related parties as at 31 December 2018 and 31 December 2017 are as follows:

	31 December 2018 US$'000	31 December 2017 US$'000
Non-controlling interests		
Advances – non-interest bearing (Note 30)	**(13,194)**	(13,400)

Transactions between the parent company and its subsidiaries are eliminated in these consolidated financial statements. A list of subsidiaries is provided in Note 36.

36 INVESTMENT IN SUBSIDIARIES

Name	Country of incorporation	Principal activities	Effective ownership interest 2018	Effective ownership interest 2017
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%
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%**	82%
Hoa Lam-Shangri-La Healthcare Ltd Liability Co	Vietnam	Property development	**72%**	72%
City International Hospital Co Ltd	Vietnam	Hospital ownership and operation	**72%**	72%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

37 COMMITMENTS AND CONTINGENCIES

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

Debt service reserve account

In 2017, Silver Sparrow Berhad obtained consent from the lenders to utilise proceeds of US$4.84million in the Sales Proceeds Account and Debt Service Reserve Account ("DSRA") to partially redeem the MTNs. Thereafter, amount equivalent to RM10.0 million (US$2.41 million) (the "Minimum Deposit") is maintained in the DSRA at all times and the amount is disclosed as deposit pledged (refer to Note 23).

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.

38 EVENT AFTER STATEMENT OF FINANCIAL POSITION DATE

On 22 March 2019, the Company announced that IDM had, on 21 March 2019, submitted a notice to terminate its appointment under the Management Agreement. Unless otherwise agreed, IDM's resignation is subject to a three months notice period which will enable the orderly transition of operations currently carried out by IDM to the Company itself or to third parties. Following the termination, IDM has indicated that it would be prepared to work with the Board to facilitate a smooth and orderly transition of the operations of the Company. At the request of the Board, IDM is agreeable to extend the notice period, should the Board require more time to put in place the effected changes.

39 CHANGES IN ACCOUNTING POLICY

Arising from the adoption of International Accounting Standard IFRS 15 Revenue from Contracts with Customers released in April 2016 and effective for periods beginning on or after 1 January 2018, the Group has changed its revenue recognition accounting policy with a date of initial application of 1 January 2018. Adjustment to revenue are made for property development activities of serviced residences under The RuMa where no revenue was recognised as per IFRIC 15 – Agreements for Construction of Real Estate, which prescribes that revenue be recognised only when the properties are completed and occupancy permits are issued.

The impacts of adopting IFRS 15 on the Group's consolidated financial statement are disclosed in the following tables:

Consolidated Statement of Financial Position as at 31 December 2016	**Previously Reported Amounts US$'000**	**Effect of adoption of IFRS 15 US$'000**	**Audited As Restated Amounts US$'000**
Deferred tax assets	1,623	(17)	1,606
Inventories	244,959	(10,039)	234,920
Trade and other receivables	11,571	2,565	14,136
Translation reserve	(29,142)	(420)	(29,562)
Accumulated losses	(58,922)	5,500	(53,422)
Non-controlling interest	(1,148)	2,179	1,031
Current tax liabilities	2,158	(17)	2,141
Trade and other payables	53,880	(14,733)	39,147
Shareholders' equity	143,362	5,080	148,442

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39 CHANGES IN ACCOUNTING POLICY (cont'd)

Consolidated Statement of Comprehensive Income for the year ended 31 December 2017	**Previously Reported Amounts US$'000**	**Effect of adoption of IFRS 15 US$'000**	**Audited As Restated Amounts US$'000**
Revenue	19,098	14,450	33,548
Cost of sales	(13,383)	(7,065)	(20,448)
Finance cost*	(5,744)	(6,700)	(12,444)
Taxation	(863)	(344)	(1,207)
Loss for the year	(5,874)	341	(5,533)
Exchange differences on translating foreign operations	7,863	808	8,671
Total comprehensive income for the year, net of tax	1,989	1,149	3,138
Loss for the period attributable to the equity holders of the company	(4,176)	239	(3,937)
Loss for the period attributable to non-controlling interest	(1,698)	102	(1,596)
Loss per share	(2.10)		(1.98)

** The Group has made prior year adjustment of $6.7 million to finance costs. These finance costs are not eligible for capitalisation as the development of the RuMa Hotel Suites is not qualifying assets. Accordingly, the restatement of the 2017 financial information for the correction of this error.*

Consolidated Statement of Financial Position as at 31 December 2017	**Previously Reported Amounts US$'000**	**Effect of adoption of IFRS 15 US$'000**	**Audited As Restated Amounts US$'000**
Deferred tax assets	4,268	790	5,058
Inventories	278,879	(28,706)	250,173
Trade and other receivables	11,012	6,382	17,394
Translation reserve	(21,141)	145	(20,996)
Accumulated losses	(62,614)	4,716	(57,898)
Non-controlling interest	(3,216)	3,547	331
Trade and other payables	83,040	(31,096)	51,944
Current tax liabilities	3,000	1,154	4,154
Shareholders' equity	137,670	4,861	142,531

Consolidated Statement of cash flows for the year ended 31 December 2017	**Previously Reported Amounts US$'000**	**Effect of adoption of IFRS 15 US$'000**	**Audited As Restated Amounts US$'000**
Operating profit before changes in working capital	332	7,385	7,717
Cash generated from operations (before interest and tax paid)	8,911	6,745	15,656
Net cash used in operating activities	561	45	606
Effect of changes in exchange rates	(270)	(45)	(315)

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.