ASEANA PROPERTIES LIMITED

ANNUAL REPORT

2019

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CORPORATE INFORMATION

NON-EXECUTIVE CHAIRMAN
Gerald Ong Chong Keng

NON-EXECUTIVE DIRECTORS
Monica Lai Voon Huey
Christopher Lovell
Nicholas Paris
Helen Wong Siu Ming

COMPANY SECRETARY AND REGISTERED OFFICE
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Channel Islands

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

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CORPORATE BROKER
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CORPORATE STRATEGY

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
Admission Date	:	5 April 2007

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. ("IDM") *(a wholly-owned subsidiary of Ireka Corporation Berhad)*, the Development Manager for Aseana Properties, ceased to act as the Company's Development Manager on 30 June 2019 following the submission of notice to terminate its appointment under the Management Agreement on 21 March 2019.

Following the termination of the Development Manager, the Board decided to internalise the management of the Company. The Board identified and appointed a Chief Executive Officer to strengthen the capability and capacity of the Board to oversee and manage the operations of the Company. Certain IDM employees were also seconded to the Company to assist with the operation of the assets, and certain services were out-sourced to IDM to carry out the day-to-day administration of the Company. A Divestment Director was nominated from the existing Board with a specific focus to sell the Company's remaining assets, in line with its Divestment Investment Policy. Following the resignation of the Chief Executive Officer on 17 January 2020, all of his responsibilities were assumed by the Chairman and the Board.

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 30 December 2019, Shareholders voted in favour of the Board's proposals to reject the 2019 Discontinuation Resolution and enabled the Company to continue to pursue the new divestment strategy rather than placing the Company into liquidation. This enabled 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 supported the Board's recommendation to vote against the 2019 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 at least twelve months from the date of the finalisation of 2019 audit report 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. As a result, the Company will hold another discontinuation vote at a general meeting in May 2021, meanwhile the Company continued to seek for disposal of its assets in a measured manner.

To the extent that the Company has not disposed of all of its assets by May 2021, Shareholders will be provided with an opportunity to review the future of the Company, which would include the option for shareholders to vote for the continuation of the Company.

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

CHAIRMAN'S STATEMENT

Dear Shareholders

The period under review has been the most turbulent and momentous period for our Company to date. Our assets have experienced huge challenges arising from the COVID-19 pandemic that have been exacerbated by the economic and political conditions unique to Malaysia. This has coincided with upheavals to the Board of Directors and the resignation of our Development Manager on 21 March 2019. While we have managed to successfully obtain the mandate from our shareholders on 30th December 2019 to extend the life of the Company by another 17 months until May 2021, we have been struck by the adverse economic effects of COVID-19 resulting in a forced hiatus to our asset divestment efforts which had until then looked promising.

We would also like to take this opportunity to once again apologise for the delay of this Annual Report and correspondingly our Annual General Meeting. The finalisation of the Annual Report and completion of the audit have been delayed primarily due to the impact of the Covid-19 pandemic which led to the imposition of movement restrictions in Malaysia and Vietnam. These restrictions resulted in an approximately 3-week delay in the completion of the accounts and Annual Report.

OVERVIEW

In 2019, the Malaysian economy expanded at a low rate of 4.3% beset by lower output of commodities including palm oil crude oil and natural gas. Exports were hampered by US – China trade tensions while Foreign Direct Investments were constrained by political uncertainty and tensions with China.

The Malaysian economy expanded at its slowest pace in over a decade in Q1 2020 as the country reeled from the COVID-19 fallout. The pandemic is set to push the economy into recession this year with rising unemployment and the Malaysian Government Movement Control Orders (MCO) expected to hamper private consumption. Exports are expected to shrink amid plummeting demand for oil and a complete cessation of tourist arrivals. This has been exacerbated by the rise in political risk with elevated in-fighting within the major political parties and uncertainty over leadership of the country. Economists have estimated a GDP contraction of between 2.6 – 3.6% for 2020. Given that the vast majority of the assets of our Company are located in Malaysia, the financial impact of COVID-19 has been and is expected to continue to be severely negative.

Vietnam as a country and economy has performed significantly better with tremendous success in the fight against the COVID-19 pandemic with a very low number of coronavirus cases and no COVID-19 deaths. In 2019 Vietnam continued to show fundamental strength and resilience, supported by robust domestic demand and export orientated manufacturing. The country announced a GDP growth rate of 7.0%, which is among the fastest in the region. While Q1 2020 saw the inevitable impact of the COVID-19 lockdown, the Vietnamese government acted early in the fight against the pandemic and as a consequence they have started lifting restrictions on certain activity. Most non-essential businesses are operating and domestic flights have resumed. However international travel has yet to resume as of this date. GDP growth is estimated at 2.8% for 2020

PERFORMANCE REVIEW

For FY 2019, our Company recorded a net loss before taxation of US$28.7 million compared to a net loss before taxation of US$6.8 million for the previous financial year. The loss was largely due to net realisable value adjustments of 30% or approximately (US$23m) to our two Sandakan properties arising from more realistic valuations reflecting their trading history and prospects and the operating and finance expenses of various projects in our portfolio. The Net Loss attributable to equity holders was US$27.1 million for FY 2019 and the loss per share was US cents 13.64 cents. A more detailed description of the financial performance of our Company is outlined in the Financial Review section of this Annual Report.

OUR ASSET DIVESTMENT PROGRAM

The Company has been in divestment mode for some time now. As part of the process of expediting the divestment of the remaining assets of ASPL, Ms Helen Siu Ming Wong was appointed to the Board on 17 June 2019 and subsequently appointed Divestment Director with a specific focus on selling the Company's remaining assets.

The Company had realized gross proceeds of US$250 Million since it went into realisation mode in June 2015 but we had achieved little or no progress in divesting the remaining 6 assets except that in 2020 we received a Letter of Intent to purchase The RuMa Hotel and in July we agreed the sale of two plots of development land in Kota Kinabalu for approximately US$4 million in cash. Our divestment efforts have unfortunately been impeded by the increasingly difficult real estate market and economic conditions in Malaysia and from February 2020, the regional lock down and travel restrictions imposed by both Vietnam and Malaysia in their efforts to combat the COVID-19 pandemic. Until that point in time, there had been a lot of preliminary sales interest leading to multiple signings of Non-Disclosure Agreements by prospective buyers and several promising leads and negotiations had commenced on more than one of our assets.

Although we continue to be in discussions with several potential purchasers of our assets, many of the promising leads had been halted by the lockdown and travel restrictions imposed as a result of this pandemic. We are of course re-establishing communications and negotiations with these parties and will intensify efforts now that the said travel restrictions are lifted.

THE DEMERGER TRANSACTION

On 7 May 2020, our Company announced that the Board is considering proposals to de-merge certain assets held by the Company in exchange for the buyback and cancellation of a significant percentage of the issued ordinary shares in the capital of the Company (De-Merger). The De-Merger would involve buying back shares owned by Ireka Corporation Berhad (Ireka) and its concert party Legacy Essence Limited (Legacy) along with certain other shareholders who in aggregate own approximately 50% of the outstanding shares of the Company.

The consideration would be an *in-specie* distribution of certain assets to the participating shareholders (principally The RuMa Hotel & Residences in Kuala Lumpur) together with a balancing cash payment from said shareholders to our Company. In addition, adjustments will be made to reflect the settlement of potential claims that our Company may have against Ireka or its group companies in connection with various Company projects including the settlement of amounts owing by a subsidiary of Ireka to our Company relating to the development and construction of The RuMa Hotel and Residences. Following the De-Merger, there will be a complete and total separation of the interests of Ireka and Legacy from our Company.

On 16 July 2020, our Company announced that a Share Buyback Agreement (SBA) and a Global Settlement Agreement (GSA) have been executed with Ireka and Legacy. A circular will soon be sent to our shareholders and an EGM convened during August to seek approval for the De-merger from those shareholders who are not seeking to demerge from our company. It should be noted that the De-Merger resolutions would require the passing of a special resolution of Shareholder and the approval of 66.66% of the voting at the EGM. The De-Merger is further conditional upon the approval of various other parties including the shareholders of Ireka at their own EGM which is yet to be convened and the bankers/ guarantors and holders of Medium Term Notes to our Company. With the completion of the De-Merger exercise, our Company would emerge leaner and fitter with better cash flows and a significantly lower level of liabilities, putting ourselves in a better position to survive these unprecedented and perilous economic times. Critically it is the strong belief of the Board that the De-Merger will result in our Company achieving a stronger financial position and hence improved negotiating power vis-à-vis potential purchasers of our remaining assets.

While your Board remains cautiously optimistic that all conditions precedent of the SBA and GSA will be met, it is important for shareholders to note that there is no certainty that the proposed De-Merger will be successfully completed as the approval of several external parties is yet to be obtained.

ACKNOWLEDGEMENTS

After nearly 11 years as a Non-Executive and Independent Director and a year as Chairman, I will be retiring from the Board shortly. Nicholas John Paris, who re-joined the Board on 7th September 2019 will assume the role of Chairman upon my retirement. It has been my privilege to serve our Company and its shareholders throughout my tenure. These past months have been extremely frustrating with our refocussed divestment efforts led by our new Divestment Director, having been effectively forced into hiatus. It is anticipated that once regional travel restrictions are lifted and the De-Merger completed, our team will re-engage fully with the various interested purchasers and the Divestment Program will once again be of top priority.

I would like to take this opportunity to thank my colleagues on the Board and in our Company and our external advisors and service providers for their tireless efforts on behalf of the Company and its shareholders. This has been the most challenging period in the corporate life of our Company and the proposed De-Merger will mark a major watershed point. Assuming that the resolutions are passed and the conditions-precedent to the SBA and GSA are met, the De-Merger will happen and our Company will undergo a significant transformation for the better – leaner and with significantly improved cash-flows. I continue to remain a shareholder of our Company and have the utmost confidence in the Board to execute the aforementioned divestment plans and to act in the best interests of the shareholders of our Company.

Thank you.

Gerald Ong Chong Keng
Chairman
24 July 2020

PROPERTY PORTFOLIO AS AT 31 DECEMBER 2019

Project	Type	Effective Ownership	Approximate Gross Floor Area (sq m)	Approximate Land Area (sq m)
Completed projects				
The RuMa Hotel and Residences Kuala Lumpur, Malaysia	Luxury residential tower and bespoke hotel	70.0%	40,000	4,000
Sandakan Harbour Square Sandakan, Sabah, Malaysia	Retail lots, hotel and retail mall	100.0%	126,000	48,000
Phase 1: City International Hospital, International Healthcare Park, Ho Chi Minh City, Vietnam	Private general hospital	72.4%*	48,000	25,000
Undeveloped projects				
Other developments in International Healthcare Park, Ho Chi Minh City, Vietnam (formerly International Hi-Tech Healthcare Park)	Commercial development with healthcare theme	72.4%*	972,000	351,000
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
Divested projects				
SENI Mont' Kiara Kuala Lumpur, Malaysia	Luxury condominiums	100.0%	225,000	36,000
Tiffani by i-ZEN Kuala Lumpur, Malaysia	Luxury condominiums	100.0%	81,000	15,000
1 Mont' Kiara by i-ZEN Kuala Lumpur, Malaysia	Office suites, office tower and retail mall	100.0%	96,000	14,000
Waterside Estates Ho Chi Minh City, Vietnam	Villa and high-rise apartments	55.0%	94,000	57,000
Kuala Lumpur Sentral Office Towers & Hotel Kuala Lumpur, Malaysia	Office towers and a business hotel	40.0%	107,000	8,000
Aloft Kuala Lumpur Sentral Hotel Kuala Lumpur, Malaysia	Business-class hotel (a Starwood Hotel)	100.0%	28,000	5,000
Listed equity investment in Nam Long Investment Corporation, an established developer in Ho Chi Minh City, Vietnam	Listed equity investment	6.9%	n/a	n/a

* - shareholding as at 31 December 2019

PERFORMANCE SUMMARY

	Year ended 31 December 2019	Year ended 31 December 2018
Total Returns since listing		
Ordinary share price	-52.77%	-45.75%
FTSE All-share index	35.53%	10.30%
FTSE 350 Real Estate Index	19.30%	-50.03%
One Year Returns		
Ordinary share price	-15.21%	2.36%
FTSE All-share index	23.92%	-12.95%
FTSE 350 Real Estate Index	38.78%	-17.49%
Capital Values		
Total assets less current liabilities (US$ million)	164.02	186.60
Net asset value per share (US$)	0.55	0.69
Ordinary share price (US$)	0.46	0.54
FTSE 350 Real Estate Index	602.06	468.71
Debt-to-equity ratio		
Debt-to-equity ratio [1]	122.00%	90.82%
Net debt-to-equity ratio [2]	114.80%	81.54%
(Loss)/ Earnings Per Share		
Earnings per ordinary share - basic (US cents)	-13.64	-2.46
- diluted (US cents)	-13.64	-2.46

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

INTRODUCTION

The Group recorded a consolidated comprehensive loss of US$29.4, million for the financial year ended 31 December 2019, largely due to net realisable value adjustments of the Four Points by Sheraton Sandakan Hotel and Harbour Mall Sandakan, and operating and finance costs of City International Hospital, The RuMa Hotel & Residences, Four Points by Sheraton Sandakan Hotel and Harbour Mall Sandakan.

STATEMENT OF COMPREHENSIVE INCOME

The Group recognised revenue of US$9.7 million, compared to US$33.1 million for the previous financial year. The revenue was mainly attributable to the sale of completed units at SENI Mont' Kiara and The RuMa Residences. In respect of the revenue from the sale of The RuMa Hotel Suites, the Group also has a contractual arrangement with the buyers 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$39.3 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$28.7 million compared to a net loss before taxation of US$6.8 million for the previous financial year. The loss was largely due to net realisable value adjustments of the Four Points by Sheraton Sandakan Hotel and Harbour Mall Sandakan, and operating and finance costs of its four operating assets.

Net loss attributable to equity holders of the parent company was US$27.1 million, compared to a net loss of US$4.9 million for the previous financial year. Tax expenses for the year at US$1.3 million (2018: Tax income of US$0.4 million).

The consolidated comprehensive loss was US$29.4 million (2018: US$7.5 million), which included a gain of US$0.6 million (2018: loss of US$1.1 million) arising from foreign currency translation differences for foreign operations due to a weakening of the US Dollar against the Ringgit, during the year.

Basic and diluted loss per share were both US cents 13.64 (2018: US cents 2.46).

STATEMENT OF FINANCIAL POSITION

Total assets were US$270.2 million, compared to US$307.5 million for the previous year, representing a decrease of US$37.3 million. This was mainly due to a decrease in inventories of US$28.2million, mainly attributable to Four Points by Sheraton Sandakan Hotel and Harbour Mall Sandakan with net realisable value adjustments on goodwill and cost of acquisition in relation to both assets totalling US$22.4million.

Total liabilities were US$164.4 million, compared to US$172.1 million for the previous year, representing a decrease of US$7.7 million. This was mainly due to a decrease of US$9.3 million in trade and other payables.

Net Asset Value per share was US$ 0.55 (31 December 2018: US$ 0.69).

CASH FLOW AND FUNDING

Cash flow from operations before interest and tax paid was US$2.2 million, compared to cash flow from operation of US$1.9 million for the previous year.

The Group generated net cash flow of US$5.7 million from investing activities, compared to US$1.1 million in the previous year.

The borrowings of the Group undertakings were used to fund property development projects and for working capital. As at 31 December 2019, the Group's gross borrowings stood at US$89.8 million (31 December 2018: US$85 million). Net debt-to-equity ratio was 78% (31 December 2018: 53%).

Finance income was US$5.79 million for financial year ended 31 December 2019 (2018: US$1.24 million) and it included accrued income of US$3.6m (2018: US$0 million). Finance costs were US$9.5 million (2018: US$7.0 million), which were mostly incurred by its operating assets.

EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

On 9 January 2020, the Company announced the resignation of Chan Say Yeong as the Chief Executive Officer of the Company, with effect from 17 January 2020. Mr. Chan is not a member of the Board. Following this, his responsibilities were assumed by the Chairman and the Board.

The Covid virus in early 2020 and the resulting movement restrictions in Malaysia led to the closure of the Company's two hotels in Kuala Lumpur and Sandakan and the partial closure of the shopping mall in Sandakan. We are planning to re-open The RuMa hotel in Kuala Lumpur on 28 August 2020 but are not currently planning to re-open The Four Points Sheraton Hotel in Sandakan as Marriott International, our hotel operator has terminated their management agreement with us. This severely reduced revenues from these assets whilst the Company continued to incur costs on them. In addition, revenues at the Hospital in Ho Chi Minh City declined as patients deferred non-urgent medical procedures fearing that attendance at the hospital could expose them to the virus. The impact of the movement restrictions and the reduced revenues on the Company's operating assets will have affected the valuations of the Company's property assets which are based on discounted cash flow calculations. It is not possible to put an accurate figure to the fall in the value. However, the Directors do believe that the value can be increased in time once the assets are re-opened and revenue can be built up again.

On 31 May 2020 we terminated the Services Agreement and also terminated the staff secondment arrangements from Ireka to the Company and have engaged a few staff directly to run our finances and operations.

On 15 July 2020 we signed agreements to de-merge certain of our assets in exchange for the buyback and cancellation of the shares of those shareholders who wished to de-merge.

On 16 July 2020, we signed the Sale and Purchase Agreements for the sale of two plots of land in Kota Kinabalu for approximately US$4 million in cash.

DIVIDEND

No dividend was declared or paid in the financial years 2019 and 2018.

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 has been managed by the Board of Directors since the Development Manager resigned as of 30 June 2019 and the Board are closely 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.

GERALD ONG CHONG KENG
Director
24 July 2020

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

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 six core principles define the essence of corporate citizenship for the Company.

Managing Corporate Responsibility

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

Employees

In the current 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 Board works hard 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 diaIogue and encourages stakeholder participation through stakeholder events, roadshows, briefings, conference calls and timely release of annual reports. Aseana Properties also maintains an updated and informative website, www.aseanaproperties.com that is accessible to stakeholders and members of the public.

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.

BOARD OF DIRECTORS

GERALD ONG CHONG KENG
NON-EXECUTIVE CHAIRMAN

Gerald Ong was appointed as Director (Non-Executive) of Aseana Properties in September 2009 and assumed the role of Chairman with effect from 1 June 2019. Gerald is Deputy Chairman and Executive Director 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.

CHRISTOPHER HENRY LOVELL
NON-EXECUTIVE DIRECTOR

Christopher Henry Lovell was appointed as Director (Non-Executive) of Aseana Properties in June 2019. Christopher was first appointed as an independent non-executive director of Aseana Properties in March 2007. He retired as a director at the 2018 Annual General Meeting as part of the Company's strategy to reduce its ongoing costs and bring the size of the Board in line with the objectives of the realisation process.

Christopher practised as an English Solicitor in Jersey between 1979 and 2008: he was a partner in the law firm Theodore Goddard from 1983 until 1993 when he set up his own practice. In 2000, he was one of the founding partners of Channel House Trustees Limited, a Jersey regulated trust company which was acquired by Capita Group plc in 2005. He was subsequently appointed as a director of Capita's regulated trust company.

Christopher has acted as an independent non-executive director for over 20 years and specialises in property holding groups. He is personally registered with the Jersey Financial Services Commission to act as a non-executive director.

HELEN WONG SIU MING
NON-EXECUTIVE DIRECTOR

Helen Wong Siu Ming was appointed as Director (Non-Executive) of Aseana Properties in June 2019. Helen brings to Aseana Properties over 27 years of financial and operational experience in the United States and Asia. She is Chief Executive Officer and founder of LAPIS Global Limited, a Hong Kong based investment management and advisory firm. She was formerly the CEO of Cushman & Wakefield Capital Asia where she established the Asia Investment Management and Investment Banking platform.

In addition, Helen has held numerous executive positions including Chief Operating Officer of Bravia Capital Hong Kong Limited, Managing Director of IFIL Asia (renamed EXOR S.p.A), where she was responsible for the Asian direct investment activities and Chief Financial Officer of the listed investment vehicle, Pacific Century Regional Developments Limited.

Helen also has extensive experience in infrastructure and transport through her prior roles at the Provisional Airport Authority, Hong Kong and the Port Authority of New York & New Jersey.

MONICA LAI VOON HUEY
NON-EXECUTIVE NON-INDEPENDENT DIRECTOR

Monica Lai was appointed as Director (Non-Executive) of Aseana Properties Limited in September 2019.

Monica Lai is the Group Deputy Managing Director of Ireka Corporation Berhad, listed on the Main Board of Bursa Malaysia. She graduated from City University, London with a Bachelor of Science (Hons) Degree in Accountancy and Economics. Monica worked for EY London and KPMG Hong Kong before joining Ireka in 1993. Her professional qualifications include The Institute of Chartered Accountants England & Wales, The Malaysian Institute of Accountants and the Malaysian Institute of Taxation.

NICHOLAS JOHN PARIS
NON-EXECUTIVE NON-INDEPENDENT DIRECTOR

Nicholas (Nick) John Paris was appointed as Director (Non-Executive) of Aseana Properties Limited in September 2019.

Nick is a director and portfolio manager for LIM Advisors Limited, an Asian-focused investment management firm, headquartered in Hong Kong. Based in London, he specialises in investing in closed ended investment funds. He graduated from Newcastle University with a Bachelor of Science (Hons) Degree in Agricultural Economics. He is a fellow of the Institute of Chartered Accountants England & Wales and a Chartered Alternative Investment Analyst. He worked with Rothschild Asset Management from 1986 until 1994, launching specialist investment products before becoming a corporate adviser and broker in closed ended investment funds with a particular focus on those investing in emerging markets. In this role, between 1994 and 2001 he worked at Baring Securities, Peregrine Securities and then Credit Lyonnais Asia Securities. Nick then joined the hedge fund industry in a series of sales roles before founding Purbeck Advisers in 2006, which is his own advisory and sales business. He has been advising LIM on investing in Asian closed end funds for ten years and is a director of their London-based investment management subsidiary.

Nick is currently Managing Director of Myanmar Investments International Limited (a fund investing in private equity in Myanmar which is traded on the main market of the London Stock Exchange) and he has previously been a non-executive director of Aseana (22 June 2015 to 20 March 2019), Global Resources Investment Trust plc (a fund investing in a diverse portfolio of primarily small and mid-capitalisation natural resources and mining companies which is traded on the main market of the London Stock Exchange), RDL Realisation PLC (a London listed fund investing in US loan platforms which is traded on the main market of the London Stock Exchange), The India IT Fund Limited (a fund investing in Indian software companies which was listed on the Channel Islands Stock Exchange) and TAU Capital Plc (a fund investing in public and private equity in Kazakhstan which was traded on AIM).

DIRECTORS' REPORT

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 2019.

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 39. A review of the development and performance of the business has been set out in the Chairman's Statement, the Director'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 30 December 2019, Shareholders again 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 the period up to May 2021 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 May 2021, Shareholders will be provided with a further 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	The COVID-19 virus led to movement controls in both Malaysia and Vietnam from March 2020 onwards which affected our key properties as our two hotels had to be closed, only food operations were permissible at our shopping mall and patient bookings at our hospital decreased. There can be no certainty as to how quickly operations at these properties can be resumed and what overall effect this will have on our revenues, costs and valuations. Failure of the Company's accounting system and disruption to the business, or to that of 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 Company or third party service providers could lead to a misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations or a qualified audit report.
Going Concern	Failure of property development projects due to poor sales and collection, construction delay, inability to secure financing from banks may result in inadequate financial resources to continue operational existence and to meet financial liabilities and commitments.

The Board seeks to mitigate and manage these risks through continual review, policy setting and enforcement of contractual rights and obligations. It also regularly monitors the economic and investment environment in countries that it operates in and the management of the Group's property development portfolio. Details of the Group's internal controls are described on pages 32 to 33.

RESULTS AND DIVIDENDS

The results for the year ended 31 December 2019 are set out in the attached financial statements.

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

SHARE CAPITAL

No shares were issued in 2019. Further details on share capital are stated in Note 24 to the financial statements.

DIRECTORS

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

- Gerald Ong Chong Keng - Chairman
- Monica Lai Voon Huey
- Christopher Henry Lovell
- Nicholas John Paris
- Helen Wong Siu Ming

On 31 May 2019, Mohammed Azlan Hashim resigned as Board Chairman of Aseana and Gerald Ong assumed the role with effect from 1 June 2019. The Company also appointed Christopher Henry Lovell and Helen Siu Ming Wong as non-executive Director, with effect from 1 June 2019 and 17 June 2019 respectively. On 17 June 2019, the Company announced the appointment of Richard Boleat as a non-executive Director with immediate effect. On 9 September 2019, the Company further announced the resignation of Richard Boleat and Ferheen Mahomed as non-executive Directors with effect from 5 and 7 September 2019 respectively. On the same day, the Company announced that Monica Lai and Nicholas Paris have been appointed as non-independent and non-executive Directors with effect from 7 September 2019.

DIRECTORS' INTERESTS

The interests of the directors in the Company's shares as at 31 December 2019 and as at the date of this report were as follows**:**

DIRECTOR	ORDINARY SHARES OF US$0.05 EACH	
	As at 31 Dec 2019	As at 30 June 2020
Gerald Ong Chong Keng	2,108,467	2,108,467
Nicholas John Paris	36,654,192	36,654,192
Christopher Henry Lovell	48,000	48,000
Monica Lai Voon Huey	82,465,876	82,465,876

Notes: Nicholas Paris is associated with the holdings of clients of LIM Advisors Limited. Monica Lai is associated with the holdings of Ireka Corporation Berhad and Legacy Essence Limited.

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 had 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 was 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. IDM's resignation was subject to a three month notice period to enable the orderly transition of operations currently carried out by IDM to the Company itself or to third parties. IDM eventually ceased to act as the Development Manager on 30 June 2019.

Following the termination of the Development Manager, the Board decided to internalise the management of the Company. The Board identified and appointed a Chief Executive Officer to strengthen the capability and capacity of the Board to oversee and manage the operations of the Company. Certain IDM employees were seconded to the Company to assist with the operation of the assets, and certain services were out-sourced to IDM to carry out the day-to-day administration of the Company. Helen Wong was nominated as the Divestment Director with a specific focus to sell the Company's remaining assets, in line with its Divestment Investment Policy. Following the resignation of the Chief Executive Office on 17 January 2020, all of his responsibilities were assumed by the Chairman and the Board.

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 20 March 2020:

	NUMBER OF ORDINARY SHARES HELD	PERCENTAGE OF ISSUED SHARE CAPITAL
Ireka Corporation Berhad.	45,837,504	23.07%
Legacy Essence Limited and its related parties	36,628,282	18.43%
LIM Advisors	36,654,192	18.45%
SIX SIS	18,366,118	9.24%
Progressive Capital Partners	14,393,372	7.24%
Dr. Thong Kok Cheong	12,775,532	6.43%
Credit Suisse	12,024,891	6.05%

EMPLOYEES

The Company had no executive Directors or employees during the year. The subsidiaries of the Group had a total of 887 employees as at 31 December 2019, of which 179, 459 and 232 were employed by Four Points Sheraton Hotel and Harbour Mall in Sandakan, City International Hospital in Ho Chi Minh and The RuMa Hotel and Residences in Kuala Lumpur respectively and 17 were seconded from Ireka Corporation Berhad. On 31 May 2020 we terminated the Services Agreement and also terminated the staff secondment arrangements from Ireka to the Company and have engaged a few staff directly to run our finances and operations.

GOING CONCERN

To the extent that the Group has not disposed of all of its assets by May 2021, shareholders will be provided a further 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 to be held in May 2021, an ordinary resolution will be proposed to the effect that the Company shall cease to continue as presently constituted. If at 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. Until then, the Company will continue to seek to dispose of its assets in a measured manner.

The outcome of the discontinuation vote would be uncertain and may impact on the going concern status of the Group. 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.

As disclosed in note 2.1 to the financial statements, it refers to the assumptions made by the Directors including the uncertainty regarding the De-Merger transaction and the divestment of certain assets will be completed as planned and the loans and borrowing can be discharged in a timely manner when concluding that it remains appropriate to prepare the financial statements on the going concern basis.

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 2019 amounted to 199 days (2018: 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 Union ("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, Director'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

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 pages 29 to 31.

ANNUAL GENERAL MEETING

The tabling of the 2019 Annual Report and Financial Statements to shareholders will be at an Annual General Meeting ("AGM") to be held on 18 August 2020.

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

GERALD ONG CHONG KENG
Director
24 July 2020

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.

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

Directors	Year ended 31 December 2019 (US$)	Year ended 31 December 2018 (US$)
Gerald Ong Chong Keng (Chairman of the Board)[1, 2]	53,288	36,000
Mohammed Azlan Hashim[1]	21,875	52,500
Helen Wong Siu Ming[2] (Chairman of the Audit Committee)	40,197	-
Christopher Henry Lovell[3]	28,142	20,624
Nicholas John Paris[4]	15,255	-
Monica Lai Voon Huey[5]	15,255	-
Richard Michael Boleat[6]	12,033	-
Ferheen Mahomed[7]	-	-
David Harris	-	18,000
John Lynton Jones	-	18,000
Total	**186,045**	**145,124**

1 Mohammed Azlan Hashim was Chairman of the Board before his resignation on 31 May 2019. Gerald Ong Chong Keng was appointed Chairman of the Board w.e.f. 1 June 2019.

2 Gerald Ong Chong Keng was Chairman of the Audit Committee. Helen Wong Siu Ming was appointed Chairman of the Audit Committee w.e.f. 7 September 2019.

3 Christopher Henry Lovell resigned on 2 July 2018 and was re-appointed on 1 June 2019.

4 Nicholas John Paris resigned on 19 March 2019 and was re-appointed on 7 September 2019.

[5] Monica Lai Voon Huey was appointed on 7 September 2019.

[6] Richard Michael Boleat was appointed on 17 June 2019 and resigned on 5 September 2019.

[7] Ferheen Mahomed has waived her entitlement for director's fee since her appointment in 2015 and she resigned on 7 September 2019.

SHARE OPTIONS

The Company did not operate any share option schemes during the years ended 31 December 2019 and 2018.

SHARE PRICE INFORMATION

- High for the year - US$0.54
- Low for the year - US$0.46
- Close for the year - US$0.46

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.

CHRISTOPHER LOVELL
Chairman of the Nomination & Remuneration Committee
24 July 2020

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 five non-executive directors, including the non-executive Chairman.

The brief biographies of the following Directors appear on pages 16 and 17 of the Annual Report 2019:

- Gerald Ong Chong Keng (Non-Executive Chairman)
- Monica Lai Voon Huey
- Christopher Lovell
- Nicholas John Paris
- Helen Wong Siu Ming

Nicholas John Paris resigned as a non-executive Director on 19 March 2019. Mohammad Azlan Hashim resigned as non-executive Chairman on 31 May 2019. Christopher Lovell was re-appointed as a non-executive Director on 1 June 2019. Richard Boleat and Helen Wong were appointed as non-executive Directors on 17 June 2019. Richard Boleat and Ferheen Mahomed resigned as non-executive Directors and Monica Lai and Nicholas Paris were appointed as non-executive Directors on 7 September 2019.

The Board did not appoint a Chief Executive or a Senior Independent Director from its incorporation as it did not consider it appropriate given the nature of the Company's business and that the Company's property portfolio was 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 was subject to a three (3)-month notice period. Following the notice of termination, the Development Manager 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 decided to self-manage the operations of Aseana Properties, and also nominated Helen Wong as the Divestment Director 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 Company, within a framework of prudent and effective controls, enabling risks to be assessed and managed. The Board sets the Company's strategic objectives, monitors and reviews the Company's operational and financial performance, ensures the Company has sufficient funding, and examines and approves disposal of the Company's assets in a controlled, orderly and timely manner. The Board also sets the Company's values and standards and ensures that its obligations to its shareholders and other stakeholders are met. The implementation of the Company's strategy 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 2019, the Board met twelve (12) times and their respective attendance are as follows:

Name of Directors	Attendance
Gerald Ong Chong Keng	12/12
Helen Wong Siu Ming *(appointed w.e.f. 17 June 2019)*	6/6
Christopher Henry Lovell *(appointed w.e.f. 1 June 2019)*	6/6
Nicholas John Paris *(reappointed w.e.f. 7 September 2019)*	3/3
Monica Lai Voon Huey *(appointed w.e.f. 7 September 2019)*	2/2
Mohammed Azlan Hashim *(resigned w.e.f. 31 May 2019)*	5/6
Ferheen Mahomed *(resigned w.e.f. 7 September 2019)*	8/10
Richard Michael Boleat *(appointed w.e.f. 17 June 2019 and resigned w.e.f. 5 September 2019)*	3/3

To enable the Board to discharge its duties effectively, all Directors receive accurate, timely and clear information, in an appropriate form and quality, including Board papers distributed in advance of Board meetings. The Board periodically will receive presentations at Board meetings relating to the Company's business and operations, significant financial, accounting and risk management issues. All Directors have access to the advice and services of the Company Secretary and advisers, who are responsible to the Board on matters of corporate governance, board procedures and regulatory compliance.

BOARD BALANCE AND INDEPENDENCE

Following the resignation of our Development Manager as of 30 June 2019, ASEANA has been a self-managed company. The Board consists solely of non-executive directors of which Gerald Ong is the non-executive Chairman. Notwithstanding that Ferheen Mahomed and following her resignation, Monica Lai are the representatives of Legacy Essence Limited and Nicholas Paris is the representative of LIM Advisors Limited, and they were therefore classified as Non-Independent Non-Executive Directors of the Company, the Board considers the majority of Directors to be independent, being independent of management and also having no business relationships which could interfere materially with the exercise of their judgement.

The Chairman is responsible for leadership of the Board, ensuring effectiveness in all aspects of its role and setting its agenda. Matters referred to the Board are considered by the Board as a whole and no individual has unrestricted powers of decision. Together, the Directors bring a wide range of experience and expertise in business, law, finance and accountancy, which are required to successfully direct and supervise the business activities of the Company.

PERFORMANCE APPRAISAL

The Board undertakes an annual evaluation of its own performance and that of its Committees and individual Directors. In November 2019, 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 8 July 2019, Ferheen Mahomed and Gerald Ong retired by rotation and offered themselves for re-election and Richard Boleat, Christopher Lovell and Helen Wong having recently been appointed offered themselves for re-election by the shareholders. All of these Directors were re-elected at the AGM.

At the forthcoming Annual General Meeting, Monica Lai and Nicholas Paris will be offering themselves for re-election having recently been appointed and Christopher Lovell will be retiring by rotation and offering himself for re-election.

BOARD COMMITTEES

The Board has established Audit and Nomination & Remuneration which deal with specific aspects of the Company's affairs, each of which has written terms of reference which are reviewed annually. Necessary recommendations are then made to the Board for its consideration and decision-making. No one, other than the committee chairman and members of the relevant committee, is entitled to be present at a meeting of board committees, but others may attend at the invitation of the board committees for presenting information concerning their areas of responsibility. Copies of the terms of reference are kept by the Company Secretary and are available on request at the Company's registered office at 12 Castle Street, St. Helier, Jersey, JE2 3RT, Channel Islands.

AUDIT COMMITTEE

The Audit Committee consists of three members and is currently chaired by Helen Wong, who replaces Gerald Ong following his elevation to Chairman of the Board during the year. The other members are Christopher Lovell and Nicholas Paris. The Committee members have no links with the Company's external auditor and Helen Wong and Christopher Lovell are independent Directors. 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.

MEETINGS OF THE AUDIT COMMITTEE

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
Helen Wong Siu Ming	2/2
Christopher Henry Lovell	2/2
Nicholas John Paris	2/2
Gerald Ong Chong Keng	3/3
Mohammed Azlan Hashim	2/2
Richard Michael Boleat	1/1

Representatives of the auditor may attend by invitation.

The Committee is responsible for:

- monitoring, in discussion with the auditor, the integrity of the financial statements of the Company, any formal announcements relating to the Company's financial performance and reviewing significant financial reporting judgements contained in them;

- reviewing the Company's internal financial controls and risk management systems;

- 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 2019, the Audit Committee performed its duties as set out in the terms of reference. The main activities carried out by the Audit Committee encompassed the following:

- reviewing the audit plan with the Group's Auditor;

- reviewing and discussing the Audit Committee Report with the Group's Auditor;

- reviewing the draft Audited Financial Statements as contained in the draft Annual Report together with the Group's Auditor before tabling to the Board for consideration and approval;

- reviewing other published financial information including the half year results and results announcements before tabling to the Board for consideration and approval;

- considering the independence of the auditor; and

- reviewing the auditor's performance and made a recommendation for the reappointment of the Group's auditor by shareholders.

NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee is chaired by Christopher Lovell. The other committee members are Monica Lai and Helen Wong. 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 2019, 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 Company's position and prospects in all reports to shareholders, investors and regulatory authorities. This assessment is primarily provided in the half-yearly report and the Annual Report through the Chairman's Statement, 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, provide sufficient assurance that a sound system of risk management and internal control is maintained. An internal audit function specific to the Company is therefore considered not necessary. However, the Directors will continue to monitor if such need is required.

AUDITOR

The Audit Committee's responsibilities include monitoring and reviewing the performance and independence of the Company's Auditor, Crowe U.K. LLP who had been appointed in December 2018.

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 Company's risk management and internal control systems and is supplied with information to enable it to discharge its duties. Such systems are designed to meet the particular needs of the Company and to manage rather than eliminate the risk of failure to meet business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.
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 employees of the Company, 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 senior management and employees. Compliance reviews are 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 Chairman and designated members of its senior management as the principal spokespersons 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. 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 2019 AGM, held on 8 July 2019 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

GERALD ONG CHONG KENG
Director
24 July 2020

AUDITOR'S REPORT

Opinion

We have audited the financial statements of Aseana Properties Limited and its subsidiaries (the "Group") for the year ended 31 December 2019, which comprise:

- the Group statement of comprehensive income for the year ended 31 December 2019;
- the Group statement of financial position as at 31 December 2019;
- the Group statement of changes in equity for the year then ended;
- the Group statement of cashflows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation 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 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 Company 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 notes 2.1 and 2.1.1 in the financial statements.

As described in Note 2.1 the Group holds loans and borrowings along with medium term notes which are due for repayment in the next 12 months. The settlement of these amounts is dependent upon the sales of the remaining assets, this includes those which would be transferred as part of the proposed De-Merger transaction. There is no certainty the De-Merger transaction and the divestment of certain assets will be completed, as planned, and that therefore the loans and borrowings can be discharged in accordance with the repayment terms and may impact on the going concern status of the Group.

Note 2.1.1 is concerning the general meeting (the 'Discontinuation Resolution') of the Company to be held if the Group has not disposed of all of its assets by May 2021. Shareholders will be provided 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 to be held in May 2021, an ordinary resolution will be proposed to the effect that the Company shall cease to continue as presently constituted. If at the meeting this 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. The outcome of the discontinuation vote would be uncertain and may impact on the going concern status of the Group.

The matters explained in notes 2.1 and 2.1.1 indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group 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 financial statements as a whole to be US$2,800,000 (2018 US$3,500,000), based on 1.06% (2018 1.15%) of the Group's total assets which we have considered to be the appropriate benchmark for a property development company.

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 US$85,000 (2018: US$105,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

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 determine 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 a high level of estimation uncertainty is 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 out 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 the 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. We issued instructions to the component auditors which included details of the significant areas to be covered, including the key audit matters detailed below, and the information required to be reported back. We reviewed the audit work performed by the component auditors, communicated our findings therefrom and any further work required by us was then performed by the component auditor.

The primary team led by the senior statutory auditor was ultimately 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 designed out 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
- 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.

In addition to the matter described in the "Material uncertainty related to going concern", we have determined the following key audit matter and this is not a complete list of all risks identified by our audit.

Key audit matter	***How the scope of our audit addressed the key audit matter***
Carrying value of inventory The Group's inventories comprise land held for property development and stock of completed units. At 31 December 2019, the carrying value of inventories were US$238.8 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 21. We evaluated management's NRV assessment for the Group's inventories. To assist with this we have appointed our own expert in assessing and challenge the assumptions used by management's valuers. Our procedures included: • assessing the competence and capabilities of the valuers and verified their qualifications; • tested average rent rate 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; and • Discussions were held with the Group's valuers and management to determine whether the valuation methodologies used are appropriate and acceptable within real estate sector. We tested significant property development expenditure and capitalised borrowing costs incurred during the year to supporting documents. Evaluated the adequacy of the financial statement disclosures in relation to management's NRV assessment.

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 to you in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Group, or proper 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.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 23, 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 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 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.

Other matters which we are required to address

We were appointed by the Audit Committee on 8 June 2019 to audit the financial statements for the period ending 31 December 2019. Our total uninterrupted period of engagement is two years, covering the periods ending 31 December 2018 to date.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group and we remain independent of the Group in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

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

24 July 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

Continuing activities	Notes	2019 US$'000	2018 US$'000
Revenue	5	**9,725**	33,054
Cost of sales	6	**(29,799)**	(24,601)
Gross (loss)/profit		**(20,074)**	8,453
Other income	7	**26,989**	19,149
Administrative expenses		**(1,122)**	(1,027)
Foreign exchange gain/(loss)	8	**287**	(1,353)
Management fees	9	**(1,157)**	(1,460)
Marketing expenses		**(171)**	(671)
Other operating expenses		**(29,688)**	(24,095)
Operating loss		**(24,936)**	(1,004)
Finance income		**5,793**	1,242
Finance costs		**(9,514)**	(7,034)
Net finance costs	11	**(3,721)**	(5,792)
Net loss before taxation	12	**(28,657)**	(6,796)
Taxation	13	**(1,349)**	390
Loss for the year		**(30,006)**	(6,406)
Other comprehensive income/(loss), net of tax			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	14	**615**	(1,082)
Total other comprehensive income/(loss) for the year	14	**615**	(1,082)
Total comprehensive loss for the year		**(29,391)**	(7,488)
Loss attributable to:			
Equity holders of the parent company	15	**(27,106)**	(4,885)
Non-controlling interests	16	**(2,900)**	(1,521)
Loss for the year		**(30,006)**	(6,406)
Total comprehensive loss attributable to:			
Equity holders of the parent company		**(26,485)**	(6,154)
Non-controlling interests		**(2,906)**	(1,334)
Total comprehensive loss for the year		**(29,391)**	(7,488)
Loss per share			
Basic and diluted (US cents)	15	**(13.64)**	(2.46)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	2019 US$'000	2018 US$'000
Non-current assets			
Property, plant and equipment	17	**620**	678
Intangible assets	18	**4,097**	4,148
Right of use	19	**544**	-
Deferred tax assets	20	**5,066**	5,186
Total non-current assets		**10,327**	10,012
Current assets			
Inventories	21	**238,863**	267,160
Trade and other receivables	22	**12,902**	16,991
Prepayments		**524**	635
Current tax assets		**3**	157
Cash and cash equivalents	23	**7,615**	12,573
Total current assets		**259,907**	297,516
TOTAL ASSETS		**270,234**	307,528
Equity			
Share capital	24	**10,601**	10,601
Share premium	25	**208,925**	208,925
Capital redemption reserve	26	**1,899**	1,899
Translation reserve	27	**(21,644)**	(22,265)
Accumulated losses		**(90,135)**	(62,786)
Shareholders' equity		**109,646**	136,374
Non-controlling interests	16	**(3,848)**	(937)
Total equity		**105,798**	135,437
Non-current liabilities			
Trade and other payable	28	**39,253**	37,976
Loans and borrowings	30	**18,968**	13,188
Total non-current liabilities		**58,221**	51,164
Current liabilities			
Trade and other payables	28	**23,549**	34,128
Amount due to non-controlling interests	29	**10,587**	13,194
Loans and borrowings	30	**34,713**	48,084
Medium term notes	31	**36,142**	23,761
Current tax liabilities		**1,224**	1,760
Total current liabilities		**106,215**	120,927
Total liabilities		**164,436**	172,091
TOTAL EQUITY AND LIABILITIES		**270,234**	307,528

The financial statements were approved on 24 July 2020 and authorised for issue by the Board and were signed on its behalf by

GERALD ONG CHONG KENG	**NICHOLAS PARIS**
Director	Director
24 July 2020	

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

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 2018	**10,601**	**-**	**208,925**	**1,899**	**(20,996)**	**(57,898)**	**142,531**	**331**	**142,862**
Changes in ownership interests in subsidiaries (Note 32)	-	-	-	-	-	(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)
As at 31 December 2018/ 1 January 2019	10,601	-	208,925	1,899	(22,265)	(62,786)	136,374	(937)	135,437
Impact of change in accounting policy (Note 36)	-	-	-	-	-	(219)	(219)	(29)	(248)
Adjusted balance at 31 December 2018/ 1 January 2019	**10,601**	**-#**	**208,925**	**1,899**	**(22,265)**	**(63,005)**	**136,155**	**(966)**	**135,189**
Changes in ownership interests in subsidiaries (Note 32)	-	-	-	-	-	(24)	(24)	24	-
Non-controlling interests contribution	-	-	-	-	-	-	-	-	-
Loss for the year	-	-	-	-	-	(27,106)	(27,106)	(2,900)	(30,006)
Total other comprehensive loss for the year	-	-	-	-	621	-	621	(6)	615
Total comprehensive loss for the year	-	-	-	-	621	(27,106)	(26,485)	(2,906)	(29,391)
Shareholders' equity at 31 December 2019	**10,601**	**-#**	**208,925**	**1,899**	**(21,644)**	**(90,135)**	**109,646**	**(3,848)**	**105,798**

#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 2019

	2019 US$'000	2018 US$'000
Cash Flows from Operating Activities		
Net loss before taxation	**(28,657)**	(6,796)
Finance income	**(5,793)**	(1,242)
Finance costs	**9,514**	7,034
Unrealised foreign exchange (gain)/loss	**(292)**	1,382
Write down/Impairment of goodwill	**51**	53
Depreciation of property, plant and equipment	**105**	92
Net realisation value adjustments of inventory	**23,287**	-
Operating (loss)/profit before changes in working capital	**(1,785)**	523
Changes in working capital:		
Decrease/(Increase) in inventories	**6,931**	(22,243)
Decrease/(Increase) in trade and other receivables and prepayments	**7,949**	(987)
(Decrease)/Increase in trade and other payables	**(10,794)**	20,768
Cash generated from/(used in) operations	**2,294**	(1,939)
Interest paid	**(9,514)**	(7,034)
Tax paid	**(1,568)**	(1,955)
Net cash used in operating activities	**(8,788)**	(10,928)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	**(54)**	(121)
Proceeds from disposal property, plant and equipment	**6**	-
Finance income received	**2,221**	1,242
Net cash from investing activities	**2,173**	1,121

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 US$'000	2018 US$'000
Cash Flows From Financing Activities		
Advances from non-controlling interests	**(2,666)**	82
Issuance of ordinary shares of subsidiaries to non-controlling interests (ii)	**-**	63
Finance lease liabilities	**(873)**	-
Repayment of loans and borrowings	**(12,162)**	(24,197)
Drawdown of loans and borrowings and Medium Term Notes	**17,448**	20,308
Net (decrease)/increase in pledged deposits for loans and borrowings and Medium Term Notes	**(1,651)**	13,623
Net cash generated from financing activities	**96**	9,879
Net changes in cash and cash equivalents during the year	**(6,519)**	72
Effect of changes in exchange rates	**(109)**	497
Cash and cash equivalents at the beginning of the year	**9,863**	9,294
Cash and cash equivalents at the end of the year (i)	**3,235**	9,863

(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:

	2019 US$'000	2018 US$'000
Cash and bank balances	**2,380**	9,372
Short term bank deposits	**5,235**	3,201
	7,615	12,573
Less: Deposits pledged (iii)	**(4,380)**	(2,710)
Cash and cash equivalents	**3,235**	9,863

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

(ii) In 2018, US$63,000 of ordinary shares of subsidiaries were issued to non-controlling shareholders which was satisfied via cash consideration.

(iii) Included in short term bank deposits and cash and bank balance is US$4,380,000 (2018: US$2,710,000) pledged for loans and borrowings and Medium Term Notes of the Group.

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 34.

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 is a going concern.

The Directors expect to raise sufficient funds to finance the operation of the Group's existing projects via the disposal of its development lands in Vietnam and East Malaysia, its existing units of condominium inventories at The RuMa Residences in West Malaysia, and through the disposals of the City International Hospital, the Four Points Sheraton Sandakan Hotel and the Harbour Mall Sandakan and The RuMa Hotel and re-focused these disposal efforts by nominating a Divestment Director at the Board level in June 2019. Significant new interest was then generated from prospective buyers. However the impact of the COVID-19 meant that movement restrictions were imposed throughout Malaysia from March 2020 and foreign travel into and out of Vietnam was also prohibited. Operations at our two hotels and our shopping mall in Malaysia were severely constrained and income fell considerably. Patient admissions at our hospital in Ho Chi Minh also fell as patients avoided attending the premises fearing that they might expose themselves to the virus. In addition, detailed due diligence and site visits by prospective buyers became impossible and sales interest therefore stalled. The Directors intend to revive that interest as the movement restrictions ease.

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$58 million as at 31 December 2019. 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 December 2021 which is their final expiry date and if they have not been repaid by then the Directors intend to re-finance the notes with other bank borrowings.

The Group also has significant borrowings in Vietnam secured by the City International Hospital and adjacent development lands. The Directors expect to repay the borrowings via the sale of the hospital and the adjacent land in Vietnam, or to re-structure the repayment dates of the borrowings; they have successfully restructured a loan repayment that was due on the hospital in June 2020 with a revised schedule of instalments due between from June 2021 to 2023.

As at 31 December 2019, one of the Group’s subsidiary undertakings had not complied with the Debt to Equity ratio covenant in respect of a loan of US$23.4 million, in accordance with the terms set out in the facility agreement. In the event of a breach of this covenant, the loan shall be immediately due and payable together with accrued interest thereon upon notification by the lenders. The Group’s subsidiary undertaking requested a non-compliance waiver from the lenders in respect of this non-compliance with approval of the waiver received on 5 June 2020. Subsequently the loan was restructured and its maturity date is now 12 months from 22 July 2020 or upon completion of the hospital disposal, whichever is the earlier.

The Group has prepared and considered prospective financial information based on assumptions and events (including COVID-19 effect) 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 30 and 31). The cash flow forecasts also incorporate current payables, committed expenditure and other future expected expenditure, along with the potential sale of two plots of development land in East Malaysia to an entity associated with Legacy Essence Limited. 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.

On 7 May 2020, the Group announced that it is considering proposals to demerge certain assets held by the Group in exchange for the buyback and cancellation of a significant percentage of the issued ordinary shares of US$0.05 each in the capital of the Company (“De-Merger”). The De-Merger transaction should result in approximately 50% in aggregate of the outstanding shares in the Company being bought back from Ireka Corporation Berhad (“ICB”) and its concert party Legacy Essence Limited (“Legacy Essence”) along with certain other shareholders (the “Participating Shareholders”). The consideration would be an in specie distribution of certain assets owned by the Group to the Participating Shareholders together with a balancing cash payment from Participating Shareholders to the Group to reflect the relative value of the assets to be distributed and the value of the shareholding of the Participating Shareholders as at the date of the buyback. The Group will assess the net book value of the Group's assets for the purposes of the transaction based on the unaudited net asset value as at 31 December 2019 and has agreed with Ireka that adjustments should be made, where appropriate, to reflect the settlement of potential claims that the Group may have against Ireka or its group companies in connection with the Group's projects, including the settlement of amounts owing by a subsidiary of Ireka to the Group relating to the construction of The RuMa Hotel and Residences in Kuala Lumpur ("RuMa"). It is presently expected the assets that will be distributed in specie will comprise RuMa, a portion of the land owned by the Group in Kota Kinabalu and the residual projects from past developments. Any shares re-acquired by the Company would be cancelled.

Following the Demerger Transaction the business plan remains unchanged and the Directors anticipate the sale of the Group’s remaining assets, comprising of the hospital and adjacent development lands in Ho Chi Minh, the hotel and shopping mall in Sandakan and two plots of development land in Kota Kinabalu, can be made as COVID-19 related movement restrictions are lifted in both Malaysia and Vietnam and are already seeking to revive previous interest from prospective buyers. These asset sales will collectively enable the repayment of the Group’s bank debts as or before they fall due.

As described in the Chairman’s Statement, this De-Merger transaction would require the passing of a special resolution of Shareholders (including the Participating Shareholders) which will require the approval of 66 2/3% of those voting at an Extraordinary General Meeting ("EGM"). The De-Merger is also conditional upon of the approval of various other parties including the shareholders of Ireka at their own EGM which is yet to be convened and the bankers/ guarantors and holders of Medium Term Notes to the Group. There is no certainty that the proposed De-Merger will be successfully completed as the approval of several external parties is yet to be obtained.

After considering the forecasts and the business risks, there is no certainty the De-Merger transaction and the divestment of certain assets will be completed as planned and the loans and borrowing can be discharged at the timely manner. 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 Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.1.1 December 2019 Resolution

At a general meeting of the Company held on 30 December 2019, Shareholders supported the Board's recommendations to vote against the ordinary resolution that the Company shall cease to continue as presently constituted and voted in favour of the special resolution to amend the Company's Articles which extended the life of the Company to May 2021.

To the extent that the Group has not disposed of all of its assets by May 2021, shareholders will be provided with a further opportunity to review the future of the Group, which is likely to include the option for shareholders to vote for another continuation of the Company but the Board shall also procure that, at a general meeting of the Company to be held in May 2021, an ordinary resolution will be proposed to the effect that the Company shall cease to continue as presently constituted. If at 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. Until then, the Company will continue to seek to dispose of its assets in a measured manner.

The outcome of the discontinuation vote would be uncertain and may impact on the going concern status of the Group. 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.

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.

Initial application of IFRS 16

The Group has adopted IFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognised as an adjustment to the retained profits as at 1 January 2019 (date of initial application) without restating any comparative information.

The Group has applied IFRS 16 only to contracts that were previously identified as leases under IAS 17 "leases" and IC Interpretation 4 "Determining Whether an Arrangement Contains a Lease". Therefore, IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

Lessee Accounting
At 1 January 2019, for leases that were classified as operating leases under IFRS 17, the Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at that date of ranging from 6.6% to 7.0%. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The Group has used the following practical expedients in applying IFRS 16 for the first time:-

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 January 2019;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease.

For leases that were classified as finance leases, the Group has recognised the carrying amount of the leased asset and lease liability immediately before 1 January 2019 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

There was no difference between the operating lease commitments disclosed in the last financial year (determined under IFRS 117) and the lease liabilities recognised at 1 January 2019.

Lessor Accounting

The Group did not make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16.

L**eases**

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any re-measurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

The impacts of adopting IFRS 16 on the Group's consolidated financial statement are disclosed in the following tables:

	US$'000
Operating lease commitments disclosed on 31 December 2018 (restated)	(2,729)
Discounted using weighted average of Group's incremental borrowing rate	1,238
Lease liability recognised as at 1 January 2019	(1,491)

Consolidated Statement of Financial Position as at 31 December 2018/1 January 2019	Audited Previously Reported Amounts US$'000	Effect of adoption of IFRS 16 US$'000	Amounts US$'000
Right of use (ROU)	-	1,272	1,272
Finance lease liabilities	-	1,491	1,491
Accumulated losses	(62,786)	(219)	(63,005)
Non-controlling interest	(937)	(29)	(966)
Trade and other payables	34,128	29	34,157

The financial impacts arising from the change are summarised as follows:-

The group applied IFRS 16 by recognising the cumulative effect of initially applying IFRS 16 as an adjustment of US$248,000 to the opening balance of equity as at 1 January 2019.

2.3 Use of estimates and judgements

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

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

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

(a) Going concern

The Extraordinary General Meeting that was held in December 2019 extended the Company’s life until May 2021 and the Directors anticipate holding a similar vote at that time. It is too early to be able to forecast how the Company’s shareholders will vote on a continuation resolution which would be a special resolution needing to be passed by two-third majority of those voting. The Company and the Group continue to adopt the going concern basis in preparing the financial statements.

As described in Note 2.1 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.

(b) 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 described in Note 21, the methods and key assumptions in relation to the calculation of the net realisable value of inventories. At 31 December 2019, the carrying value of inventories were approximately US$239million (31 December 2018: US$267million) During the year, a net realisable value adjustment in relation to both Four Points by Sheraton Sandakan Hotel and Harbour Mall Sandakan assets totalling US$23.3million was recognised within cost of sales in the Consolidated Statement of Comprehensive Income.

(c) Revenue – sale and leaseback arrangements

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 leased back 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 suites, under the sale and leaseback arrangement, has yet to be transferred to the buyer and the transfer of the asset is therefore not a sale. No revenue is recognised in the financial statements.

The nature of this leaseback transaction represents, in substance, a temporary 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$39million and was disclosed in Note 28.

(d) 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.

As described in the note 3.3(c) and (d), as a result of this classification all income generating from the operations of these developments is recognised as other income in note 6.

(e) 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(b) 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.

(f) Coronavirus Disease 2019 (COVID-19)

The current outbreak of COVID-19 has resulted in the occurrence of a multitude of associated events such as temporary closing of businesses, travel restrictions and quarantine measures across the globe. These measures and policies affect supply chains and the production of goods and services and lower economic activity which is likely to result in reduced demand for the Group's goods and services. The Group exercises judgement, in light of all facts and circumstances, to assess what event in this series of events provides additional evidence about the condition that existed at the reporting date and therefore affects the recognition and measurement of the Group's assets and liabilities at 31 December 2019.

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.

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.

(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 estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property and equipment as at the reporting date is disclosed in Note 17 to the financial statements.

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.

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 held with an objective to collect contractual cash flows which are solely payments of principal and interest on the principal amount outstanding. 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.

(c) De-recognition

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 de-recognition 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 de-recognition 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 Notes 2.3(b), 18 and 21).

(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(e), 18 and 21).

Where it is not possible to estimate the recoverable amount of an intangible asset, the impairment test is carried out on the smallest Group of assets to which it belongs for which there are separately identifiable cash flows; its Cash Generating Units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill. Impairment charges would be included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

The carrying values of assets, other than those to which IAS 36-Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

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(b)).

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

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

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

3.10 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.

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.

(c) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not re-measured 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.

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.

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 Commitments and Contingencies

Commitments and contingent liabilities are disclosed in the financial statements and described in Note 35. 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.

3.14 Segment Reporting

Segmental information represents the level at which financial information is reported to the Board of Directors, being the chief operating decision makers as defined in IFRS 8. The Directors determine the operating segments based on reports prepared by their staff for strategic decision making and resource allocation. For management purposes, the Group is organised into project units as operation segments set out in Note 5.2.

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

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

3.15 Lease

During the year, the Group has changed its accounting policy for leases where the group is the lessee. The new policy is set out below and the impact of the change is described in note 2.2.

Until 31 December 2018, leases of property, plant and equipment where the Group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Under the new policy, on initial application, the Group has performed the following:

- Recognised right of use assets and lease liabilities in the consolidated statement of financial position, measured at the present value of future lease payments, discounted using the rate implicit in the lease or the lessee's incremental borrowing rate if this is not stated. These are included within right-of-use assets and lease liabilities respectively;
- Recognised depreciation of right of use assets and interest on lease liabilities in the consolidated income statement;
- The incremental borrowing rate is calculated on a lease by lease basis.

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.

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 2019, 97.60% (2018: 98.07%) 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 2.40% (2018: 1.93%) 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 2019, there was no significant concentration of credit risk within the Group.

The Group's exposure to credit risk arising from total debtors was set out in Note 22 and totals US$12.9 million (2018: US$17.0 million). The Group's exposure to credit risk arising from deposits and balances with banks is set out in Note 23 and totals US$7.6 million (2018: US$12.6 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 31.

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	2019 US$'000	2018 US$'000
Financial institutions for bank facilities granted to its subsidiaries	**76,010**	70,809

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

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 2019 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 2019							
Finance lease liabilities	**611**	**2.50% - 3.50%**	**637**	**456**	**181**	-	
Interest bearing loans and borrowings	**89,212**	**5.55% - 11.3%**	**99,959**	**44,925**	**35,022**	**20,012**	**-**
Trade and other payables	**23,549**	**-**	**23,549**	**23,549**	**-**	**-**	**-**
Amount due to non-controlling interests	**10,587**	**-**	**10,587**	**10,587**	**-**	**-**	**-**
	123,959	**-**	**134,706**	**79,493**	**35,201**	**20,012**	**-**
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	-

The above table excludes current tax liabilities and contract liabilities

4.4 Market Risk

(a) Foreign Exchange Risk

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

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

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

The Group is exposed to foreign currency risk on cash and cash equivalents which are denominated in currencies other than the functional 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:

	2019 **US$'000**	**2018** **US$'000**
US Dollar	**320**	44
Ringgit Malaysia	**74**	41
Others	**-**	4
	394	89

At 31 December 2019, 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$39,400/ (US$39,400) (2018: US$8,900/ (US$8,900)).

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:

	2019 US$'000	2018 US$'000
Fixed rate instruments:		
Financial assets	**5,235**	3,201
Financial liabilities	**36,753**	23,761
Floating rate instruments:		
Financial liabilities	**53,070**	61,272

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 41% (2018: 28%) of the Group's total borrowings at 31 December 2019.

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 2019, 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$530,700)/US$530,700 ((2018: would (decrease)/increase the Group loss for the year by approximately (US$613,000)/US$613,000).

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:

2019	**Fair value of financial instruments carried at fair value**				**Fair value of financial instruments not carried at fair value**				**Total fair value**	**Carrying amount**
US$'000	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**		
Financial liabilities										
Amount due to non-controlling interests	-	-	-	-	-	-	**(10,587)**	**(10,587)**	**(10,587)**	**(10,587)**
Bank loans and borrowings	-	-	-	-	-	-	**(53,070)**	**(53,070)**	**(53,070)**	**(53,070)**
Finance lease liabilities	-	-	-	-	-	-	**(611)**	**(611)**	**(611)**	**(611)**
Medium term notes	-	-	-	-	-	-	**(35,734)**	**(35,734)**	**(35,734)**	**(36,142)**
	-	-	-	-	-	-	**(100,002)**	**(100,002)**	**(100,002)**	**(100,410)**

2018	**Fair value of financial instruments carried at fair value**				**Fair value of financial instruments not carried at fair value**				**Total fair value**	**Carrying amount**
US$'000	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**		
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)

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 (2018: 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 (2018: 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 2019, the interest rate used to discount estimated cash flows of the medium term notes is 7.90% (2018: 8.30%).

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:

	2019	2018
	US$'000	**US$'000**
Cash and cash equivalents	**7,615**	12,573
Loans and borrowings and finance lease liabilities	**(53,681)**	(61,272)
Medium term notes	**(36,142)**	(23,761)
Equity attributable to equity holders of the parent	**(109,646)**	(136,374)
Total capital	**(191,854)**	(208,834)

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 2019 and 31 December 2018 were as follows:

	2019	2018
	US$'000	**US$'000**
Total borrowings and finance lease liabilities Less: Cash and cash equivalents (Note 23)	**89,823** **(7,615)**	85,033 (12,573)
Net debt	**82,208**	72,460
Total equity	**105,798**	135,437
Net debt-to-equity ratio	**0.78**	0.53

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:

	2019 US$'000	2018 US$'000
Sale of completed units	**9,725**	33,054
	9,725	33,054

5.2 Segmental Information

Timing of revenue recognition		
Properties transferred at a point in time	**9,725**	5,404
Properties transferred over time	**-**	27,650
	9,725	33,054

The Group's assets and business activities were managed by Ireka Development Management Sdn. Bhd. ("IDM") as the Development Manager under a Management Agreement dated 27 March 2007 until they resigned as of 30 June 2019. Following that date, the Company has been managed by its Board of Directors with the assistance of certain staff seconded to the Company by Ireka and a Chief Executive Officer who resigned in January 2020, On 31 May 2020 we terminated the Services Agreement and also the staff secondment arrangements with Ireka and have engaged a few staff directly to run our finances and operations.

Segmental information represents the level at which financial information is reported to the Board of Directors, being the chief operating decision makers as defined in IFRS 8. The Directors determine the operating segments based on reports reviewed and used by their staff 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 2019 and 2018.

Information regarding the operations of each reportable segment is in Notes 5.3. The Directors monitor 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.

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

Operating Segments – ended 31 December 2019

	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	**1,354**	**94**	**(23,929)**	**1,205**	**(3,962)**	**491**	**(3,862)**	**(28,609)**
Included in the measure of segment (loss)/profit are:								
Revenue	**-**	**-**	**-**	**6,427**	**-**	**3,298**	**-**	**9,725**
Other income from hotel operations	**-**	**-**	**3,909**	**-**	**3,882**	**-**	**-**	**7,791**
Other income from mall operations	**-**	**-**	**1,880**	**-**	**-**	**-**	**-**	**1,880**
Other income from hospital operations	**-**	**-**	**-**	**-**	**-**	**-**	**15,092**	**15,092**
Provision for allowance of inventory	**-**	**-**	**(22,355)**	**(932)**	**-**	**-**	**-**	**(23,287)**
Disposal of intangible assets	**-**	**-**	**-**	**(50)**	**-**	**-**	**-**	**(50)**
Marketing expenses	**-**	**-**	**-**	**(1)**	**-**	**(170)**	**-**	**(171)**
Expenses from hotel operations	**-**	**-**	**(3,879)**	**-**	**(6,970)**	**-**	**-**	**(10,849)**
Expenses from mall operations	**-**	**-**	**(1,326)**	**-**	**-**	**-**	**-**	**(1,326)**
Expenses from hospital operations	**-**	**-**	**-**	**-**	**-**	**-**	**(13,454)**	**(13,454)**
Depreciation of property, plant and equipment	**-**	**-**	**-**	**-**	**(35)**	**-**	**(70)**	**(105)**
Finance costs	**(180)**	**(14)**	**(1,634)**	**(678)**	**(40)**	**(1,009)**	**(5,960)**	**(9,515)**
Finance income	**-**	**1**	**104**	**708**	**-**	**45**	**969**	**1,827**
Segment assets	**3,973**	**481**	**60,217**	**6,318**	**1,085**	**85,571**	**86,511**	**244,156**
Segment liabilities	**251**	**196**	**2,735**	**4,099**	**1,626**	**5,379**	**65,222**	**79,508**

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	**(28,609)**
Other non-reportable segments	**(441)**
Finance income	**393**
Consolidated loss before taxation	**(28,657)**

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)

2019 **US$'000**	**Revenue**	**Depreciation**	**Finance costs**	**Finance income**	**Segment assets**	**Segment liabilities**	**Additions to non-current assets**
Total reportable segment	**9,725**	**(105)**	**(9,514)**	**1,827**	**244,156**	**79,508**	**-**
Other non-reportable segments	**-**	**-**	**-**	**394**	**26,078**	**84,928**	**54**
Consolidated total	**9,725**	**(105)**	**(9,514)**	**2,221**	**270,234**	**164,436**	**54**

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

Geographical Information – ended 31 December 2019

	Malaysia US$'000	Vietnam US$'000	Consolidated US$'000
Revenue	**9,725**	**-**	**9,725**
Non-current assets	**6,319**	**4,008**	**10,327**

In the financial year ended 31 December 2019, no single customer exceeded 10% of the Group's total revenue.

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.

6 COST OF SALES

	2019 US$'000	2018 US$'000
Direct costs attributable to:		
Completed units (Note 21)	**6,461**	24,548
Disposal/impairment of intangible assets (Note 18)		
Net realisable value	**51**	53
adjustment of inventories (Note 21)	**23,287**	-
	29.799	24,601

7 OTHER INCOME

	2019 US$'000	2018 US$'000
Rental income	**525**	236
Other income from hotel operations (a)	**7,791**	3,836
Other income from mall operations (b)	**1,880**	1,767
Other income from hospital operations (c)	**15,092**	12,695
Sundry income	**1,701**	615
	26,989	19,149

(a) Other income from hotel operations

The income in 2019 and 2018 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 GAIN/(LOSS)

	2019 **US$'000**	**2018** **US$'000**
Foreign exchange gain/(loss) comprises:		
Realised foreign exchange (loss)/gain	**(6)**	29
Unrealised foreign exchange gain/(loss)	**293**	(1,382)
	287	(1,353)

9 MANAGEMENT FEES

	2019 **US$'000**	**2018** **US$'000**
Management fees	**1,157**	1,460

From 1 January 2019 to 30 April 2019, the management fees paid to the Development Manager were US$75,000 per month, payable in advance, following which the base fee payable to the Manager reduced to US$50,000 per month, again payable in advance. The Manager resigned with effect from 30 June 2019. The management fees have been allocated to the subsidiaries and the Company based on where the relevant service was provided.

10 STAFF COSTS

	2019 US$'000	2018 US$'000
Wages, salaries and others (including key management personnel)	**8,683**	8,387
Employees' provident fund, social security and other pension costs	**382**	337
	9,065	8,724

The Company has no executive Directors or employees under its employment. As of year ended 2019, the subsidiaries of the Group have a total of 887 (2018: 816) employees.

11 FINANCE (COSTS)/ INCOME

	2019 US$'000	2018 US$'000
Interest income from banks	**2,221**	1,242
Accrued interest	**3,572**	-
Agency fees	**(695)**	(59)
Interest on bank loans	**(7,038)**	(5,540)
Lease interest	**(59)**	-
Interest on medium term notes	**(1,722)**	(1,435)
	(3,721)	(5,792)

Accrued interest represents interest on equity contributions due from Ireka Corporation Berhad. relating to the development and construction of The RuMa Hotel and Residences. For more detailed information see note 33.

12 NET LOSS BEFORE TAXATION

	2019 US$'000	2018 US$'000
Net loss before taxation is stated after charging/(crediting):		
Auditor's remuneration	**202**	190
Directors' fees/emoluments	**186**	145
Depreciation of property, plant and equipment	**105**	92
Expenses of hotel operations	**10,849**	4,763
Expenses of mall operations	**1,326**	1,395
Expenses of hospital operations	**13,454**	12,989
Unrealised foreign exchange (gain)/loss	**(293)**	1,382
Realised foreign exchange loss/(gain)	**6**	(29)

Disposal/impairment of intangible assets	**51**	53

13 TAXATION

	2019	**2018**
	US$'000	**US$'000**
Current tax expense – Current year	**172**	2,275
– Prior year	**-**	(2,422)
Deferred tax credit – Current year	**1,177**	(243)
– Prior year	**-**	-
Total tax expense/(income) for the year	**1,349**	(390)

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:

	2019	**2018**
	US$'000	**US$'000**
Net loss before taxation	**(28,657)**	(6,796)
Income tax at a rate of 24% (2018: 24%)	**(6,878)**	(1,631)
Add :		
Tax effect of expenses not deductible in determining taxable profit	**1,327**	4,137
Current year losses and other tax benefits for which no deferred tax asset was recognised	**4,911**	1,927
Tax effect of different tax rates in subsidiaries	**713**	948
Less :		
Tax effect of income not taxable in determining taxable profit	**(2,997)**	(3,348)
Under provision in respect of prior period/year	**4,273**	(2,423)
Total tax expense/(income) for the year	**1,349**	(390)

The applicable corporate tax rate in Malaysia is 24% (2018: 24%).

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% (2018: 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 COMPREHENSIVE (LOSS)/INCOME

Items that are or may be reclassified subsequently to profit or loss, net of tax	**2019 US$'000**	**2018 US$'000**
Foreign currency translation differences for foreign operations		
Gain/(losses)/arising during the year	**615**	(1,082)
	615	(1,082)

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 2019 was based on the loss attributable to equity holders of the parent and a weighted average number of ordinary shares outstanding, calculated as below:

	2019 US$'000	**2018 US$'000**
Loss attributable to equity holders of the parent	**(27,106)**	(4,885)
Weighted average number of shares	**198,691**	198,691
Loss per share		
Basic and diluted (US cents)	**(13.64)**	(2.46)

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

16 NON-CONTROLLING INTERESTS

Non-controlling interests in subsidiaries

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

2019	Hoa Lam Services Co Ltd US$'000	Shangri-La Healthcare Investment Pte Ltd US$'000	Urban DNA Sdn. Bhd. US$'000	RuMa US$'000	Other individually immaterial subsidiaries US$'000	Total US$'000
NCI percentage of ownership interest and voting interest	**49%**	**18.34%**	**30%**	**30%**		
Carrying amount of NCI	**(5,475)**	**1,409**	**2,611**	**(2,588)**	**195**	**(3,848)**
Loss allocated to NCI	**(908)**	**(794)**	**(2)**	**(1,188)**	**(8)**	**(2,900)**

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$'000	The RuMa US$'000
As at 31 December 2019				
Non-current assets	**33,764**	**76,375**	**5,066**	**577**
Current assets	**38,409**	**87,152**	**80,503**	**508**
Non-current liabilities	**(5,677)**	**(13,246)**	**(39,253)**	**(134)**
Current liabilities	**(53,562)**	**(86,062)**	**(37,613)**	**(9,577)**
Net assets	**12,934**	**64,219**	**8,703**	**(8,626)**
Year ended 31 December 2019				
Revenue	**-**	**-**	**-**	
Loss for the year	**(1,854)**	**(4,331)**	**(4)**	**(3,962)**
Total comprehensive loss	**(1,862)**	**(4,350)**	**85**	**(3,962)**
Cash flows used in operating activities	**(1,584)**	**(3,270)**	**(4,299)**	
Cash flows from investing activities	**934**	**3,910**	**-**	
Cash flows from financing activities	**4,250**	**9,953**	**3,399**	
Net increase /(decrease) in cash and cash equivalents	**3,600**	**10,593**	**(900)**	

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)**

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 2019	**462**	**203**	**788**	**1,453**
Exchange adjustments	**(9)**	**10**	**(16)**	**(15)**
Addition	**54**	**-**	**-**	**54**
Disposal	**(72)**	**(7)**	**(21)**	**(100)**
At 31 December 2019	**435**	**206**	**751**	**1,392**
Accumulated Depreciation				
At 1 January 2019	**312**	**143**	**320**	**775**
Exchange adjustments	**(6)**	**(3)**	**(6)**	**(15)**
Charge for the year	**63**	**10**	**32**	**105**
Disposal	**(72)**	**-**	**(21)**	**(93)**
At 31 December 2019	**297**	**150**	**325**	**772**
Net carrying amount at 31 December 2019	**138**	**56**	**426**	**620**
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

18 INTANGIBLE ASSETS

	Licence Contracts and Related Relationships US$'000	Goodwill US$'000	Total US$'000
Cost			
At 1 January 2018/ 31 December 2018 / 31 December 2019	**10,695**	**6,479**	**17,174**
Accumulated impairment			
At 1 January 2018	**7,176**	**5,797**	**12,973**
Disposals	-	53	53
At 31 December 2018 / 1 January 2019	**7,176**	**5,850**	**13,026**
Disposals	-	51	51
At 31 December 2019	**7,176**	**5,901**	**13,077**
Carrying amounts			
At 31 December 2018	3,519	629	4,148
At 31 December 2019	**3,519**	**578**	**4,097**

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 2018, 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.

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

	2019 US$'000	2018 US$'000
Licence contracts and related relationships		
International Healthcare Park	**3,519**	3,519
Goodwill		
SENI Mont' Kiara	**28**	79
Sandakan Harbour Square	**550**	550
	578	629

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 21).

19 RIGHT OF USE

	2019
Cost	**US$'000**
Right-of-use assets recognised at 1 January 2019	4,498
Initial Application of IFRS 16	-
At 1 January 2019	4,498
Exchange adjustments	(62)
At 31 December 2019	**4,436**
Depreciation charges	
Charge for the year	(3,892)
At 31 December 2019	**(3,892)**
NET BOOK VALUE	
At 31 December 2019	**544**

Lease liabilities include in the consolidated statement of financial position

	As at 31.12.2019
	US$'000
Current	432
Non-Current	179
Total	611

Amount recognised in the consolidated income statement

	As at 31.12.2019
	US$'000
Depreciation charges on right-of-use	3,892
Interest on lease liabilities	59
Total	**3,951**

An increase in depreciation charges of right-of-use assets and interest charges of Lease liabilities by US$0.6million and US$0.59million respectively, for the financial year ended 31 December 2019.

20 DEFERRED TAX ASSETS

	2019 US$'000	2018 US$'000
At 1 January	**5,186**	5,058
Exchange adjustments	**52**	(114)
Deferred tax credit relating to origination of temporary differences during the year	**(172)**	242
At 31 December	**5,066**	5,186

The deferred tax assets comprise:

	2019 US$'000	2018 US$'000
Taxable temporary differences between accounting profit and taxable profit of property development units sold	**5,066**	5,186
At 31 December	**5,066**	5,186

Deferred tax assets have not been recognised in respect of unused tax losses of US$82m (31 December 2018: US$63m) 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$5,980,000 (31 December 2018: US$5,410,000) which are available for offset against future taxable profits. The unrecognised deferred tax asset at effective tax rates of the group would be approximately US$10.6m (31 December 2018: US$8.2m)

21 INVENTORIES

	Notes	2019 US$'000	2018 US$'000
Land held for property development	**(a)**	**18,950**	18,674
Stock of completed units, at cost	**(b)**	**219,334**	247,937
Consumables		**579**	549
At 31 December		**238,863**	267,160
Carrying amount of inventories pledged as security for Loans and borrowings and Medium Term Notes		**132,599**	154,168

(a) Land held for property development

	2019 US$'000	2018 US$'000
At 1 January	**18,674**	19,021
Add :		
Exchange adjustments	**123**	(418)
Additions	**153**	71
At 31 December	**18,950**	18,674
Less: Costs recognised as expenses in the consolidated statement of comprehensive income during the year (Note 6)	-	-
At 31 December	**18,950**	18,674

(b) Stock of completed units, at cost

	2019 US$'000	2018 US$'000
At 1 January	**247,937**	163,880
Work in progress	**(2,501)**	71,683
Less :		
Exchange adjustments	**3,646**	36,922
Costs recognised as expenses in the consolidated statement of comprehensive income during the year (Note 6)	**(6,461)**	(24,548)
Net realisable value adjustments of inventories (Note 6)	**(23,287)**	-
At 31 December	**219,334**	247,937

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. A net realisable value adjustment of US$23,287,000 was recognised predominantly against the carrying amount of FPSS and HMS.

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$27,606,000 (RM113,000,000) 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 2019 and the 10 years budget of FPSS;

(2) The occupancy rate of FPSS will improve to 78% in 2029 which is when the hotel's operations are expected to stabilise;

(3) Average daily rates of the hotel will improve to US$102.61 (RM420) in 2029 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 8% 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 increased/ (decreased) the recoverable amount by approximately US$2,443,000/(US$2,199,000);

b) an increase/(decrease) of 1% in occupancy rate throughout the entire projection term used would have increased/ (decreased)the recoverable amount by approximately US$489,000/ (US$489,000); 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$977,000/ (US$977,000).

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$30,537,000 (RM125,000,000) of HMS was determined to approximate with its carrying amount. .

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

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

(2) Capitalisation rate assumed at 6%; and

(3) Capitalisation period of 82 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$977,000)/ US$733,000;

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$Nil/ (US$244,000); and

c) an increase/(decrease) of 5% in average rental rate used would have increased /(decreased) the recoverable amount by approximately US$2,443,000/ (US$2,687,000).

City International Hospital ("CIH")

The recoverable amount US$75,000,000 (2018: US$75,000,000) 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 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 2019 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 14.8% from 2025 to 2029;

(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.

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$103,095,000 (RM422,000,000) of The RuMa was determined to be higher than its carrying amount.

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 2029 which is when the hotel's operations are expected to stabilise;

(3) Average daily rates of the hotel will improve to US$252.36 (RM1,033) in 2029 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.

22 TRADE AND OTHER RECEIVABLES

	2019 **US$'000**	**2018** **US$'000**
Trade receivables	**3,867**	8,418
Other receivables	**8,475**	7,754
Contract assets	**-**	397
Sundry deposits	**560**	422
	12,902	16,991

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 30 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 2019 and 31 December 2018 (on adoption of IFRS 9) was determined as follows for both trade receivables and contract assets:

31 December 2019	**Trade receivable US$'000**	**Contract asset US$'000**	**Loss allowance US$'000**	**Total US$'000**
Current	**3,045**	**-**	**-**	**3,045**
Past due				
0 – 60 days	**-**	**-**	**-**	**-**
61 –120 days	**-**	**-**	**-**	**-**
More than 120 days	**822**	**-**	**-**	**822**
	3,867	**-**	**-**	**3,867**

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

The group uses the simplified approach to estimate credit loss allowance for all trade receivables and contract assets, which will be based on the past payment trends, existing market conditions and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. The loss allowances are also based on assumptions about risk of default. The quantum of any probability of an expected credit loss will occur to be low or not material. No provision is recognised in these financial statements.

Included in trade receivables is US$1,760,000 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 2018: US$1,910,000, representing 25% 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$1,582,000 (31 December 2018: US$2,427,000) due from a subsidiary of Ireka Corporation Berhad. for advance payments made to its contractors and US$235,000 (31 December 2018: US$126,000) due from Ireka Corporation Berhad for rental expenses paid on its behalf. Furthermore, there was an amount due from Ireka Corporation Berhad in relation to the interest on equity contributions to the construction of The RuMa Hotel and Residences, as described in note 11.

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.

23 CASH AND CASH EQUIVALENTS

	2019 US$'000	**2018 US$'000**
Cash and bank balances	**2,380**	9,372
Short term bank deposits	**5,235**	3,201
	7,615	12,573
Less: Deposits pledged	**(4,380)**	(2,710)
Cash and cash equivalents	**3,235**	9,863

Included in short term bank deposits and cash and bank balance is US4,380,000 (31 December 2018: US$2,710,000) 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$4,380,000 (31 December 2018: US$2,710,000) pledged for loans and borrowings and Medium Term Notes of the Group, ranges from 1.20% to 2.80% per annum (31 December 2018: 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 2018: 2.50% to 4.50% per annum).

24 SHARE CAPITAL

	Number of shares 2019 '000	Amount 2019 US$'000	Number of shares 2018 '000	Amount 2018 US$'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.

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.

In 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 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 TRADE AND OTHER PAYABLES

	2019 US$'000	2018 US$'000
Non-current		
Amount owed to contract buyers	**39,253**	37,976
	39,253	37,976
Current		
Trade payables	**1,283**	6,544
Other payables	**11,980**	19,394
Contract liabilities	**-**	2,804
Deposits refundable	**8,750**	3,091
Accruals	**1,536**	2,295
	23,549	34,128
	62,802	72,104

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$ 4.4 million (31 December 2018: US$14.6 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.

	2019 US$'000	2018 US$'000
Revenue recognised in the period from:		
Amounts included in contract liability at the beginning of the period	**9,725**	28,270
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 2019 still controlled by the Group.

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

29 AMOUNT DUE TO NON-CONTROLLING INTERESTS

	2019 US$'000	2018 US$'000
Minority Shareholder of Bumiraya Impian Sdn. Bhd.:		
- Global Evergroup Sdn. Bhd.	**1,211**	1,199
Minority Shareholders of Hoa Lam Services Co Ltd:		
- Tran Thi Lam	**1,720**	1,718
- Tri Hanh Consultancy Co Ltd	**4,018**	3,869
- Hoa Lam Development Investment Joint Stock Company	**2,755**	2,586
- Duong Ngoc Hoa	**222**	222
Minority Shareholder of The RuMa Hotel KL Sdn. Bhd.:		
- Ireka Corporation Berhad	**2**	2
Minority Shareholder of Urban DNA Sdn. Bhd.:		
- Ireka Corporation Berhad	**659**	3,598
	10,587	13,194

The current amount due to non-controlling interests amounting to US$10,587,000 (31 December 2018: US$13,194,000) is unsecured, interest free and repayable on demand.

30 LOANS AND BORROWINGS

	2019 US$'000	2018 US$'000
Non-current		
Bank loans	**18,789**	13,188
Lease liabilities	**179**	-
	18,968	13,188
Current		
Bank loans	**34,281**	48,084
Lease liabilities	**432**	-
	34,713	48,084
	53,681	61,272

2019	Future minimum lease payment 2019 US$'000
Within one year	**432**
Between one and five years	**179**
	611

LEASE LIABILITIES

The effective interest rates on the bank loans for the year ranged from 5.55% to 11.30% (31 December 2018: 5.55% to 11.30%) per annum.

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

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

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

At 31 December 2019, one of the Group's subsidiary undertakings had not complied with the Debt to Equity ratio covenant in respect of a loan of US$23.5 million. In accordance with the terms set out in the Facility Agreement, in the event of the breach of this financial covenant, the loan shall be immediately due and payable together with accrued interest thereon upon notification by the lenders. In June 2020, the group's subsidiary received a non-compliance waiver from the lenders in respect of this non-compliance. Subsequently, the loan was restructured and extended a further 12 months from 22 July 2020, the initial maturity date.

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

	As at 1 January 2019 US$'000	Drawdown of loan US$'000	Repayment of loan US$'000	Foreign exchange movements US$'000	As at 31 December 2019 US$'000
Bank loans	**61,272**	**5,343**	**(12,162)**	**(1,383)**	**53,070**
Total	**61,272**	**5,343**	**(12,162)**	**(1,383)**	**53,070**

	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	20,308	(24,197)	(2,293)	61,272

	As at 1 January 2019 US$'000	Initial Application US$'000	Repayment of lease payment US$'000	Interest expenses US$'000	Foreign exchange movements US$'000	As at 31 December 2019 US$'000
Lease Liabilities	-	1,491	(873)	59	(66)	611
Total	-	1,491	(873)	59	(66)	611

31 MEDIUM TERM NOTES

	2019 US$'000	2018 US$'000
Outstanding medium term notes	**36,535**	24,180
Net transaction costs	**(393)**	(419)
Less:		
Repayment due within twelve months *	**(36,142)**	(23,761)
Repayment due after twelve months	**-**	-

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

	As at 1 January 2019 US$'000	Drawdown of loan US$'000	Repayment of loan US$'000	Foreign exchange movements US$'000	As at 31 December 2019 US$'000
Medium Term Notes	**23,761**	**12,105**	**-**	**276**	**36,142**

	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

* Includes net transaction costs in relation to medium term notes due within twelve months of US$0.39 million (31 December 2018: US$0.42 million).

The medium term notes ("MTNs") were issued pursuant to a programme with a tenor 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$96.25 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$4.64 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$24.43mil which is due on 10 December 2019 (now repayable on 10 December 2020). The MTNs are rated AAA.

The weighted average interest rate of the MTN was 5.85% 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 Jun 2020	5.85	10,505
Series 1 Tranche BG	10 Jun 2020	5.85	13,925
			24,430

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 favour 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.;

(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.

Potensi Angkasa Sdn Bhd ("PASB"), a subsidiary incorporated on 25 February 2019, has secured a commercial paper and/or medium term notes programme of not exceeding US$21.99 mil (RM90.0 million) ("CP/MTN Programme") to fund a project known as The RuMa Hotel and Residences. PASB may, from time to time, issue commercial paper and/or medium term notes ("Notes") whereby the nominal value of outstanding Notes shall not exceed US$21.99 mil (RM90.0 million) at any one time. As at 31 December 2019, a total of US$12.12mil (RM49.6 million) was issued. Subsequently an additional of US$3.75mil (RM15.35 million) was issued on 25 February 2020.

As at 10 June 2020, the initial tranches of US5.59mil (RM22.9 million) matured and two tranches amounting to US$0.46mil (RM1.90 million) were redeemed. The remaining tranches of US$5.13 (RM21.0 million) are subsequently rolled-over for another one year.

The weighted average interest rate of the loan was 6.0% per annum at the statement of financial position date. The effective interest rates of the medium term notes and their outstanding amounts were as follows:

	Maturity Dates	Interest rate % per annum	US$'000
Tranche 1 – 23	9 June 2020	6.0	5,594
Tranche 24 -31	29 September 2020	6.0	2,153
Tranche 32-49	6 October 2020	6.0	4,358
			12,105

Security for CP/MTN Programme

(a) A legal charge over the Designated Accounts by the PASB and/or the Security Party (as defined below) (as the case may be) and assignment of the rights, titles, benefits and interests of the PASB and/or the Security Party (as the case may be) thereto and the credit balances therein on a pari passu basis among all Notes, subject to the following:

(b)

(i) In respect of the 75% of the sale proceeds of a Secured Asset ("Net Sale Proceeds") arising from the disposal of a Secured Asset, the Noteholders of the relevant Tranche secured by such Secured Asset shall have the first ranking security over such Net Sale Proceeds;

(ii) In respect of the insurance proceeds from the Secured Assets ("Insurance Proceeds"), the Noteholders of the relevant Tranche secured by such Secured Asset shall have the first ranking security over such Insurance Proceeds;

(iii) In respect of the sale deposits from the Secured Assets ("Sale Deposits"), the Noteholders of the relevant Tranche secured by such Secured Asset shall have the first ranking security over such Sale Deposits;

(iv) In respect of the amount at least equivalent to an amount payable in respect of any coupon payment of that particular Tranche for the next six (6) months to be maintained by the Issuer ("Issuer's DSRA Minimum Required

Balance"), the Noteholders of the relevant Tranche shall have the first ranking security over such Issuer's DSRA Minimum Required Balance;

(v) In respect of the proceeds from the Collection Account ("CA Proceeds"), the Noteholders of the relevant Tranche shall have the first ranking security over such CA Proceeds; and

(vi) In respect of any amount deposited by the Guarantor which are earmarked for the purposes of an early redemption of a particular Tranche of the Notes and/or principal payment of a particular Tranche of the Notes ("Deposited Amount"), the Noteholders of the relevant Tranche shall have the first ranking security over such Deposited Amount;

(c) An irrevocable and unconditional guarantee provided by the Urban DNA Sdn Bhd for all payments due and payable under the CP/MTN Programme ("Guarantee"); and

(d) Any other security deemed appropriate and mutually agreed between the PASB and the Principal Adviser/Lead Arranger ("PA/LA"), the latter being Kenanga Investment Bank Berhad.

<u>Security for each medium term note:</u>

Each Tranche shall be secured by assets ("Secured Assets") to be identified prior to the issue date of the respective Tranche.

Such Secured Assets may be provided by third party(ies), (which, together with the Guarantor, shall collectively be referred to as "Security Parties" and each a "Security Party") and/or by the PASB. Subject always to final identification of the Secured Asset prior to the issue date of the respective Tranche, the security for any particular Tranche may include but not limited to the following:

(a) Legal assignment and/or charge by the PASB and/or the Security Party (as the case may be) of the Secured Assets;

(b) An assignment over all the rights, titles, benefits and interests of the PASB and/or the Security Party (as the case may be) under all the sale and purchase agreements executed by end-purchasers and any subsequent sale and purchase agreement to be executed in the future by end-purchaser (if any), in relation to the Secured Assets;

(c) A letter of undertaking from Aseana Properties Limited to, amongst others, purchase the Secured Assets ("Letter of Undertaking"); and/or

(d) Any other security deemed appropriate and mutually agreed between the Issuer and the PA/LA and/or Lead Manager prior to the issuance of the relevant Tranche.

The security for each Tranche is referred to as "Tranche Security".

32 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 81.59% to 81.66% (2018: 81.58% to 81.59%) arising from an issue of new shares in the subsidiary for cash consideration of US$1.034 million (2018: US$0.525 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 72.46% (2018: 72.413%). The Group recognised an increase in non-controlling interests of US$24,000 (2018: US$3,000) and an increase in accumulated losses of US$24,000 (2018: US$3,000) resulting from the increase in equity interest in the above subsidiaries.

33 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'.

In 2009, the Group entered into a Joint Venture Agreement (JVA) with Ireka Corporation Berhad (ICB) for the construction of The RuMa Hotel and Residences ("RuMa"). Under the term of that JVA, the joint venture partners are required to make equity contribution in the proportion to their participating interest for the purpose of the development and construction of the RuMa. In the opinion of the directors, they have considered the JVA allows for the equity contribution to be deferred and paid upon the conclusion of construction. At 31 December 2019, the total amount of equity contribution owed by ICB was US$13.1million. The recognition of these amount owed by ICB would be offset by the corresponding entry of the amount owed to ICB, which therefore has no net impact to the consolidated financial statements.

The equity contributions are non-trade in nature and are unsecured and interest bearing.

Furthermore, the Group was entitled to interest receivable from ICB. The interest receivable was calculated based on an annual interest rate of 2% above the Malaysia lending rate and applied to the deferred equity contributions.

As described in note 11, the total interest receivable at 31 December 2019 was US$3.5million of which US$0.9million and US$1.6million were attributed to the prior year periods ended 31 December 2018 and 2017 respectively. The Directors considered the quantum of the accumulated interest receivables at 31 December 2018 was immaterial to merit a prior year adjustment. Accordingly, no restatement to the comparative financial information.

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.

	2019 US$'000	**2018 US$'000**
ICB Group of Companies		
Accounting and financial reporting services fee charged by an ICB subsidiary	**96**	50
Accrued interest on shareholders advance payable by ICB	**3,572**	-
Hosting and IT support services charged by an ICB subsidiary	**66**	76
Construction progress claims charged by an ICB subsidiary	**4,733**	27,812
Reversal of liquidated ascertained damages ("LAD") claims	**(1,209)**	-
Provisions for construction delay claims by ICB subsidiary	**(2,052)**	-
Management fees charged by an ICB subsidiary	**1,157**	1,460
Marketing commission charged by an ICB subsidiary	**139**	106
Project staff cost reimbursed to an ICB subsidiary	**280**	288
Rental expenses charged by an ICB subsidiary	**16**	3
Rental expenses paid on behalf of ICB	**489**	529
Secretarial and administrative services fee charged by an ICB subsidiary	**85**	50
Key management personnel		
Remuneration of key management personnel - Directors' fees	**186**	145
Remuneration of key management personnel - Salaries	**95**	94

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

	2019 US$'000	**2018 US$'000**
Non-controlling interests		
Advances – non-interest bearing (Note 29)	**(2,666)**	82

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

The outstanding amounts due from/(to) ICB and its group of companies as at 31 December 2019 and 31 December 2018 are as follows:

	2019 **US$'000**	**2018** **US$'000**
Net amount due from an ICB subsidiary	**5,159**	2,516
Net amount due from ICB	**3,768**	106

The outstanding amounts due to the other significant related parties as at 31 December 2019 and 31 December 2018 are as follows:

	2019 **US$'000**	**2018** **US$'000**
Non-controlling interests		
Advances – non-interest bearing (Note 29)	**(10,587)**	(13,194)

Transactions between the parent company and its subsidiaries are eliminated in these consolidated financial statements. A list of subsidiaries is provided in Note 34.

34 INVESTMENT IN SUBSIDIARIES

Name	Country of incorporation	Principal activities	Effective ownership interest 2019	2018
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%
Potensi Angkasa Sdn. Bhd	Malaysia	Participating in the transactions contemplated under the Guaranteed MTNs Programme	**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%

35 COMMITMENTS AND CONTINGENCIES

Debt service reserve account

In 2017, Silver Sparrow Berhad obtained consent from the lenders to utilise proceeds of US$4.89million 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.

36 EVENT AFTER STATEMENT OF FINANCIAL POSITION DATE

On 9 January 2020, the Company announced that the resignation of Chan Say Yeong as the Chief Executive Officer of the Company, with effect from 17 January 2020. Mr. Chan is not a member of the Board. Following this, his responsibilities were assumed by the Chairman and the Board.

On 23 March 2020, the Company announced an update on the impact of the COVID-19 virus on the Company. The Board of Directors of Aseana has been closely following events related to the COVID-19 virus and has been actively planning how to mitigate the impact of it as much as possible. The impact of the COVID-19 was material as it led to successive Movement Control Orders being issued by the government in Malaysia from March 2020 onwards which prevented domestic and foreign tourism and the use of hotels, restaurants and non-food shops. The demand for travel by both leisure and corporate segments were impacted subsequent to the year ended 31 December 2019. This has affected the financial performance of the ASPL after the reporting period. The impact of the movement restrictions and the reduced revenues on the Company's operating assets will have affected the valuations of the Company's property assets which are based on discounted cash flow calculations. It is not possible to put an accurate figure to the fall in the value. However the Directors do believe that the value can be increased in time once the assets are re-opened and revenue can be built up again. The impact of the Movement Control Orders has delayed divestment discussions and negotiations on our assets but these are being re-kindled by the Directors now that the restrictions are starting to be relaxed.

On 31 May 2020 we terminated the Services Agreement and also terminated staff secondment arrangements from Ireka to the Company and have engaged a few staff directly to run our finances and operations.

On 15 July 2020 we signed agreements to de-merge certain of our assets in exchange for the buyback and cancellation of the shares of those shareholders who wished to de-merge.

On 16 July 2020, we signed the Sale and Purchase Agreements for the sale of two plots of land in Kota Kinabalu for approximately US$4 million in cash.

Copies of the Annual Report

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