26 April 2018

Aseana Properties Limited
("Aseana" or "the Company")

Full Year Results for the Year Ended 31 December 2017

Aseana Properties Limited (LSE: ASPL), a property developer in Malaysia and Vietnam listed on the Main Market of the London Stock Exchange, is pleased to announce its audited results for the year ended 31 December 2017.

Operational highlights

- Shareholders voted in favour of the Board's proposals at a general meeting of the Company held on 23 April 2018, to continue with the Company's investment policy to enable a realisation of the Company's assets in a controlled, orderly and timely manner as well as supported Board's recommendation to vote against the Discontinuation Resolution proposed at the general meeting. To the extent that the Company has not disposed of all its assets by 31 December 2019, Shareholders will be provided with an opportunity to review the future of the Company, which would include the option for shareholders to vote for the continuation of the Company.
- Sales at SENI Mont' Kiara progressed to 99.3% to date based on sale and purchase agreements signed
- The sale of the last unit at Tiffani by i-ZEN ("Tiffani") was completed in October 2017.
- Two plots of land ("D2 & D3 land") at the International Healthcare Park ("IHP") were divested for approximately US$5.4 million and US$7.7 million respectively. The transaction for D2 land was completed in May 2017 while D3 land was completed in August 2017.
- The RuMa Hotel and Residences achieved 56.7% sales based on signed sale and purchase agreements.
- The occupancy rate at Harbour Mall Sandakan ("HMS") improved to 71.4% to date (2016: 67.7%). Four Points by Sheraton Sandakan Hotel ("FPSS") achieved an occupancy rate of 42.1% for as at 31 December 2017 and was 38.5% occupied for the 3-month period to 31 March 2018.
- The operation of the City International Hospital ("CIH") has been improving steadily over 2017 with outpatient and inpatient volumes increasing by 58.0% and 67.2% respectively, compared to 2016.

Financial highlights

- Revenue decreased to US$19.1 million in 2017 (2016: US$112.5 million), mainly due to lack of large asset sales compared with the previous year, which included the disposal of Aloft Kuala Lumpur Sentral ("AKLS").
- Net loss before tax stood at US$5.0 million in 2017 compared to a net profit before tax of US$16.2 million in 2016. The divestment of lands at IHP generated gains of US$5.0 million but were offset by operating losses and finance costs of IHP of US$2.0 million, CIH of US$5.4 million, FPSS and HMS totalling US$1.6 million.
- The consolidated comprehensive profit for the year ended 31 December 2017 was US$2.0 million compared to US$10.5 million in 2016. The consolidated comprehensive profit included gains on foreign currency translation differences for foreign operations of US$7.9 million compared to a loss of US$2.5 million in 2016,

attributable to the strengthening of Ringgit against US Dollars from RM4.4860/US$1.0 as at 31 December 2016 to RM4.0469/US$1.0 as at 31 December 2017.

- Cash and cash equivalents stood at US$26.0 million (2016: US$26.6 million). Included in the borrowings is a Dong loan of US$16 million equivalent which would be used to refinance part of the existing US Dollars loan for CIH.
- Loss per share of US$0.0210 (2016: Earning per share of US$0.0889), based on voting share capital.
- Net asset value per share US$0.69 (2016: US$0.68), based on voting share capital.

* These results have been extracted from the Annual Report and financial statements, and do not constitute the Group's Annual Report and financial statements for the year ended 31 December 2017. The financial statements for 2017 have been prepared under International Financial Reporting Standards. The auditors, KPMG LLP, have reported on those financial statements. Their report was unqualified and did not include a reference to any matters to which the auditors draw attention by way of emphasis without qualifying their report.

Commenting on the Company's results and outlook, Mohammed Azlan Hashim, Chairman of Aseana Properties Limited, said:

"Despite improvements shown in both the Malaysian and Vietnamese economies, Aseana Properties is still facing challenges with its investments in both these markets. However, the Company is making progress in its Divestment Investment Policy, having divested of two more plots of land at IHP during the year and completed the sale of the final unit at Tiffani. With the extension of life of the Company, the Board and the Manager will focus on disposing of its remaining assets in an orderly and timely manner whilst achieving optimum value for its shareholder."

-Ends-

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Notes to Editors:

London-listed Aseana Properties Limited (LSE: ASPL) is a property developer investing in Malaysia and Vietnam.

Ireka Development Management Sdn Bhd ("IDM") is the exclusive Development Manager for Aseana. It is a wholly-owned subsidiary of Ireka Corporation Berhad, a company listed on the Bursa Malaysia since 1993, which has over 51 years' experience in construction and property development. IDM is responsible for the day-to-day management of Aseana's property portfolio and the implementation of the Divestment Investment Policy.

CHAIRMAN'S STATEMENT

Global economic growth was more evenly balanced in 2017. During the year, many encouraging results were achieved across several fronts. Economic powerhouses such as the United States of America, the world's largest economy, got growth back on track, while the Eurozone and Japan are set to register growth exceeding expectations, courtesy of burgeoning global trade. On the back of a rebound in investment and trade, accommodative policies and the dissipating impact of the earlier commodity price collapse, global growth is expected to be sustained over the next couple of years. In tandem with this, The World Bank forecasts global economic growth to edge up to 3.1% in 2018 after a stronger-than-expected year in 2017. However, the global outlook is still vulnerable to downside risks, including regional instability, possible financial stress, rising geopolitical tensions and the recent trade dispute between the United States of America and China.

The solid global growth has boded well for Aseana Properties' core markets in Malaysia and Vietnam, with both countries performing well above forecasts. Malaysia's real Gross Domestic Product ("GDP") growth for instance, showed an impressive steady upward trend to reach 5.9% for the whole of 2017, driven primarily by strong domestic demand and robust exports. Malaysia leveraged its strong economic fundamentals to record strong growth despite the prevalence of cautious sentiment earlier in the year, given that the Ringgit was by far the worst performing currency in Asia. The local currency was kept in check due to prudent measures implemented by Bank Negara Malaysia ("BNM"), Malaysia's Central Bank and rebounded strongly from a 19-year low to deliver a total appreciation of approximately 10.0%. In addition, in January 2018, BNM increased the country's Overnight Policy Rate ("OPR") from 3.0% to 3.25%, the first hike since July 2016, against a background of steady growth. Despite the lingering uncertainties ahead of the 14th General Election, which could somewhat dampen sentiment, analysts predict that Malaysia's economy will remain resilient in 2018.

Similarly, Vietnam has emerged as one of the most impressive emerging market success stories with GDP growth of 6.8% in 2017, the highest in the last decade. The country's strong GDP growth was driven by the robust manufacturing and services sectors as well as resilient domestic demand, underpinned by thriving Foreign Direct Investment ("FDI") growth. Vietnam attracted a record US$35.9 billion of foreign investments in 2017 as a result of the low cost of doing business in the country, an abundant labour force and solid macroeconomic growth. Furthermore, the nation's average inflation grew at 3.53% against the previous year, below the 4.0% target set by the Government whilst the Vietnamese Dong was one of the most stable Asian currencies in 2017. However, the unresolved issues with the thinly-capitalised banks and non-performing loans pose other medium-term risks to the country's economy.

Despite higher GDP growth and recovery in crude oil prices, the Malaysian properties in both residential and commercial markets are still hampered by factors such as the increased cost of living and oversupply. The rising cost of living, the disparity between the population's income and affordability level, as well as the oversupply of both residential and commercial properties are the main reasons why the nation's property market is still facing headwinds. Completed-but-unsold residential units increased to approximately RM12.3 billion during the first half of 2017, from approximately RM8.6 billion a year ago. In addition, new residential launches fell 9.1% to 28,397 units in the first half of 2017 from 31,257 units in the same period last year. With the impending 14th General Election, consumers are exercising more caution in big-ticket long-term purchases. On the other hand, the Vietnamese property market saw positive growth, underpinned by the country's strong economic performance, relatively stable currency and rapid urbanisation, which have fuelled massive interest from foreign investors into the Vietnamese real estate market. During the year, there were a total of 64,000 real estate transactions in Ho Chi Minh City ("HCMC") and Hanoi alone, up by 24,000 transactions compared to 2016. 2017 has also emerged as a landmark year for mergers and acquisitions in the Vietnamese property sector. According to Vietnam's Ministry of Construction, the country currently has over US$145 billion of real estate developments under construction.

Aseana Properties Limited and its subsidiaries ("the Group") registered a significant decrease in revenue from US$112.5 million in 2016 to US$19.1 million in 2017, largely due to the lack of major asset sales during the year compared to the sale of the Aloft Kuala Lumpur Sentral Hotel ("AKLS") in 2016. The Group recorded a net loss before taxation of US$5.0 million compared to a net profit of US$16.2 million in 2016. The disposal of lands at International Healthcare Park ("IHP") generated gains of US$5.0 million but were offset by operating losses and finance costs of IHP of US$2.0 million, City International Hospital ("CIH") of US$5.4 million, Four Points by Sheraton Sandakan Hotel ("FPSS") and Harbour Mall Sandakan ("HMS") totalling US$1.6 million. Aseana Properties recorded a gain on foreign currency translation differences of US$7.9 million compared to a loss of US$2.5 million in 2016, as a result of the strengthening of Ringgit against US Dollars from RM4.4860/US$1.00 as at 31 December 2016 to RM4.0469/US$1.00 as at 31 December 2017.

Progress of the property portfolio

Amidst the sluggish property market in Malaysia, sales of properties at SENI Mont' Kiara ("SENI") and The RuMa Hotel and Residences ("The RuMa") also progressed at a slower pace. Sales at SENI to date progressed to approximately 99.3% and sales at The RuMa increased marginally to 56.7% to date, based on signed sale and purchase agreements. In addition, the last unit at Tiffani by i-ZEN was sold during the year.

Meanwhile, the business environment and tourism in Sabah showed signs of improvement over the year. International and Malaysian tourist arrivals in Sabah reached 3.7 million in 2017, which contributed approximately RM7.8 billion to tourism receipts. Of this, 0.4 million were tourists from China, as a result of increased flights to Sabah from China. Xiamen Airlines has recently introduced direct flights from Beijing to Sabah and this move is expected to spur the number of Chinese tourist arrivals including those from southern and central China. In addition, the impending extension of the Sandakan Airport runway will enable the airport to accommodate larger aircraft, and this will also benefit local tour operators and indirectly generate revenue for the local economy. FPSS recorded an occupancy level of 42.1% as at the year ended 31 December 2017 and 38.5% for year 2018 to date. Home to the first purpose-built cinema in Sandakan, the performance of HMS has also improved to 71.4% occupancy to date, including a number of new tenant signings over the past few months.

In Vietnam, two plots of land at IHP were divested for approximately US$5.4 million and US$7.7 million respectively. On the operations side, the performance of CIH has seen steady improvement over the year, with a 58.0% increase in outpatient volume, and 67.2% increase in inpatient volume compared to 2016. Dr. John Lucas, a highly reputable and experienced former Medical Director of FV Hospital, HCMC was appointed as the new Chief Executive Officer ("CEO") of CIH with effect from January 2018.

Further information on each of the Company's properties is set out in the Manager's report on pages 7 to 9.

Continuation vote

At a general meeting of the Company held on 23 April 2018, Shareholders voted in favour of the Board's proposals to reject the 2018 Discontinuation Resolution and to continue with the Company's investment policy, for a period of 18 months from the expected date of the 2018 AGM, 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. The Board believes this will maximise the value of the Company's assets and returns to Shareholders, both up to and upon the eventual liquidation of the Company.

To the extent that the Company has not disposed of all of its assets by 31 December 2019, Shareholders will be provided with an opportunity to review the future of the Company, which would include the option for shareholders to vote for the continuation of the Company.

Outlook

Despite Malaysia's buoyant economic growth in 2017, the repercussions of subdued investor confidence, political uncertainty and weak currency have adversely affected the Malaysian property market. On the other hand, Vietnam's property market has shown noticeable improvements during the year, in tandem with its robust economic growth. Nevertheless, The Board and the Manager are now focusing on realising the remaining assets of the Company in line with its divestment policy. Aseana Properties remains committed to ensure optimum capital value is achieved for the portfolio in a properly managed and timely manner.

On a final note, I wish to take this opportunity to thank the Board of Aseana Properties, our advisors, shareholders and business associates for their continued support and guidance throughout the year.

MOHAMMED AZLAN HASHIM
Chairman
26 April 2018

DEVELOPMENT MANAGER'S REVIEW

BUSINESS OVERVIEW

Aseana Properties has come through another challenging year in 2017. There were however some encouraging signs of improved performances in Malaysia and Vietnam. During the year under review, the Group successfully sold its remaining unit at Tiffani by i-ZEN and divested two plots of land in Vietnam for a total consideration of approximately US$13.1 million. Furthermore, performance at each of the Company's three operating assets has shown encouraging improvements and losses have narrowed. This is in line with the robust Vietnamese economy and the recovery in Malaysia's economic conditions, which have remained resilient despite being dampened by the weak currency and subdued investor confidence at the beginning of the year. In addition, the recent positive economic indicators should bode well for the Malaysian property market, which will be supported by strong economic fundamentals. However, the higher-end properties remain flat and challenging for at least the near future as supply is still growing faster than demand at the moment. The current freeze in new approvals for properties above RM1.0 million will help to re-dress this imbalance in the coming years.

On the back of the lukewarm property market in Malaysia, sales at both SENI and The RuMa have progressed marginally to 99.3% and 56.7% to date respectively. Meanwhile, HMS showed notable improvement in its performance during the year under review with increased occupancy and footfall contributed by the addition of a number of new tenants. Similarly, in Vietnam, CIH performed well over the year with increased revenue and patient numbers.

Malaysia Economic Update

Malaysia's economic growth improved during 2017, surpassing expectations, largely underpinned by strong domestic demand with additional impetus provided by improved external demand. The nation's solid performance saw the International Monetary Fund ("IMF") upgraded its outlook on Malaysia's GDP growth to between 5.5% and 6.0%, while the World Bank made an upward revision to the country's GDP growth forecast to 5.8% in 2017. The Malaysian economy grew at 5.9% in 2017, the strongest pace of expansion in three years and was among the top performers in Asia, underpinned by solid private consumption growth. Meanwhile, a series of good news towards the year end boosted investors' confidence and the Ringgit rebounded from being one of the worst performing currencies in Asia at the beginning of the year, to climb almost 10.0% against the US Dollar towards the end of the year. The Ringgit took its cue from sturdier crude oil prices to rise from a low of RM4.4860/US$1.0 at the end of 2016 to approximately RM4.0469/US$1.0 by the end of 2017. Market interventions such as BNM's policy that requires exporters to convert 75.0% of their proceeds back to Ringgit have enhanced liquidity and demand for the currency. On the back of stronger growth and a manageable inflation rate as well as upbeat results in the last quarter of 2017, BNM increased the country's OPR from 3.0% to 3.25% in January 2018. The rate was kept unchanged by the Malaysian Central Bank since July 2016.

Echoing the country's resilient economic performance, Moody's Investors Service ("Moody's") had in December 2017, reaffirmed the Government's local and foreign currency issuer and senior unsecured bond ratings at A3, with the outlook being maintained at "stable". Similarly, in August 2017, Fitch Ratings affirmed Malaysia's Long-Term Foreign and Local-Currency Issuer Default Ratings ("IDRs") at "A-" with a stable outlook. During 2017, domestic inflation was driven mostly by movements in global oil prices. Malaysia's Consumer Price Index ("CPI") stood at 3.7% for the whole of 2017, which is within its Central Bank's target of 3.0% to 4.0%.

FDI plays a major role in stimulating the Malaysian economy and it serves as an impetus to the development of the country. Emerging markets, such as Malaysia, will continue to reap benefits as global investors undertake risk diversification in the region. Mega infrastructure projects such as the Mass Rapid Transit ("MRT") in Kuala Lumpur, High-Speed Rail, East Coast Rail Link and China's One Belt One Road initiatives will create new job opportunities and expand high value-added activities, which will pave the way for higher-income jobs. The weaker Ringgit over the past few years has also made Malaysia a more attractive investment destination. China remained as Malaysia's largest trading partner for the ninth consecutive year. The Malaysia-China bilateral trade reached a total amount of RM237.96 billion in the first 10 months of 2017, up 24.1% from the same period last year. In addition, the nation's trade and export activities to the European Union, Japan and the United States have also increased. The favourable news of Malaysia and China signing RM144.0 billion worth of agreements and the Saudi Aramco and Petronas RM31.0 billion deals have been noteworthy in lifting the positive business sentiment in Malaysia. Following a record high FDI in 2016, Malaysia recorded an FDI net inflow of RM39.2 billion in 2017. Notwithstanding the positive developments in the nation's FDI growth, the lingering uncertainties ahead of the 14th General Election ("GE14") will be seen as a risk to the country's political health. The 13th Malaysian Parliament was dissolved on 7 April 2018 to pave way for the GE14 which is now scheduled to be held on 9 May 2018.

Vietnam Economic Update

Vietnam saw a very positive year for its economic development notwithstanding that the year started off on a subdued note due to a prolonged drought. The country's economy expanded by 6.8% in 2017, the highest growth of the last decade and slightly higher than the Government's initial target of 6.7%. The robust GDP growth was driven by strong activity in the manufacturing and services sector as well as an increase in domestic demand and sturdy retail sales growth. Additionally, during the last quarter of the year, Vietnam's economy expanded 7.65% compared to the same period in the previous year. Vietnam emerged as one of the world's most impressive emerging market countries, achieving high growth rates and attracting significant foreign direct investment.

Meanwhile, through the implementation of market stabilisation measures by the Vietnamese Government, as well as the adoption of timely monetary policies by its Central Bank to bolster macroeconomic stability, Vietnam's core inflation growth was contained at 1.4% in 2017. Despite the nation's average CPI edging up by 3.53% against the previous year, it is still below the Vietnamese Government's target of 4.0%. Strong increases were recorded in the healthcare and education services, with hikes of 42.3% and 9.1% respectively, mainly caused by scheduled fee adjustments.

In July 2017, The State Bank of Vietnam unexpectedly eased the country's monetary policy by cutting its benchmark interest rate for the first time in three years from 6.5% to 6.25%. This was positive for the country's economic growth and as a result, the emergence of new companies hit a record high, with 127,000 new companies registered in 2017, well above the record of 110,000 firms set up the year before. Vietnam remained an attractive destination to foreign investors with total FDI inflow hitting a record high of US$35.9 billion, an increase of 44.4% against 2016. The nation's export revenue expanded by 21.0% in 2017 to reach US$213.7 billion, the highest in the past five years. Despite these notable achievements, there remain shortcomings in the country's economy, such as high public debt and non-performing loans, dependence on a low-cost labour force and depleting natural resources which need to be addressed soon.

PORTFOLIO REVIEW

MALAYSIA

Property Market Review

The Malaysian Property market remained in a lull in 2017, although some believed that the country's property market was on the road to recovery. Despite the country's improved economic growth, Malaysia's commercial and housing property markets continued to face a glut of supply. The key issues of price unaffordability, overhang of high-rise homes, rising cost of living and tight lending guidelines have had a dampening effect on the property market. According to the National Property Information Centre ("NAPIC"), the number of unsold properties in the country increased by 41.0% to 21,000 units, valued at RM12.3 billion, in the first half of 2017 compared to the corresponding period in the previous year. In a bid to avoid the oversupply issue affecting the nation's economy, the Government has recently frozen the approvals for developments of four components of the property market which include condominiums and serviced apartments priced at RM1.0 million and above. On a brighter side, the Malaysian Government has not proceeded with the proposal to increase stamp duty rates from 3.0% to 4.0% on transfer instruments for properties worth more than RM1.0 million, which was initially planned for 1 January 2018.

Malaysia's tourism sector remains as the third largest contributor to the country's economy and is one of the twelve National Key Economic Areas in the Government's vision to propel Malaysia to be a high-income nation by 2020. The Malaysian Government aspires to attract 36.0 million tourists to Malaysia which will generate income of RM168.0 billion by 2020. Sabah has, for instance, welcomed 3.68 million international and Malaysian tourists in 2017, representing an increase of 7.5% compared to the same period in 2016. Of this, 0.4 million of them were tourists from China. Room rates remained competitive and the average occupancy for hotels located in the Klang Valley for January to September increased by 5.0% year-on-year. From the beginning of September 2017, tourism tax was officially enforced by the Malaysian Government. A flat rate of RM10 per room per night for all hotel classifications has been imposed on foreign tourists. In addition, the nation has been recognised as the "Medical Travel Destination of the Year" for the third consecutive year at the International Medical Travel Journal's Medical Travel Awards 2017. The RM30.0 million allocations to the Malaysia Healthcare Travel Council under Budget 2018 will further spur the growth of the country's medical tourism industry.

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

- **SENI Mont' Kiara**
  SENI is a completed upmarket condominium development situated on one of the highest points in Mont' Kiara. The project consists of two 12-storey blocks and two 40-storey blocks, comprising 605 residential units. The majority of units command impressive views of the city skyline including the 88-storey Petronas Twin Towers and the KL Tower. Sales at SENI have progressed to 99.3% to date, with only four large units remaining unsold. Debt on the project was fully repaid.

- **The RuMa Hotel and Residences**
  This project is strategically located in the heart of Kuala Lumpur City Centre ("KLCC") on Jalan Kia Peng, near landmarks such as the world-famous Petronas Twin Towers, KLCC Convention Centre, Suria KLCC shopping mall, KLCC Park and the Grand Hyatt Kuala Lumpur. Aseana Properties owns 70.0% of this project and remaining 30.0% is owned by Ireka Corporation Berhad. The project consists of 199 units of luxury residences (The RuMa Residences) and a 253-room luxury bespoke hotel (The RuMa Hotel), built on 43,559 sq ft of development land. The RuMa Hotel will be managed by Urban Resort Concepts, a renowned bespoke hotel management company based in Shanghai, which created and operates the award-winning The Puli Hotel in Shanghai.

  Construction of the main building is expected to complete in June 2018. The RuMa Hotel and Residences was first launched in 2013. Sales were affected by the cooling measures imposed by the Government to curb property speculation as well as the current subdued property market in Malaysia. To date, total sales at The RuMa have increased marginally to 56.7%, based on signed sale and purchase agreements. During 2017 and year-to-date, the Manager has participated in various marketing and promotional events to boost sales of the remaining units, both locally and internationally, but the results were below expectation. Debt on the project was fully repaid.

- **Harbour Mall Sandakan**
  HMS commenced operations in July 2012. The occupancy rate at HMS is currently recorded at 71.4%. Notable tenants include Lotus Five Star Cinema, Popular Bookstore, Levi's, The Body Shop, Watsons and McDonalds, amongst others. Leasing initiatives at HMS to both local and international

retailers are ongoing. The outlook for HMS is promising, particularly with the opening of the cinema which has significantly increased the footfall to the Mall.

HMS is funded by medium term notes amounting to approximately US$24.3 million (RM100.0 million) as at 31 December 2017.

- **Four Points by Sheraton Sandakan Hotel**
  FPSS recorded an occupancy rate of 38.5% for year 2018 to date, with an Average Daily Rate of about US$57 (RM230). Sandakan's hotel occupancy has been greatly affected by on-going negative travel advisories issued by some countries in response to previous cases of kidnapping for ransom along the coast of Eastern Sabah. Occupancy has improved over the last two years in line with the marked improvement in coastal security in Sabah. The management of FPSS continues to improve the efficiency of its operations and to work with the relevant authorities to improve tourist arrivals to Sandakan. The impending extension of Sandakan Airport Runway will attract more commercial airlines and charter flights, especially from China, to fly directly to Sandakan.

- **Kota Kinabalu Seafront resort & residences**
  Aseana Properties acquired three adjoining plots of land totalling approximately 80 acres in September 2008 with the intention of developing a resort hotel, resort villas and resort homes at the seaside area in Kota Kinabalu, Sabah**.** In 2012, the Board decided not to proceed with the development and to dispose of the land instead. Marketing efforts are on-going and the Manager is currently in negotiation with a potential buyer.

VIETNAM

<u>Property Market Review</u>

The property market in Vietnam was buoyant in 2017 on the back of the nation's robust economic growth, a relatively stable currency, more stringent Government lending controls and interest rates, as well as the removal of barriers to foreign ownership. The announcement made in August 2017 concerning a draft amendment to the Land Law which allows foreigners to own properties for up to 99 years, as well as mortgaging of assets associated with land-use rights at foreign credit institutions, have created an impetus in the Vietnamese property market. FDI in the real estate sector has continually increased over the last five years and is ranked third in attracting FDI to Vietnam, accounting for 8.5% of the total registered capital of the country during the year.

The Vietnamese property market performed well as the country celebrated stellar GDP growth in 2017. The demand for residential property in the nation's two largest housing markets remained at strong levels in 2017. In HCMC, record sales of villas and townhouses were achieved during the last quarter of the year as new launches in the mid-end segment reached new heights. In addition, apartment sales in HCMC were over 15,100 units in Q4 2017, increasing 44.0% compared to last year.

Apart from the strength in the residential market, the office market in both HCMC and Hanoi was positive, recording healthy occupancy rates with the average occupancy in HCMC reaching as much as 96.0%. In tandem with the increase in newly registered businesses, Vietnam's office market is expected to continue to experience healthy absorption momentum and bustling new supply. Similarly, Vietnam's retail sector is attracting investments from many foreign enterprises owing to its favourable economic outlook, improved standard of living, increasingly open economy with rising employment opportunities and large population. The Government's policy of allowing foreign retailers to establish businesses with 100.0% foreign capital since 2015 has made Vietnam one of the world's leading investment destinations. According to AT Kearney, Vietnam is ranked 6th in the Global Retail Development Index in 2017, which signifies the nation's appeal in the retail market.

In line with the buoyant retail sector, Vietnam's tourism industry bore encouraging results in 2017. According to the Vietnam National Administration of Tourism, the number of international visitors during the year reached 12.9 million with tourism revenue reaching more than US$23.0 billion, an uplift of 29.1% and 25.0% respectively, compared to 2016. China and South Korea were still the largest sources of visitors with 6.4 million arrivals during the year. Furthermore, Vietnam jumped eight notches to the 67th position in the Travel and Tourism Competitiveness Report 2017, published by the World Economic Forum.

Aseana Properties now has two investments in Vietnam:-

- **International Healthcare Park**
  IHP is a planned mixed development on 37.5 hectares of land comprising private hospitals, mixed commercial, hospitality and residential developments. It is located in the Binh Tan District, close to Chinatown and is approximately 11 km from District 1, the central business and commercial district of HCMC. Aseana Properties has a 72.4% stake in this development and its minority partner, Hoa Lam Group holds a significant minority stake together with a consortium of investors from Singapore, Malaysia and Vietnam. There is a total of 19 plots of land which have been fully approved for development and Land Use Right ("LUR") issued and paid for 69 years lease. Of the 19 plots, 6 plots are dedicated to hospital and related functions. To date, 7 plots have been developed or divested. Apart from the international-class City International Hospital, IHP also boasts the largest AEON retail mall in Ho Chi Minh City.

  US$14.3 million of loan facilities to part finance the land and working capital remain outstanding as at 31 December 2017.

- **City International Hospital**
  Construction of CIH was completed in March 2013 and it commenced business in January 2014. CIH is a modern private care hospital conforming to international standards with 320 beds (Phase 1: 168 beds). In early 2018, the hospital appointed Dr John Lucas as the Chief Executive Officer ("CEO") to lead the operations team and to replace Dr Le Quoc Su, who left his position as the CEO of the hospital at the end of 2017. Prior to joining CIH, Dr John Lucas was the Medical Director of FV Hospital, where he was instrumental in achieving the first Joint Commission International ("JCI") accreditation in HCMC and transformed a stand-alone hospital into an integrated healthcare system. Dr Lucas has an excellent track record in managing world-class hospitals.

  The development of City International Hospital is funded by total facilities of US$37.1 million as at 31 December 2017.

OUTLOOK

Overall, Malaysia has fared well in 2017 as the country's economy remained bullish amid a combination of daunting domestic and external factors, which included the weak currency and low commodity prices at the beginning of the year. However, the country's property market is expected to remain flat and challenging going into 2018, with oversupply and affordability issues remaining unresolved. The impending 14th General Election brings with it lingering uncertainties that could somewhat dampen sentiment. Nevertheless, the recent curbs implemented by the Government on high-end properties are expected to provide a breather for the tough luxury residential sector. On the other hand, Vietnam's real estate market continues to maintain a positive growth rate due to the country's thriving and robust economic growth, which has propelled the nation's domestic property market.

Given the extension of life of Aseana Properties to 31 December 2019, the Manager, together with the Board of Directors of Aseana Properties remain focused on exploring all possible opportunities to divest the remaining assets in its portfolio in an orderly and timely manner.

In closing, please allow me to take this opportunity to express my warmest thanks to the Board of Directors of Aseana Properties, our advisors, shareholders and business associates for the relentless support and guidance rendered throughout the year.

LAI VOON HON
President
Ireka Development Management Sdn. Bhd.
Development Manager
26 April 2018

PERFORMANCE SUMMARY

	Year ended 31 December 2017	Year ended 31 December 2016
Total Returns since listing		
Ordinary share price	-47.00%	-48.00%
FTSE All-share index	26.71%	16.25%
FTSE 350 Real Estate Index	-39.43%	-45.11%
One Year Returns		
Ordinary share price	1.92%	15.56%
FTSE All-share index	9.00%	12.45%
FTSE 350 Real Estate Index	10.34%	-12.42%
Capital Values		
Total assets less current liabilities (US$ million)	189.03	188.62
Net asset value per share (US$)	0.69	0.68
Ordinary share price (US$)	0.53	0.52
FTSE 350 Real Estate Index	568.05	514.80
Debt-to-equity ratio		
Debt-to-equity ratio [1]	68.26%	58.75%
Net debt-to-equity ratio [2]	48.93%	40.01%
(Loss)/ Earnings Per Share		
Earnings per ordinary share - basic (US cents)	-2.10	8.89
- diluted (US cents)	-2.10	8.89

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 consolidated comprehensive profit of US$2.0 million for the financial year ended 31 December 2017, attributable to gains on disposal of lands and gains on foreign currency translation differences for foreign operations, offset by operating losses and finance costs of its International Healthcare Park, City International Hospital, Four Points by Sheraton Sandakan Hotel and Harbour Mall Sandakan.

STATEMENT OF COMPREHENSIVE INCOME

The Group registered revenue of US$19.1 million for the financial year ended 31 December 2017, compared to US$112.5 million for previous financial year. The revenue was mainly attributable to the sale of two plots of land at International Healthcare Park during the year, generating US$13.1 million, while the sale of Aloft Kuala Lumpur Sentral Hotel in 2016 generated revenue of US$104.3 million.

The Group recorded a net loss before taxation of US$5.0 million for the financial year ended 31 December 2017, compared to a net profit before taxation of US$16.2 million for the previous financial year. The disposal of the two plots of land at International Healthcare Park generated gains on disposal of US$5.0 million but were offset by operating losses and finance costs of International Healthcare Park of US$2.0 million, City International Hospital of US$5.4 million, Four Points by Sheraton Sandakan and Harbour Mall Sandakan of total US$1.6 million.

Net loss attributable to equity holders of the parent was US$4.2 million for the year ended 31 December 2017, compared to a net profit of US$18.9 million for previous financial year. Taxation for the year was higher at US$0.9 million (2016: US$0.7 million) due to an increase in the number of completed units of SENI and Tiffani sold in 2017.

The consolidated comprehensive income for the year ended 31 December 2017 was US$2.0 million (2016: US$10.5 million), which included gains on foreign currency translation differences for foreign operations of US$7.9 million (2016: losses of US$2.5 million) due to strengthening of Ringgit against US Dollars from RM4.4860/US$1.00 as at 31 December 2016 to RM4.0469/US$1.00 as at 31 December 2017. There was no fair value adjustment on available-for-sale assets in the financial year as the remaining shares in Nam Long Investment Corporation were sold in 2016.

Basic and diluted loss per share for the year ended 31 December 2017 were both US cents 2.10 (2016: Basic and diluted earnings per share of US cents 8.89).

STATEMENT OF FINANCIAL POSITION

Total assets as at 31 December 2017 were US$325.7 million, compared to US$294.4 million for previous year, representing an increase of US$31.3 million. This was mainly due to an increase in The RuMa inventories of US$32.7 million which is under construction.

Total liabilities as at 31 December 2017 were US$191.2 million, compared to US$152.2 million for previous year, representing an increase of US$39.0 million. This was mainly due to an increase of trade and other payables of US$29.1 million, which are attributable to The RuMa.

Net Asset Value per share at 31 December 2017 was US$ 0.69 (2016: US$ 0.68).

CASH FLOW AND FUNDING

Cash flow generated from operations before interest and tax paid was US$8.9 million for financial year ended 31 December 2017, compared to US$105.1 million for previous year. The latter was mainly due to disposal of Aloft Kuala Lumpur Sentral Hotel.

The Group generated net cash flow of US$2.1 million from investing activities, compared to US$9.4 million for previous year. The latter was mainly due to the disposal of the remaining shares in Nam Long Investment Corporation.

The Group's subsidiaries borrow to fund property development projects. As at 31 December 2017, the Group's gross borrowings stood at US$91.8 million (2016: US$83.6 million). The borrowings included a Dong loan of US$16.0 million equivalent which would be used to refinance part of the existing US Dollar loan for the City International Hospital. Net debt-to-equity ratio was 49.0% (2016: 40.0%). The Group will continue to focus on parring down its borrowings.

Finance income was US$0.39 million for financial year ended 31 December 2017 (2016: US$0.4 million). Finance costs were US$5.7 million (2016: US$9.6 million), incurred by International Healthcare Park, City International Hospital, Four Points by Sheraton Sandakan Hotel and Harbour Mall Sandakan.

On 10 January 2017 the Company returned US$10,000,500 to Shareholders by way of a Tender Offer, purchasing 13,334,000 shares, representing 6.29 per cent of the Company's share capital, at a price of US$0.75 per share.

EVENT AFTER STATEMENT OF FINANCIAL POSITION DATE

At a general meeting of the Company held on 23 April 2018, Shareholders voted in favour of the Board's proposals to reject the 2018 Discontinuation Resolution and to continue with the Company's investment policy, for a period of 18 months from the expected date of the 2018 AGM, 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. The Board believes this will maximise the value of the Company's assets and returns to Shareholders, both up to and upon the eventual liquidation of the Company.

To the extent that the Company has not disposed of all of its assets by 31 December 2019, Shareholders will be provided with an opportunity to review the future of the Company, which would include the option for shareholders to vote for the continuation of the Company.

DIVIDEND

No dividend was declared or paid in 2017 and 2016.

PRINCIPAL RISKS AND UNCERTAINTIES

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

TREASURY AND FINANCIAL RISK MANAGEMENT

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

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

MONICA LAI VOON HUEY
Chief Financial Officer
Ireka Development Management Sdn. Bhd.
Development Manager
26 April 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

Continuing activities	**Notes**	**2017 US$'000**	**2016 US$'000**
Revenue	3	**19,098**	112,535
Cost of sales	5	**(13,383)**	(77,547)
Gross profit		**5,715**	34,988
Other income	6	**14,176**	21,963
Administrative expenses		**(927)**	(1,466)
Foreign exchange gain/(loss)	7	**3,419**	(5,051)
Management fees	8	**(3,129)**	(3,331)
Marketing expenses		**(496)**	(99)
Other operating expenses		**(18,417)**	(21,625)
Operating profit		**341**	25,379
Finance income		**392**	401
Finance costs		**(5,744)**	(9,616)
Net finance costs	9	**(5,352)**	(9,215)
Net (loss)/profit before taxation	10	**(5,011)**	16,164
Taxation	11	**(863)**	(686)
(Loss)/Profit for the year		**(5,874)**	15,478
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		**7,863**	(2,534)
Fair value adjustment in relation to available-for-sale investments	12	**-**	(2,441)
Total other comprehensive income/(loss) for the year	12	**7,863**	(4,975)
Total comprehensive income for the year		**1,989**	10,503

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017 (cont'd)

Continuing activities	Notes	2017 US$'000	2016 US$'000
(Loss)/Profit attributable to:			
Equity holders of the parent	13	**(4,176)**	18,856
Non-controlling interests		**(1,698)**	(3,378)
(Loss)/Profit for the year		**(5,874)**	15,478
Total comprehensive income attributable to:			
Equity holders of the parent		**3,825**	13,674
Non-controlling interests		**(1,836)**	(3,171)
Total comprehensive income for the year		**1,989**	10,503
(Loss)/Earnings per share			
Basic and diluted (US cents)	13	**(2.10)**	8.89

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	2017 US$'000	2016 US$'000
Non-current assets			
Property, plant and equipment		**663**	743
Intangible assets	14	**4,201**	7,081
Deferred tax assets	15	**4,268**	1,623
Total non-current assets		**9,132**	9,447
Current assets			
Inventories	16	**278,879**	244,959
Trade and other receivables		**11,012**	11,571
Prepayments		**293**	1,093
Current tax assets		**372**	660
Cash and cash equivalents		**25,984**	26,650
Total current assets		**316,540**	284,933
TOTAL ASSETS		**325,672**	294,380
Equity			
Share capital	17	**10,601**	10,601
Share premium	18	**208,925**	218,926
Capital redemption reserve	19	**1,899**	1,899
Translation reserve		**(21,141)**	(29,142)
Accumulated losses		**(62,614)**	(58,922)
Shareholders' equity		**137,670**	143,362
Non-controlling interests		**(3,216)**	(1,148)
Total equity		**134,454**	142,214

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017 (cont'd)

	Notes	2017 US$'000	2016 US$'000
Non-current liabilities			
Loans and borrowings	21	**54,572**	46,405
Total non-current liabilities		**54,572**	46,405
Current liabilities			
Trade and other payables		**83,040**	53,880
Amount due to non-controlling interests	20	**13,400**	12,573
Loans and borrowings	21	**12,882**	10,807
Medium term notes	22	**24,324**	26,343
Current tax liabilities		**3,000**	2,158
Total current liabilities		**136,646**	105,761
Total liabilities		**191,218**	152,166
TOTAL EQUITY AND LIABILITIES		**325,672**	294,380

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Redeemable Ordinary Shares US$'000	Management Shares US$'000	Share Premium US$'000	Capital Redemption Reserve US$'000	Translation Reserve US$'000	Fair Value Reserve US$'000	Accumulated Losses US$'000	Total Equity Attributable to Equity Holders of the Parent US$'000	Non-Controlling Interests US$'000	Total Equity US$'000
1 January 2016	**10,601**	- *	**218,926**	**1,899**	**(26,401)**	**2,441**	**(77,301)**	**130,165**	**1,433**	**131,598**
Issuance of management shares (Note 17)	-	- *	-	-	-	-	-	-	-	-*
Changes in ownership interests in subsidiaries (Note 24)	-	-	-	-	-	-	(477)	(477)	477	-
Non-controlling interests contribution	-	-	-	-	-	-	-	-	113	113
Profit for the year	-	-	-	-	-	-	18,856	18,856	(3,378)	15,478
Total other comprehensive loss for the year	-	-	-	-	(2,741)	(2,441)	-	(5,182)	207	(4,975)
Total comprehensive income for the year	-	-	-	-	(2,741)	(2,441)	18,856	13,674	(3,171)	10,503
At 31 December 2016/ 1 January 2017	**10,601**	**-***	**218,926**	**1,899**	**(29,142)**	**-**	**(58,922)**	**143,362**	**(1,148)**	**142,214**
Share buy back (Note 18)	-	-	(10,001)	-	-	-	-	(10,001)	-	(10,001)
Changes in ownership interests in subsidiaries (Note 24)	-	-	-	-	-	-	484	484	(484)	-
Non-controlling interests contribution	-	-	-	-	-	-	-	-	252	252
Loss for the year	-	-	-	-	-	-	(4,176)	(4,176)	(1,698)	(5,874)
Total other comprehensive income for the year	-	-	-	-	8,001	-	-	8,001	(138)	7,863
Total comprehensive income for the year	-	-	-	-	8,001	-	(4,176)	3,825	(1,836)	1,989
Shareholders' equity at 31 December 2017	**10,601**	**-***	**208,925**	**1,899**	**(21,141)**	**-**	**(62,614)**	**137,670**	**(3,216)**	**134,454**

*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 2017

	Notes	2017 US$'000	2016 US$'000
Cash Flows from Operating Activities			
Net (loss)/profit before taxation		**(5,011)**	16,164
Finance income		**(392)**	(401)
Finance costs		**5,744**	9,616
Unrealised foreign exchange (gain)/loss	7	**(2,973)**	4,939
Disposal/Impairment of intangible assets	14	**2,880**	152
Depreciation of property, plant and equipment	10	**84**	98
Gain on disposal of available-for-sale investments		**-**	(2,285)
Gain on disposal of property, plant and equipment		**-**	(5)
Operating profit before changes in working capital		**332**	28,278
Changes in working capital:			
(Increase)/Decrease in inventories		**(20,459)**	55,303
Decrease in trade and other receivables and prepayments		**1,449**	6,103
Increase in trade and other payables		**27,589**	15,426
Cash generated from operations		**8,911**	105,110
Interest paid		**(5,744)**	(9,616)
Tax paid		**(2,606)**	(318)
Net cash from operating activities		**561**	95,176
Cash Flows from Investing Activities			
Proceeds from disposal of available-for-sale investments	(iii)	**893**	8,955
Purchase of property, plant and equipment		**(5)**	-
Proceeds from disposal of property, plant and equipment		**-**	5
Proceeds from disposal of an indirectly held subsidiary	23	**800**	-
Finance income received		**392**	401
Net cash from investing activities		**2,080**	9,361

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017 (cont'd)

	Notes	2017 US$'000	2016 US$'000
Cash Flows from Financing Activities			
Advances from non-controlling interests		**327**	2,819
Issuance of ordinary shares of subsidiaries to non-controlling interests	(ii)	**252**	113
Issuance of management shares		**-**	-*
Share buy back	18	**(10,001)**	-
Repayment of loans and borrowings	21	**(14,773)**	(17,057)
Repayment of medium term notes	22	**(4,615)**	(87,823)
Drawdown of loans and borrowings	21	**25,038**	1,571
Net decrease/(increase) in pledged deposits for loans and borrowings and Medium Term Notes		**7,923**	(698)
Deposits subject to restriction in use	(iv)	**(13,867)**	-
Net cash used in financing activities		**(9,716)**	(101,075)
Net changes in cash and cash equivalents during the year		**(7,075)**	3,462
Effect of changes in exchange rates		**(270)**	(155)
Cash and cash equivalents at the beginning of the year	(i)	**16,639**	13,332
Cash and cash equivalents at the end of the year	(i)	**9,294**	16,639

*represents 2 management shares at US$0.05 each

(i) Cash and Cash Equivalents
Cash and cash equivalents included in the consolidated statement of cash flows comprise the following consolidated statement of financial position amounts:

Cash and bank balances		**10,343**	14,858
Short term bank deposits		**15,641**	11,792
		25,984	26,650
Less Deposits subject to restriction in use	(iv)	**(13,867)**	-
Less: Deposits pledged	(v)	**(2,823)**	(10,011)
Cash and cash equivalents		**9,294**	16,639

(ii) During the financial year, US$252,000 (2016: US$113,000) of ordinary shares of subsidiaries were issued to non-controlling shareholders which was satisfied via cash consideration.

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

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

(v) Included in short term bank deposits and cash and bank balance is US$2,823,000 (2016US$10,011,000) pledged for loans and borrowings and Medium Term Notes of the Group

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

2 BASIS OF PREPARATION

2.1 Statement of compliance and going concern

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

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

The financial statements have been prepared on the historical cost basis and on the assumption that the Group and the Company are going concerns.

The Group has prepared and considered prospective financial information based on assumptions and events that may occur for at least 12 months from the date of approval of the financial statements and the possible actions to be taken by the Group. Prospective financial information includes the Group's profit and cash flow forecasts for the ongoing projects. In preparing the cash flow forecasts, the Directors have considered the availability of cash, adequacy of bank loans and medium term notes and also the refinancing of the medium term notes (as described in Notes 21 and 22) and the Directors believe that the business will be able to realise its assets and discharge its liabilities in the normal course of business for at least 12 months from the date of the approval of these financial statements.

The Directors expect to raise sufficient funds to finance the completion of the Group's existing projects and the necessary working capital via the disposal of its development lands in Vietnam and East Malaysia, its existing units of condominium inventories in West Malaysia, and through the disposals of the City International Hospital, the Four Points Sheraton Sandakan Hotel and the Harbour Mall Sandakan.

Should the planned disposals of the assets not materialise, or are delayed, the Directors expect to "roll-over" the medium term notes which are due to expire in the next 12 months, given that the notes are "AAA" rated and secured by two completed inventories of the Group with carrying amount of US$81.31 million as at 31 December 2017. Included in the terms of the medium term notes programme is an option for the Group to refinance the notes, as and when they expire. This option to refinance is available until 2021.

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

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

2.1.1 2018 Discontinuation Resolution

When the Company was launched in 2007, the Board considered it desirable that Shareholders should have an opportunity to review the future of the Company at appropriate intervals. Accordingly, at the 2015 AGM, held on 22 June 2015, the Board put forward a resolution to Shareholders to determine if the Company should continue in existence. Shareholders voted for the Company to continue in existence, at the same time as approving the adoption of a divestment investment policy to enable the controlled, orderly and timely realisation of the Company's assets, with the objective of achieving a balance between periodically returning cash to Shareholders and maximising the realisation value of the Company's investments (the "Divestment Investment Policy"). Pursuant to the Divestment Investment Policy, the Company committed to dispose of all of its assets by June 2018, ahead of the annual general meeting of the Company to be held in 2018 (the "2018 AGM"), at which, pursuant to the Existing Articles, the Board is required to propose a discontinuation resolution for the Company to cease trading as presently constituted (the "2018 Discontinuation Resolution").

Whilst significant progress has been made in realising the Company's assets in an orderly manner and paying down project debts since the Divestment Investment Policy was adopted, not all of the Company's assets have yet been realised. Although discussions are ongoing in relation to the realisation of the Company's remaining assets, the Board cannot be certain that these discussions will successfully conclude by June 2018 and therefore ahead of the 2018 AGM and the 2018 Discontinuation Resolution.

At a general meeting of the Company held on 23 April 2018, Shareholders voted in favour of the Board’s proposals to reject the 2018 Discontinuation Resolution and to continue with the Company’s investment policy, for a period of 18 months from the expected date of the 2018 AGM, 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. The Board believes this will maximise the value of the Company’s assets and returns to Shareholders, both up to and upon the eventual liquidation of the Company.

To the extent that the Company has not disposed of all of its assets by 31 December 2019, Shareholders will be provided with an opportunity to review the future of the Company, which would include the option for shareholders to vote for the continuation of the Company.

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

2.1.2 Statement of Compliance

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

New/Revised International Financial Reporting Standards		Issued/Revised	Effective Date
IFRS 9 Financial Instruments	Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	July 2014	Effective for annual periods beginning on or after 1 January 2018
IFRS 10 Consolidated Financial Statements	Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	December 2015	Deferred indefinitely
IFRS 15 Revenue from Contracts with Customers	IASB defers effective date to annual periods beginning on or after 1 January 2018	April 2016	Effective for annual periods beginning on or after 1 January 2018
IFRS 16 Leases	Original Issue	January 2016	Effective for annual periods beginning on or after 1 January 2019
IFRIC 22 Foreign Currency Transactions and Advance Consideration	IFRIC 22 clarifies that the date of the transaction - which is used to determine the spot exchange rate for translating the related item on initial recognition - is the date of the initial recognition of the non-monetary asset or liability arising from the payment or receipt of the advance consideration.	December 2016	Effective date to be confirmed.
Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 1 First-time Adoption of IFRSs and IAS 28 Investments in Associates and Joint Ventures)	Amendments to IFRS 1 delete the short-term exemptions provided by Appendix E6-E7 of IFRS 1. As a result, a first-time adopter transitioning to IFRS on or after 1 January 2018 assesses whether it qualifies as an investment entity retrospectively.	December 2016	Effective for annual periods beginning on or after 1 January 2018

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

(a) IFRS 9, Financial instruments

IFRS 9 is applicable to the Group's Consolidated Financial Statements for the year ending 31 December 2018. The new standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It simplifies the existing categories of financial instruments, introduces an expected credit loss model and redefines the criteria required for hedge effectiveness. On adoption of the new standard, these changes are not expected to have a material impact on the consolidated financial statements of the Group. There will however be limited changes to presentation and disclosure.

(b) IFRS 15, Revenue from contracts with customers

IFRS 15 replaces the guidance in IFRS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for Construction of Real Estate and IFRIC 18, Transfer of Assets from Customers which is applicable to the Group's Consolidated Financial Statements for the year ending 31 December 2018.

The Group currently applies IAS 18, Revenue and IFRIC 15, Agreements for Construction of Real Estate for revenue recognition from its sales of land held for property development, work-in-progress and stock of completed units. Revenue is recognised at a point in time when the effective control of ownership of the properties is transferred to the customers when the completion certificate or occupancy permit has been issued.

The adoption of the new standard is not expected to have a material impact on the consolidated financial statements of the Group, except for the effect of changes to the timing of revenue recognition for the property development activities of serviced residences under The RuMa Hotel and Residences ("The RuMa").

Revenue from the development of serviced residences is recognised as and when the control of the asset is transferred to the customer 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 customer. 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 from the development of serviced residences is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The Directors are currently assessing and have yet to quantify the potential financial impact of the initial application of the standard to the Group.

(c) IFRS 16, Leases

IFRS 16 replaces, the guidance in IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases – Incentives and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of Lease. The Directors are currently determining the impact of IFRS 16.

3 REVENUE AND SEGMENTAL INFORMATION

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

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

3.1 Revenue recognised during the year as follows:

	2017 US$'000	2016 US$'000
Sales of land held for property development	**13,132**	411
Sale of completed units	**5,966**	112,124
	19,098	112,535

3.2 Segmental Information

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

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

The Group's reportable operating segments are as follows:

(i) Investment Holding Companies – investing activities;
(ii) Ireka Land Sdn. Bhd. – develops Tiffani ("Tiffani") by i-ZEN;
(iii) ICSD Ventures Sdn. Bhd. – owns and operates Harbour Mall Sandakan ("HMS") and Four Points by Sheraton Sandakan Hotel ("FPSS");
(iv) Amatir Resources Sdn. Bhd. – develops SENI Mont' Kiara ("SENI");
(v) Iringan Flora Sdn. Bhd. – owns and operates Aloft Kuala Lumpur Sentral Hotel ("AKLS");
(vi) Urban DNA Sdn. Bhd.– develops The RuMa Hotel and Residences("The Ruma"); and
(vii) 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 2017 and 2016.

Information regarding the operations of each reportable segment is Notes 3.3. The Executive Management monitors the operating results of each segment for the purpose of performance assessments and making decisions on resource allocation. Performance is based on segment gross profit/(loss) and profit/(loss) before taxation, which the Executive Management believes are the most relevant in evaluating the results relative to other entities in the industry. Segment assets presented are inclusive of inter-segment balances and inter-segment pricing is determined on an arm's length basis.

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

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

Operating Segments – ended 31 December 2017

	Investment Holding Companies US$'000	Ireka Land Sdn. Bhd. US$'000	ICSD Ventures Sdn. Bhd. US$'000	Amatir Resources Sdn. Bhd. US$'000	Urban DNA Sdn. Bhd. US$'000	Hoa Lam Shangri-La Healthcare Group US$'000	Total US$'000
Segment profit/ (loss) before taxation	1,077	(432)	(1,554)	193	(1,413)	(2,852)	(4,981)
Included in the measure of segment profit/ (loss) are:							
Revenue	-	935	-	5,031	-	13,132	19,098
Other income from hotel operations	-	-	3,842	-	-	-	3,842
Other income from mall operations	-	-	1,440	-	-	-	1,440
Other income from hospital operations	-	-	-	-	-	8,234	8,234
Disposal of intangible assets	-	-	-	(53)	-	(2,827)	(2,880)
Marketing expenses	-	-	-	(8)	(488)	-	(496)
Expenses from hotel operations	-	-	(3,939)	-	-	-	(3,939)
Expenses from mall operations	-	-	(1,488)	-	-	-	(1,488)
Expenses from hospital operations	-	-	-	-	-	(10,491)	(10,491)
Depreciation of property, plant and equipment	-	-	-	-	-	(84)	(84)
Finance costs	-	-	(1,713)	-	-	(4,031)	(5,744)
Finance income	6	2	236	12	23	113	392
Segment assets	735	523	83,525	15,438	106,355	104,829	311,405

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

Profit or loss	**US$'000**
Total profit for reportable segments	**(4,981)**
Other non-reportable segments	**30**
Consolidated profit before taxation	**(5,011)**

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

Operating Segments – ended 31 December 2016

	Investment Holding Companies US$'000	Ireka Land Sdn. Bhd. US$'000	ICSD Ventures Sdn. Bhd. US$'000	Amatir Resources Sdn. Bhd. US$'000	Iringan Flora Sdn. Bhd. US$'000	Urban DNA Sdn. Bhd. US$'000	Hoa Lam Shangri-La Healthcare Group US$'000	Total US$'000
Segment profit/ (loss) before taxation	**(4,410)**	**135**	**(6,237)**	**515**	**37,223**	**(1,338)**	**(9,359)**	**16,529**
Included in the measure of segment profit/ (loss) are:								
Revenue	-	1,306	-	6,529	104,289	-	411	112,535
Other income from hotel operations	-	-	3,435	-	8,762	-	-	12,197
Other income from mall operations	-	-	1,041	-	-	-	-	1,041
Other income from hospital operations	-	-	-	-	-	-	5,754	5,754
Impairment of inventory *	-	-	(2,408)	-	-	-	-	(2,408)
Disposal of intangible assets	-	-	-	(79)	-	-	(73)	(152)
Marketing expenses	-	-	-	-	-	(99)	-	(99)
Expenses from hotel operations	-	-	(3,763)	-	(5,719)	-	-	(9,482)
Expenses from mall operations	-	-	(1,399)	-	-	-	-	(1,399)
Expenses from hospital operations	-	-	-	-	-	-	(9,039)	(9,039)
Depreciation of property, plant and equipment	-	-	(6)	-	(3)	-	(89)	(98)
Finance costs	-	-	(2,992)	-	(1,957)	-	(4,363)	(9,312)
Finance income	57	2	258	9	2	7	66	401
Segment assets	**12,160**	**1,843**	**76,174**	**18,722**	**-**	**69,618**	**97,833**	**276,350**

* The amount relates to impairment of FPSS as the recoverable amount, estimated based on its net realisable value, is below its carrying amount (refer to Note 16).

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

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

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

2017 US$'000	Revenue	Depreciation	Finance costs	Finance income	Segment assets	Additions to non-current assets
Total reportable segment	**19,098**	**(84)**	**(5,744)**	**392**	**311,405**	**-**
Other non-reportable segments	**-**	**-**	**-**	**-**	**14,267**	**5**
Consolidated total	**19,098**	**(84)**	**(5,744)**	**392**	**325,672**	**5**

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

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

Geographical Information – ended 31 December 2017

	Malaysia US$'000	Vietnam US$'000	Consolidated US$'000
Revenue	**5,966**	**13,132**	**19,098**
Non-current assets	**4,954**	**4,178**	**9,132**

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

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

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

Geographical Information – ended 31 December 2016

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

Included in the revenue of the Group for the financial year ended 31 December 2016 is revenue from the sale of Aloft Kuala Lumpur Sentral Hotel ("AKLS") and a plot of land (Lot GD1) at the IHP.

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

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

4 SEASONALITY

The Group's business operations are not materially affected by seasonal factors for the period under review.

5 COST OF SALES

	2017 US$'000	2016 US$'000
Direct costs attributable to:		
Completed units (Note 16)	**5,212**	74,796
Sales of land held for property development (Note 16)	**5,291**	191
Impairment of inventory (Note 16)	**-**	2,408
Disposal/Impairment of intangible assets (Note 14)	**2,880**	152
	13,383	77,547

Included in the cost of sales of the Group for the financial year ended 31 December 2017 is cost of sales related to the sale of two plots of land (Lot D2 and D3) at the IHP (2016: sale of Aloft Kuala Lumpur Sentral and a plot of land (Lot GD1) at the IHP).

6 OTHER INCOME

	2017 US$'000	2016 US$'000
Dividend income	**-**	208
Gain on disposal of available-for-sale investments	**-**	2,285
Gain on disposal of property, plant and equipment	**-**	5
Rental income	**260**	211
Other income from hotel operations (a)	**3,842**	12,197
Other income from mall operations (b)	**1,440**	1,041
Other income from hospital operations (c)	**8,234**	5,754
Sundry income	**400**	262
	14,176	21,963

(a) Other income from hotel operations

The income in 2017 relates to the hotel operations of FPSS which is owned by a subsidiary of the Company, ICSD Ventures Sdn. Bhd. The income in 2016 includes the income from hotel operations of FPSS and AKLS amounting to US$3,435,000 and US$8,762,000 respectively. AKLS was owned by a subsidiary of the Company, Iringan Flora Sdn. Bhd which was disposed of in 2016. 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.

7 FOREIGN EXCHANGE GAIN/(LOSS)

	2017 US$'000	2016 US$'000
Foreign exchange gain/(loss) comprises:		
Realised foreign exchange gain/(loss)	**446**	(112)
Unrealised foreign exchange gain/(loss)	**2,973**	(4,939)
	3,419	(5,051)

8 MANAGEMENT FEES

	2017 US$'000	2016 US$'000
Management fees	**3,129**	3,331

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

In addition to the annual management fee, the Development Manager is entitled to a performance fee calculated at 20% of the out performance of the net asset value over a total compounded return hurdle rate of 10% per annum. No performance fee has been paid or accrued during the year (2016: US$Nil).

9 FINANCE (COSTS)/ INCOME

	2017 US$'000	2016 US$'000
Interest income from banks	**392**	401
Agency fees	**(34)**	(194)
Arrangement fee	**-**	(621)
Bank guarantee commission	**-**	(50)
Interest on bank loans	**(4,031)**	(4,313)
Interest on financial liabilities at amortised cost	**-**	(1)
Interest on medium term notes	**(1,679)**	(4,437)
	(5,352)	(9,215)

10 NET (LOSS) /PROFIT BEFORE TAXATION

	2017 US$'000	2016 US$'000
Net (loss)/profit before taxation is stated after charging/(crediting):		
Auditor's remuneration	**202**	205
Directors' fees/emoluments	**235**	297
Depreciation of property, plant and equipment	**84**	98
Expenses of hotel operations	**3,939**	9,482
Expenses of mall operations	**1,488**	1,399
Expenses of hospital operations	**10,491**	9,039
Unrealised foreign exchange (gain)/loss	**(2,973)**	4,939
Realised foreign exchange (gain)/loss	**(446)**	112
Disposal/impairment of intangible assets	**2,880**	152
Loss on disposal of an indirectly held subsidiary (Note 23)	**1,298**	-
Gain on disposal of available-for-sale investments	-	(2,285)
Gain on disposal of property, plant and equipment	-	(5)
Tax services	**13**	8

11 TAXATION

	2017 US$'000	2016 US$'000
Current tax– Current year	**3,096**	796
– Prior year	**412**	262
Deferred tax credit– Current year	**(2,046)**	(354)
– Prior year	**(599)**	(18)
Total tax expense for the year	**863**	686

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

	2017 US$'000	2016 US$'000
Net (loss)/profit before taxation	**(5,011)**	16,164
Income tax at a rate of 24% (2016:24%)	**(1,203)**	3,879
Add :		
Tax effect of expenses not deductible in determining taxable profit	**592**	6,854
Current year losses and other tax benefits for which no deferred tax asset was recognised	**1,742**	2,029
Tax effect of different tax rates in subsidiaries	**590**	1,521
Less :		
Tax effect of income not taxable in determining taxable profit	**(671)**	(13,841)
(Over)/Under provision in respect of prior years	**(187)**	244
Total tax expense for the year	**863**	686

The applicable corporate tax rate in Malaysia is 24% (2016: 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% (2016: 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.

The tax effect of income not taxable in determining taxable profit for the prior year mainly relates to the net gain on disposal from the sale of the AKLS.

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

12 COMPREHENSIVE INCOME/(LOSS)

Items that are or may be reclassified subsequently to profit or loss, net of tax	**2017 US$'000**	**2016 US$'000**
Foreign currency translation differences for foreign operations		
Gains/(Losses) arising during the year	**8,944**	(3,522)
Reclassification to profit or loss on disposal of land held for property development	**61**	988
Reclassification to profit or loss on disposal of an indirectly held subsidiary	**(1,142)**	-
	7,863	(2,534)
Fair value of available-for-sale investment		
Losses arising during the year	**-**	(233)
Reclassification adjustments for gain on disposal included in profit or loss	**-**	(2,208)
	-	(2,441)
	7,863	(4,975)

13 (LOSS)/EARNINGS PER SHARE

Basic and diluted (loss)/earnings per ordinary share

The calculation of basic and diluted (loss)/earnings per ordinary share for the year ended 31 December 2017 was based on the (loss)/profit attributable to equity holders of the parent and a weighted average number of ordinary shares outstanding, calculated as below:

	2017	2016
(Loss)/Profit attributable to equity holders of the parent (US$000)	**(4,176)**	18,856
Weighted average number of shares	**199,019,784**	212,025,002
(Loss)/Earnings per share		
Basic and diluted (US cents)	**(2.10)**	8.89

Weighted average number of ordinary shares

	2017	2016
Issued ordinary shares at 1 January	**212,025,002**	212,025,002
Effect of share buy back (Note 18)	**(13,005,218)**	-
Weighted average number of ordinary shares at 31 December	**199,019,784**	212,025,002

14 INTANGIBLE ASSETS

	Licence Contracts and Related Relationships US$'000	Goodwill US$'000	Total US$'000
Cost			
At 1 January 2016/ 31 December 2016 / 31 December 2017	**10,695**	**6,479**	**17,174**
Accumulated impairment			
At 1 January 2016	**4,276**	**5,665**	**9,941**
Disposals	73	79	152
At 31 December 2016 / 1 January 2017	**4,349**	**5,744**	**10,093**
Disposals	2,827	53	2,880
At 31 December 2017	**7,176**	**5,797**	**12,973**
Carrying amounts			
At 31 December 2016	6,346	735	7,081
At 31 December 2017	**3,519**	**682**	**4,201**

The licence contracts and related relationships represent the Land Use Rights ("LUR") for the Group's lands in Vietnam. LUR represents the rights to develop the IHP within a lease period ending on 9 July 2077. In 2017, the Group disposed of its undeveloped land in the IHP (Lot D2 and D3) to third party purchasers (2016: Lot GD1).

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:

	2017 US$'000	2016 US$'000
Licence contracts and related relationships		
International Healthcare Park	**3,519**	6,346
Goodwill		
SENI Mont' Kiara	**132**	185
Sandakan Harbour Square	**550**	550
	682	735

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 16).

Intangible assets of US$53,000 (2016: US$79,000) and US$2,827,000 (2016: US$73,000) in relation to SENI and IHP projects respectively were written down as certain components from the developments were sold during the year.

15 DEFERRED TAX ASSETS

	2017 US$'000	2016 US$'000
At 1 January	**1,623**	1,337
Exchange adjustments	**311**	(86)
Deferred tax credit relating to origination of temporary differences during the year	**2,334**	372
At 31 December	**4,268**	1,623

The deferred tax assets comprise:

	2017 US$'000	2016 US$'000
Taxable temporary differences between accounting profit and taxable profit of property development units sold	**4,268**	1,623
At 31 December	**4,268**	1,623

Deferred tax assets have not been recognised in respect of unused tax losses of US72,240,000 (2016: US$65,440,000) and other tax benefits which includes temporary differences between net carrying amount and tax written down value of property, plant and equipment, accrual of construction costs and other deductible temporary differences of US$4,920,000 (2016: US$4,460,000) which are available for offset against future taxable profits. Deferred tax assets have not been recognised due to the uncertainty of the recovery of the losses.

16 INVENTORIES

	Notes	2017 US$'000	2016 US$'000
Land held for property development	**(a)**	**19,021**	22,514
Work-in-progress	**(b)**	**95,450**	62,708
Stock of completed units, at cost	**(c)**	**163,880**	159,334
Consumables		**528**	403
At 31 December		**278,879**	244,959
Carrying amount of inventories pledged as security for Loans and borrowings and Medium Term Notes		**156,857**	148,427

(a) Land held for property development

	2017 US$'000	2016 US$'000
At 1 January	**22,514**	23,223
Add :		
Exchange adjustments	**925**	(604)
Additions/(disposal)	**873**	86
At 31 December	**24,312**	22,705
Less: Costs recognised as expenses in the consolidated statement of comprehensive income during the year (Note 5)	**(5,291)**	(191)
At 31 December	**19,021**	22,514

(b) Work-in-progress

	2017 US$'000	2016 US$'000
At 1 January	**62,708**	53,182
Add :		
Exchange adjustments	**6,809**	(3,967)
Work-in-progress incurred during the year	**25,933**	13,493
At 31 December	**95,450**	62,708

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

(c) Stock of completed units, at cost

	2017 US$'000	2016 US$'000
At 1 January	**159,334**	230,436
Less :		
Exchange adjustments	**9,758**	6,102
Costs recognised as expenses in the consolidated statement of comprehensive income during the year (Note 5)	**(5,212)**	(74,796)
Impairment of inventory	**-**	(2,408)
At 31 December	**163,880**	159,334

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

Included in the stock of completed units are SENI as well as the following completed units:

Four Points by Sheraton Sandakan Hotel ("FPSS")

The recoverable amount of FPSS was determined based on an internal valuation performed by management, supported by valuation undertaken by an external, independent valuer with appropriate recognised professional qualification. The recoverable amount US$40,788,000 (2016: US$37,012,000) of FPSS was determined to approximate with its carrying amount. In 2016, impairment loss of US$2,408,000 in relation to inventory amount was included in cost of sales.

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

(1) Cash flows were projected based on past experience, actual operating results in 2017 and the 10 years budget of FPSS;

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

(3) Average daily rates of the hotel will improve to US$103 in 2027 which is when the hotel's operations are expected to stabilise;

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

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

Sensitivity analysis

The above estimates are sensitive in the following key areas:

(a) an increase/(decrease) of 1% in discount rate used would have (decreased)/ increased the recoverable amount by approximately (US$5,342,000)/US$6,624,000;

(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$758,000/ (US$758,000); and

(c) an increase/(decrease) of 5% in average daily rates throughout the entire projection term used would have increased/ (decreased) the recoverable amount by approximately US$3,476,000/ (US$3,476,000).

Harbour Mall Sandakan ("HMS")

The recoverable amount of HMS was determined based on an internal valuation performed by management, supported by valuation undertaken by an external, independent valuer with appropriate recognised professional qualification. The recoverable amount US$43,490,000 (2016: US$41,237,000) of HMS was determined to be higher than its carrying amount and no impairment losses in relation to the inventory amount was recognised.

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

(1) Occupancy rate will improve to 95% by 2020 which is when the mall's operations are expected to stabilise;

(2) Projected optimum average rental rates to improve to US$1.44 per square feet over a ten-year period;

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

(4) Capitalisation rate assumed at 6%; and

(5) Capitalisation period of 84 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$1,730,000)/ US$1,730,000;

(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$494,000/ (US$494,000); and

(c) an increase/(decrease) of 5% in average rental rate used would have increased /(decreased) the recoverable amount by approximately US$1,977,000/ (US$2,224,000).

City International Hospital ("CIH")

The recoverable amount US$75,200,000 (2016: US$75,200,000) of CIH was determined based on a valuation by an external, independent valuer with appropriate recognised professional qualification. The recoverable amount of CIH was determined to be higher than its carrying amount and no impairment losses in relation to the inventory amounts was recognised.

The valuation of CIH was determined 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 experience, actual operating results in 2017 and the 5 years budget of CIH 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 25% from 2018 to 2022;

(3) Pre-tax discount rate of 12% was applied in discounting the cash flows. The discount rates take into the prevailing trend of the hospital industry in Vietnam; and

(4) Terminal capitalisation rate of 10% was applied. The rates take into the prevailing trend of the hospital industry in Vietnam.

Sensitivity analysis

The above estimates are sensitive in the following key areas:

(a) an increase/(decrease) of 1% in revenue growth rates would have increased/(decreased) the recoverable amount by approximately US$2,100,000/(US$3,900,000);

(b) an increase/(decrease) of 1% in discount rate used would have (decreased)/increased the recoverable amount by approximately (US$5,502,000)/ US$6,023,000; and

(c) an increase/(decrease) of 1% in capital terminalisation rate used would have (decreased)/increased the recoverable amount by approximately (US$3,739,000)/ US$4,481,000.

17 SHARE CAPITAL

	Number of shares 2017 ’000	Amount 2017 US$’000	Number of shares 2016 ’000	Amount 2016 US$’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 subjected 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.

18 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.

	2017 US$'000	2016 US$'000
At 1 January	**218,926**	218,926
Treasury shares	**(10,001)**	-
As at 31 December	**208,925**	218,926

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

19 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.

20 AMOUNT DUE TO NON-CONTROLLING INTERESTS

	2017 US$'000	2016 US$'000
Current		
Minority Shareholder of Bumiraya Impian Sdn. Bhd.:		
- Global Evergroup Sdn. Bhd.	**1,225**	1,105
Minority Shareholders of Hoa Lam Services Co Ltd:		
- Tran Thi Lam	**1,756**	1,752
- Tri Hanh Consultancy Co Ltd	**3,954**	3,944
- Hoa Lam Development Investment Joint Stock Company	**2,560**	2,228
- Duong Ngoc Hoa	**227**	226
Minority Shareholder of The RuMa Hotel KL Sdn. Bhd.:		
- Ireka Corporation Berhad	**2**	2
Minority Shareholder of Urban DNA Sdn. Bhd.:		
- Ireka Corporation Berhad	**3,676**	3,316
	13,400	12,573

The current amount due to non-controlling interests amounting to US$13,400,000 (2016: US$12,573,000) is unsecured, interest free and repayable on demand.

21 LOANS AND BORROWINGS

	2017 US$'000	2016 US$'000
Non-current		
Bank loans	**54,572**	46,405
	54,572	46,405
Current		
Bank loans	**12,882**	10,804
Finance lease liabilities	**-**	3
	12,882	10,807
	67,454	57,212

The effective interest rates on the bank loans for the year ranged from 5.35% to 10.50% (2016: 5.25% to 10.50%) per annum. In 2016, the effective interest rates for finance lease arrangements was at 2.50% per annum.

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

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

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

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

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

Finance lease liabilities are payable as follows:

	Future minimum lease payment 2017 US$'000	**Interest 2017 US$'000**	**Present value of minimum lease payment 2017 US$'000**	**Future minimum lease payment 2016 US$'000**	**Interest 2016 US$'000**	**Present value of minimum lease payment 2016 US$'000**
Within one year	**-***	**-**	**-**	**3**	**-**	**3**
Between one and five years	**-**	**-**	**-**	**-**	**-**	**-**
	-*	**-**	**-**	**3**	**-**	**3**

***** *Finance lease liabilities has been repaid in the current financial year.*

22 MEDIUM TERM NOTES

	2017 US$'000	**2016 US$'000**
Outstanding medium term notes	**24,710**	26,748
Net transaction costs	**(386)**	(405)
Less:		
Repayment due within twelve months *	**(24,324)**	(26,343)
Repayment due after twelve months	**-**	-

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

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

* Includes net transaction costs in relation to medium term notes due within twelve months of US$0.39 million (2016: US$0.40 million).

The medium term notes ("MTNs") were issued pursuant to a programme with a tenure of ten (10) years from the first issue date of the notes. The MTNs were issued by a subsidiary, to fund two development projects known as Sandakan Harbour Square and Aloft Kuala Lumpur Sentral ("AKLS") in Malaysia.

In the previous financial year, 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$97.35 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.

During the year, Silver Sparrow Berhad ("SSB") obtained consent from the lenders to utilise proceeds of US$4.94 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$24.3mil which is due on 8 December 2017 (now repayable on 10 December 2018). The MTNs are rated AAA.

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

	Maturity Dates	Interest rate % per annum	US$'000
Series 1 Tranche FGI	10 December 2018	6.00	10,625
Series 1 Tranche BG	10 December 2018	6.00	14,085
			24,710

The medium term notes are secured by way of:

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

(ii) financial guarantee insurance policy from Danajamin Nasional Berhad ("Danajamin") in respect to the FG Tranches;

(iii) a first fixed and floating charge over the present and future assets and properties of Silver Sparrow Berhad and ICSD Ventures Sdn. Bhd. by way of a debenture;

(iv) a third party first legal fixed charge over ICSD Ventures Sdn. Bhd.'s assets and land;

(v) a corporate guarantee by Aseana Properties Limited;

(vi) letter of undertaking from Aseana Properties Limited to provide financial and other forms of support to ICSD Ventures Sdn. Bhd. to finance any cost overruns associated with the development of the Sandakan Harbour Square;

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

(viii) assignment over the disbursement account, revenue account, operating account, sale proceed account, debt service reserve account and sinking fund account of Silver Sparrow Berhad, revenue account of ICSD 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.

23 DISPOSAL OF AN INDIRECTLY HELD SUBSIDIARY

During the financial year, the Group disposed Hoa Lam Shangri-La 3 Limited Liability Co. ("HLSL 3"), an indirectly held subsidiary of the Group. The condition precedent for the completion of the disposal was met on 25 December 2017 when the shares were transferred to the purchaser.

Details of disposal of the financial position of the Group

	2017 US$'000
Trade and other receivables	**16,326**
Current tax assets	**392**
Cash and cash equivalents	**198**
Exchange fluctuation reserve	**1,142**
Trade and other payable	**(15,762)**
Net assets and liabilities	**2,296**
Net disposal proceeds	**(998)**
Loss on disposal to the Group	**1,298**

The net cash flow on disposal was determined as follow:

Consideration received, satisfied in cash	**998**
Cash and cash equivalent disposed of	**(198)**
Net cash inflow	**800**

Loss on disposal of an indirectly held subsidiary amounting to US$1,298,000 has been included in other operating expense in the consolidated statement of other comprehensive income.

24 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 81.50% to 81.58% (2016: 79.76% to 81.50%) arising from an issue of new shares in the subsidiary for cash consideration of US$1.5 million.(2016: US$4.3 million.) Consequently, the Company's effective equity interest in Hoa Lam – Shangri-La Healthcare Ltd Liability Co, City International Hospital Co Ltd, subsidiaries of SHIPL, increased to 72.41% (2016: 72.35%). The Group recognised an decrease/increase in non-controlling interests of US$484,000 (2016: US$477,000) and an decrease/increase in accumulated losses of US$484,000 (2016: US$477,000) resulting from the decrease/increase in equity interest in the above subsidiaries. The transaction was accounted for using the acquisition method of accounting.

25 RELATED PARTY TRANSACTIONS

Transactions between the Group and the Company with Ireka Corporation Berhad ("ICB") and its group of companies are classified as related party transactions based on ICB's 23.07% shareholding in the Company.

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

	2017 US$'000	2016 US$'000
ICB Group of Companies		
Accounting and financial reporting services fee charged by an ICB subsidiary	**50**	50
Advance payment to the contractors of an ICB subsidiary	**732**	1,591
Construction progress claims charged by an ICB subsidiary	**21,099**	9,960
Management fees charged by an ICB subsidiary	**3,129**	3,331
Marketing commission charged by an ICB subsidiary	**114**	248
Project staff cost reimbursed to an ICB subsidiary	**311**	2
Rental expenses charged by an ICB subsidiary	**4**	-
Rental expenses paid on behalf of ICB	**516**	493
Secretarial and administrative services fee charged by an ICB subsidiary	**50**	50
Key management personnel		
Remuneration of key management personnel - Directors' fees	**235**	297
Remuneration of key management personnel - Salaries	**143**	123

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

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

	2017 US$'000	2016 US$'000
Non-controlling interests		
Advances – non-interest bearing (Note 20)	**327**	2,819

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 2017 and 31 December 2016 are as follows:

	Notes	2017 US$'000	2016 US$'000
Amount due from an ICB subsidiary for advance payment to its contractors	**(ii)**	**3,993**	2,903
Amount due to an ICB subsidiary for construction progress claims charged	**(i)**	**(2,046)**	(928)
Amount due from an ICB subsidiary for acquisition of SENI Mont' Kiara units	**(i)**	**1,952**	1,760
Amount due to an ICB subsidiary for management fees	**(ii)**	**-**	(22)
Amount due to an ICB subsidiary for marketing commissions	**(ii)**	**(15)**	(13)
Amount due to an ICB subsidiary for reimbursement of project staff costs	**(ii)**	**(55)**	-
Amount due to an ICB subsidiary for rental expenses	**(ii)**	**(5)**	-
Amount due from ICB for rental expenses paid on behalf	**(ii)**	**137**	114
Amount due to an ICB subsidiary for staff cost paid on behalf	**(ii)**	**(4)**	-

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

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

The outstanding amounts due to the other significant related parties as at 31 December 2017 and 31 December 2016 are as follows:

	2017 US$'000	2016 US$'000
Non-controlling interests		
Advances – non-interest bearing (Note 20)	**(13,400)**	(12,573)

Transactions between the parent company and its subsidiaries are eliminated in these consolidated financial statements.

26 DIVIDEND

The Company has not paid or declared any dividends during the financial year ended 31 December 2017.

27 COMMITMENTS AND CONTINGENCIES

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

Debt service reserve account

During the year, Silver Sparrow Berhad obtained consent from the lenders to utilise proceeds of US$4.94 million in the Sales Proceeds Account and Debt Service Reserve Account ("DSRA") to partially redeem the MTNs. Thereafter, amount equivalent to RM10.0 million (US$2.47 million) (the "Minimum Deposit") is maintained in the DSRA at all times and the amount is disclosed as deposit pledged.

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.

28 EVENT AFTER STATEMENT OF FINANCIAL POSITION DATE

At a general meeting of the Company held on 23 April 2018, Shareholders voted in favour of the Board's proposals to reject the 2018 Discontinuation Resolution and to continue with the Company's investment policy, for a period of 18 months from the expected date of the 2018 AGM, 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. The Board believes this will maximise the value of the Company's assets and returns to Shareholders, both up to and upon the eventual liquidation of the Company.

To the extent that the Company has not disposed of all of its assets by 31 December 2019, Shareholders will be provided with an opportunity to review the future of the Company, which would include the option for shareholders to vote for the continuation of the Company.

30 REPORT CIRCULATION

Copies of the Annual Report and Financial Statements will be sent to shareholders for approval at the Annual General Meeting ("AGM") to be held on 2 July 2018.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

Economic	Inflation, economic recessions and movements in interest rates could affect property development activities.
Strategic	Incorrect strategy, including sector and geographical allocations and use of gearing, could lead to poor returns for shareholders.
Regulatory	Breach of regulatory rules could lead to suspension of the Company's Stock Exchange listing and financial penalties.
Law and regulations	Changes in laws and regulations relating to planning, land use, development standards and ownership of land could have adverse effects on the business and returns for the shareholders.
Tax regimes	Changes in the tax regimes could affect the tax treatment of the Company and/or its subsidiaries in these jurisdictions.
Management and control	Changes that cause the management and control of the Company to be exercised in the United Kingdom could lead to the Company becoming liable to United Kingdom taxation on income and capital gains.
Operational	Failure of the Development Manager's accounting system and disruption to the Development Manager's business, or that of a third party service providers, could lead to an inability to provide accurate reporting and monitoring leading to a loss of shareholders' confidence.
Financial	Inadequate controls by the Development Manager or third party service providers could lead to 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 in the Annual Report.

RESPONSIBILITY STATEMENT

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

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

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

On behalf of the Board

Mohammed Azlan Hashim Director	Christopher Henry Lovell Director

26 April 2018