30 April 2019

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

Full Year Results for the Year Ended 31 December 2018

Aseana Properties Limited (LSE: ASPL) is a property developer in Malaysia and Vietnam listed on the Main Market of the London Stock Exchange. The Company and its subsidiary undertakings (together with the "Group") are pleased to announce its audited results for the year ended 31 December 2018.

Operational highlights

- The Group fully divested Seni Mont' Kiara in 2018.
- Construction of The RuMa Hotel and Residences ("The RuMa") was completed and Certificate of Completion and Compliance ("CCC") was obtained on 28 September 2018. To date, The RuMa Residences recorded approximately 68.3% sales based on sale and purchase agreements signed. The RuMa Hotel commenced business on 30 November 2018 with limited inventory.
- The occupancy rate at Harbour Mall Sandakan improved to 78.1% as at 31 December 2018 (2017: 71.4%). Four Points by Sheraton Sandakan Hotel ("FPSS") achieved an occupancy rate of 39.2% in the year ended 31 December 2018.
- The operation of the City International Hospital ("CIH") improved in 2018 with outpatient and inpatient volumes increasing by 21.6% and 22.4% respectively compared to 2017.

Financial highlights

- The Group recognised revenue of US$33.1 million (2017: US$33.5 million (restated)). The revenue was mainly attributable to the sale of completed units at SENI Mont' Kiara and The RuMa Residences.
- Net loss before taxation of US$6.8 million (2017: US$4.3 million (restated)), largely due to losses recorded by The RuMa Hotel of US$4.2 million, which was mainly attributable to pre-opening expenses; and finance costs of US$7.0 million which were mainly attributable to CIH, International Healthcare Park ("IHP"), FPSS and HMS; and operating losses at CIH and FPSS.
- Consolidated comprehensive loss of US$7.5 million (2017: US$3.1 million income (restated)), which included loss arising from foreign currency translation differences of US$1.1 million (2017: gains of US$8.7 million(restated)) due to a weakening of Ringgit against US Dollars from RM4.0469/US$1.0 as at 31 December 2017 to RM4.1356/US$1.0 as at 31 December 2018.
- Cash and cash equivalents stood at US$12.6 million (2017: US$26.0 million (restated)).
- Loss per share of US$0.0246 (2017: Loss per share of US$0.0198 (restated)) based on voting share capital.
- Net asset value per share US$0.69 (2017: US$0.72 (restated)) 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 2018. The financial statements for 2018 have

been prepared under International Financial Reporting Standards. The auditors, Crowe UK 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.

The Company also announces that its 2018 Annual Report has been submitted to the National Storage Mechanism (http://www.morningstar.co.uk/uk/nsm) and can be obtained on the Company's website (http://www.aseanaproperties.com/annual_reports.htm.).

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

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

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

"The economic situation in Malaysia remains challenging due to uncertainties in fiscal policies subsequent to the change in government back in 2018. In Vietnam, although the country's economy continues to be robust, it is susceptible to risks posed by the uncertainties from the ongoing USA-China trade war. While no major asset sales were recorded during the year under review, the Group is continuing its efforts in disposing of its remaining assets in an orderly and timely manner to achieve 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 52 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

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

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

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

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

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

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

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

<u>Progress of the property portfolio</u>

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

Meanwhile, tourism in Sabah showed a slight improvement with the total number of tourist arrivals reaching 3.9 million in 2018, which generated an estimated RM8.0 billion in tourism receipts. Visitors from China continued to be the largest group with 0.6 million visitors during the year while the Sabah tourism board has targeted approximately 4.0 million tourists in 2019. The Government’s decision to proceed with the Pan Borneo Highway is expected to have a positive effect on the tourism sector in Sabah upon its completion. It will allow travelling within Borneo to be more accessible. FPSS recorded an occupancy level of 39.2% for year ended 31 December 2018 and

35.2% for year 2019 to date. David Scully was appointed as the new General Manager of FPSS on 29 February 2019; he has over 27 years' experience in the hotel industry, across central and Southeast Asia. In the meantime, performance of HMS has improved compared to last year with occupancy recorded at 78.1% to date.

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

Further information on each of the Group's properties is set out in the Development Manager's report on pages 9 to 11.

Post Year End Company Announcements

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Outlook

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

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

MOHAMMED AZLAN HASHIM
Chairman
30 April 2019

DEVELOPMENT MANAGER'S REVIEW

BUSINESS OVERVIEW

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

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

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

Malaysia Economic Update

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

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

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

Vietnam Economic Update

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

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

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

PORTFOLIO REVIEW

MALAYSIA

<u>Property Market Review</u>

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

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

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

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

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

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

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

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

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

VIETNAM

<u>Property Market Review</u>

The property market in Vietnam witnessed a stable development during the period under review on the back of continued strong economic growth, rapid urbanisation and increased foreign investments into the property sector as well as the fast-growing number of local middle-class buyers. The real estate sector lured nearly US$6.6 billion in foreign investment, doubling from the same period last year and accounted for 18.5% of the country's total foreign investment. According to the Real Estate Association of Vietnam, inventory sank to a low of US$1.0 billion as of November 2018, down from the peak of US$105.6 billion in the first quarter of 2013.

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

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

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

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

Aseana Properties now has two investments in Vietnam:-

- **International Healthcare Park**
  IHP is a planned mixed development on 37.5 hectares of land comprising private hospitals, mixed commercial, hospitality and residential developments. It is located in the Binh Tan District, close to District 5 (Chinatown) and is approximately 11 km from District 1, the central business and commercial district of HCMC. Aseana Properties has a 72.4% stake in this development and its local partner, Hoa Lam Group holds a significant minority stake together with a consortium of investors from Singapore, Malaysia and Vietnam. A total of 19 plots of land were approved for development and Land Use Right ("LUR") was issued and paid for a 69-year lease. Of the 19 plots, 6 plots are dedicated to hospital and related functions. To date, 8 plots have been developed or divested. Apart from the international-class City International Hospital, IHP also boasts the largest AEON retail mall in Ho Chi Minh City.

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

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

jointly managed by CIH and the founder of Vietnam Stroke International Services, came into operation at the end of 2018.

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

OUTLOOK

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

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

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

PERFORMANCE SUMMARY

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

Notes:

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

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

FINANCIAL REVIEW

INTRODUCTION

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

STATEMENT OF COMPREHENSIVE INCOME

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

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

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

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

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

STATEMENT OF FINANCIAL POSITION

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

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

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

CASH FLOW AND FUNDING

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

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

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

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

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

EVENT AFTER STATEMENT OF FINANCIAL POSITION DATE

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

DIVIDEND

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

TREASURY AND FINANCIAL RISK MANAGEMENT

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

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

MONICA LAI VOON HUEY
Chief Financial Officer
Ireka Development Management Sdn. Bhd.
Development Manager
30 April 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

Continuing activities	Notes	2018 US$'000	2017 US$'000 Restated*
Revenue	3	**33,054**	33,548
Cost of sales	5	**(24,601)**	(20,448)
Gross profit		**8,453**	13,100
Other income	6	**19,149**	14,176
Administrative expenses		**(1,027)**	(927)
Foreign exchange (loss)/gain	7	**(1,353)**	3,419
Management fees	8	**(1,460)**	(3,129)
Marketing expenses		**(671)**	(496)
Other operating expenses		**(24,095)**	(18,417)
Operating (loss)/profit		**(1,004)**	7,726
Finance income		**1,242**	392
Finance costs		**(7,034)**	(12,444)
Net finance costs	9	**(5,792)**	(12,052)
Net loss before taxation	10	**(6,796)**	(4,326)
Taxation	11	**390**	(1,207)
Loss for the year		**(6,406)**	(5,533)
Other comprehensive (loss)/income, net of tax items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations		**(1,082)**	8,671
Total other comprehensive (loss)/income for the year	12	**(1,082)**	8,671
Total comprehensive (loss)/income for the year		**(7,488)**	3,138

** See Note 28*

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 2018 (cont'd)

Continuing activities	Notes	2018 US$'000	2017 US$'000 Restated*
Loss attributable to:			
Equity holders of the parent company	13	**(4,885)**	(3,937)
Non-controlling interests		**(1,521)**	(1,596)
Loss for the year		**(6,406)**	(5,533)
Total comprehensive (loss)/income attributable to:			
Equity holders of the parent company		**(6,154)**	4,629
Non-controlling interests		**(1,334)**	(1,491)
Total comprehensive (loss)/income for the year		**(7,488)**	3,138
Loss per share			
Basic and diluted (US cents)	13	**(2.46)**	(1.98)

** See Note 28*

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	31 December 2018 US$'000	31 December 2017 US$'000 Restated*	1 January 2017 US$'000 Restated*
Non-current assets				
Property, plant and equipment		**678**	663	743
Intangible assets	14	**4,148**	4,201	7,081
Deferred tax assets	15	**5,186**	5,058	1,606
Total non-current assets		**10,012**	9,922	9,430
Current assets				
Inventories	16	**267,160**	250,173	234,920
Trade and other receivables		**16,991**	17,394	14,136
Prepayments		**635**	293	1,093
Current tax assets		**157**	372	660
Cash and cash equivalents		**12,573**	25,984	26,650
Total current assets		**297,516**	294,216	277,459
TOTAL ASSETS		**307,528**	304,138	286,889
Equity				
Share capital	17	**10,601**	10,601	10,601
Share premium	18	**208,925**	208,925	218,926
Capital redemption reserve	19	**1,899**	1,899	1,899
Translation reserve		**(22,265)**	(20,996)	(29,562)
Accumulated losses		**(62,786)**	(57,898)	(53,422)
Shareholders' equity		**136,374**	142,531	148,442
Non-controlling interests		**(937)**	331	1,031
Total equity		**135,437**	142,862	149,473

** See Note 28*

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018 (cont'd)

	Notes	31 December 2018 US$'000	31 December 2017 US$'000 Restated*	1 January 2017 US$'000 Restated*
Non-current liabilities				
Trade and other payable		**37,976**	26,392	19,004
Loans and borrowings	21	**13,188**	54,572	46,405
Total non-current liabilities		**51,164**	80,964	65,409
Current liabilities				
Trade and other payables		**34,128**	25,552	20,143
Amount due to non-controlling interests	20	**13,194**	13,400	12,573
Loans and borrowings	21	**48,084**	12,882	10,807
Medium term notes	22	**23,761**	24,324	26,343
Current tax liabilities		**1,760**	4,154	2,141
Total current liabilities		**120,927**	80,312	72,007
Total liabilities		**172,091**	161,276	137,416
TOTAL EQUITY AND LIABILITIES		**307,528**	304,138	286,889

** See Note 28*

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

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

Consolidated	Redeemable Ordinary Shares US$'000	Management Shares US$'000	Share Premium US$'000	Capital Redemption Reserve US$'000	Translation Reserve US$'000	Accumulated Losses US$'000	Total Equity Attributable to Equity Holders of the Parent US$'000	Non-Controlling Interests US$'000	Total Equity US$'000
Balance at 1 January 2017	**10,601**	**-***	**218,926**	**1,899**	**(29,142)**	**(58,922)**	**143,362**	**(1,148)**	**142,214**
Impact of change in accounting policy	-	-	-	-	(420)	5,500	5,080	2,179	7,259
Adjusted balance at 1 January 2017	10,601	-	218,926	1,899	(29,562)	(53,422)	148,442	1,031	149,473
Share buy back (Note 18)	-	-	(10,001)	-	-	-	(10,001)	-	(10,001)
Changes in ownership interests in subsidiaries (Note 23)	-	-	-	-	-	(539)	(539)	539	-
Non-controlling interests contribution	-	-	-	-	-	-	-	252	252
Restated loss for the year	-	-	-	-	-	(3,937)	(3,937)	(1,596)	(5,533)
Restated total other comprehensive income for the year	-	-	-	-	8,566	-	8,566	105	8,671
Restated total comprehensive income/(loss) for the year	-	-	-	-	8,566	(3,937)	4,629	(1,491)	3,138
Restated balance at 31 December 2017/ 1 January 2018	**10,601**	-	**208,925**	**1,899**	(20,996)	**(57,898)**	**142,531**	**331**	**142,862**
Changes in ownership interests in subsidiaries (Note 23)	-	-	-	-	-	(3)	(3)	3	-
Non-controlling interests contribution	-	-	-	-	-	-	-	63	63
Loss for the year	-	-	-	-	-	(4,885)	(4,885)	(1,521)	(6,406)
Total other comprehensive loss for the year	-	-	-	-	(1,269)	-	(1,269)	187	(1,082)
Total comprehensive loss for the year	-	-	-	-	(1,269)	(4,885)	(6,154)	(1,334)	(7,488)
Shareholders' equity at 31 December 2018	**10,601**	**-***	**208,925**	**1,899**	**(22,265)**	**(62,786)**	**136,374**	**(937)**	**135,437**

*represents 2 management shares at US$0.05 each

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

** See Note 28*

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018 (cont'd)

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

** See Note 28*

(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:

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

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

(iii) In the 2016, 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 in previous financial year.

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

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

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

The consolidated financial statements comprise the financial information of the Company and its subsidiary undertakings (together the “Group”).

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

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

2 BASIS OF PREPARATION

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

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

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

2.1 Going concern

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

The Group has prepared and considered prospective financial information based on assumptions and events that may occur for at least 12 months from the date of approval of the financial statements and the possible actions to be taken by the Group. Prospective financial information includes the Group’s profit and cash flow forecasts for the ongoing projects. In preparing the cash flow forecasts, the Directors have considered the availability of cash, adequacy of bank loans and medium term notes and also the refinancing of the medium term notes (as described in Notes 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.

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

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

Should the planned disposals of the assets not materialise, or are delayed, the Directors expect to "roll-over" the medium term notes which are due to expire in the next 12 months, given that the notes are "AAA" rated and secured by two completed inventories of the Group with carrying amount of US$79.92 million as at 31 December 2018. Included in the terms of the medium term notes programme is an option for the Group to refinance the notes, as and when they expire. This option to refinance is available until 2021.

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

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

2.1.1 December 2019 Resolution

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

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

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

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

While the two shareholders did not disclose how they might vote in relation to the December 2019 Resolution, the two shareholders have expressed their view that:

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

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

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

2.1.2 Statement of Compliance

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

(a) IFRS 16, Leases

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

During the year, the Group adopted the following new standards, amendments and interpretations with a date of initial application of 1 January 2018. As a result of the changes in the Group's accounting policies, prior year financial statements had to be restated. As explained in Note 28, the impact of these adopted standards is described as follow:

(b) IFRS 9, Financial instruments

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

(c) IFRS 15, Revenue from contracts with customers

The Group adopted IFRS 15 Revenue from Contracts with Customers with a date of initial application of 1 January 2018. The Group applied IFRS 15 retrospectively and has restated comparatives financial information as disclosed in Note 28. The adjustments to revenue are made for property development activities of The RuMa Hotel Suites and Residences, where no revenue was previously recognised under IFRIC 15 – Agreements for Construction of Real Estate, which prescribes that revenue be recognised only when the properties are completed and occupancy permits are issued.

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

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

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

3 REVENUE AND SEGMENTAL INFORMATION

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

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

3.1 Revenue recognised during the year as follows:

	2018 US$'000	2017 US$'000 Restated
Sales of land held for property development	-	13,132
Sale of development properties	**27,650**	14,450
Sale of completed units	**5,404**	5,966
	33,054	33,548
<u>Timing of revenue recognition</u>		
Properties transferred at a point in time	**5,404**	19,098
Properties transferred over time	**27,650**	14,450
	33,054	33,548

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

Other non-reportable segments comprise the Group’s development projects. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2018 and 2017.

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

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

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

Operating Segments – ended 31 December 2018

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

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

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

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

Operating Segments – ended 31 December 2017
*

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

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

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

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

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

Geographical Information – ended 31 December 2018

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

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

Geographical Information – ended 31 December 2017 (Restated)

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

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

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

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

4 SEASONALITY

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

5 COST OF SALES

	2018 US$'000	2017 US$'000 Restated
Direct costs attributable to:		
Completed units (Note 16)	**24,548**	12,277
Sales of land held for property development (Note 16)	**-**	5,291
Disposal/Impairment of intangible assets (Note 14)	**53**	2,880
	24,601	20,448

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

6 OTHER INCOME

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

(a) Other income from hotel operations

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

(b) Other income from mall operations

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

(c) Other income from hospital operations

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

7 FOREIGN EXCHANGE (LOSS)/GAIN

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

8 MANAGEMENT FEES

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

From January 2017 to April 2018, the management fees payable to the Development Manager are based on 2% per annum of the Group's net asset value calculated on the last business day of June and December of each calendar year and payable quarterly in advance. The Development Manager is entitled to a performance fee calculated at 20% of the out performance net asset value over a total compounded return hurdle rate of 10% per annum. No performance fee has been paid or accrued during the year.

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

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

9 FINANCE (COSTS)/ INCOME

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

10 NET LOSS BEFORE TAXATION

	2018 US$'000	2017 US$'000
Net loss before taxation is stated after charging/(crediting):		
Auditor's remuneration	**190**	202
Directors' fees/emoluments	**145**	235
Depreciation of property, plant and equipment	**92**	84
Expenses of hotel operations	**4,763**	3,939

Expenses of mall operations	**1,395**	1,488
Expenses of hospital operations	**12,989**	10,491
Unrealised foreign exchange loss/(gain)	**1,382**	(2,973)
Realised foreign exchange gain	**(29)**	(446)
Disposal/impairment of intangible assets	**53**	2,880
Loss on disposal of an indirectly held subsidiary	**-**	1,298
Tax services	**11**	13

11 TAXATION

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

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

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

The applicable corporate tax rate in Malaysia is 24% (2017: 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% (2017: 17% and 20%) respectively.

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

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

12 OTHER COMPREHENSIVE (LOSS)/INCOME

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

13 LOSS PER SHARE

Basic and diluted loss per ordinary share

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

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

Weighted average number of ordinary shares

	2018	**2017**
Issued ordinary shares at 1 January	**198,691,002**	212,025,002
Effect of share buy back (Note 18)	**-**	(13,005,218)
Weighted average number of ordinary shares at 31 December	**198,691,002**	199,019,784

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

14 INTANGIBLE ASSETS

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

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

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

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

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

The recoverable amount of licence contracts and related relationships has been tested based on the net realisable value of the LUR owned by the subsidiaries. The key assumption used is the expected market value of the LUR. The Group believes that any reasonably possible changes in the above key assumptions applied is not likely to materially cause the recoverable amount to be lower than its carrying amounts.

The recoverable amount of goodwill has been tested by reference to underlying profitability of the ongoing operations of the developments using discounted cash flow projections (refer to Note 16).

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

15 DEFERRED TAX ASSETS

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

The deferred tax assets comprise:

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

Deferred tax assets have not been recognised in respect of unused tax losses of US$79,450,000 (31 December 2017: US$71,935,000; 1 January 2017: US$65,440,000) and other tax benefits which includes temporary differences between net carrying amount and tax written down value of property, plant and equipment, accrual of construction costs and other deductible temporary differences of US$5,410,000 (31 December 2017: US$4,834,000; 1 January 2017: US$4,460,000) which are available for offset against future taxable profits. Deferred tax assets have not been recognised due to the uncertainty of the recovery of the losses.

16 INVENTORIES

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

(a) Land held for property development

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

(b) Work-in-progress

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

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

(c) Stock of completed units, at cost

	31 December 2018 US$'000	**31 December 2017 US$'000 Restated**	**1 January 2017 US$'000 Restated**
At 1 January	**163,880**	159,334	230,436
Transfer from work-in-progress	**71,683**	-	-
Less :			
Exchange adjustments	**36,922**	16,823	6,102
Costs recognised as expenses in the consolidated statement of comprehensive income during the year (Note 5)	**(24,548)**	(12,277)	(74,796)
Impairment of inventory	**-**	-	(2,408)
At 31 December	**247,937**	163,880	159,334

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

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

Four Points by Sheraton Sandakan Hotel ("FPSS")

The recoverable amount of FPSS was determined based on a valuation by an external, independent valuer with appropriate recognised professional qualification. The recoverable amount US$41,243,000 of FPSS was determined to approximate with its carrying amount.

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

(1) Cash flows were projected based on past experience, actual operating results in 2018 and the 10 years projection of FPSS;

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

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

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

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

Sensitivity analysis

The above estimates are sensitive in the following key areas:

(a) an increase/(decrease) of 1% in discount rate used would have (decreased)/increased the recoverable amount by approximately (US$5,077,000)/US$6,286,000;

(b) an increase/(decrease) of 1% in occupancy rate throughout the entire projection term used would have increased/(decreased) the recoverable amount by approximately US$967,000/(US$1,209,000); and

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

Harbour Mall Sandakan ("HMS")

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

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

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

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

(3) Capitalisation rate assumed at 4%; and

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

Sensitivity analysis

The above estimates are sensitive in the following key areas:

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

(b) an increase/(decrease) of 1% in optimum occupancy rate throughout the entire projection term used would have increased/(decreased) the recoverable amount by approximately US$484,000/(US$484,000); and

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

City International Hospital ("CIH")

The recoverable amount US$75,000,000 (2017: US$75,200,000) of CIH was determined based on a valuation by an external, independent valuer with appropriate recognised professional qualification. The recoverable amount of CIH was determined to be higher than its carrying amount.

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

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

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

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

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

The RuMa Hotel and Residences ("The RuMa")

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

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

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

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

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

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

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

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

17 SHARE CAPITAL

	Number of shares 2018 '000	Amount 2018 US$'000	Number of shares 2017 '000	Amount 2017 US$'000
Authorised Share Capital				
Ordinary shares of US$0.05 each	2,000,000	100,000	2,000,000	100,000
Management shares of US$0.05 each	- *	- *	- *	- *
	2,000,000	100,000	2,000,000	100,000
Issued Share Capital				
Ordinary shares of US$0.05 each	212,025	10,601	212,025	10,601
Management shares of US$0.05 each	- #	- #	- #	- #
	212,025	10,601	212,025	10,601

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

In 2015, the shareholders of the Company approved the creation and issuance of management shares by the Company as well as a compulsory redemption mechanism that was proposed by the Board.

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

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

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

The ordinary shares and the management shares shall have attached thereto the rights and privileges, and shall be 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.

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

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

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

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

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

21 LOANS AND BORROWINGS

	31 December 2018 US$'000	31 December 2017 US$'000
Non-current		
Bank loans	**13,188**	54,572
	13,188	54,572

Current		
Bank loans	**48,084**	12,882
	48,084	12,882
	61,272	67,454

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

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

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

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

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

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

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

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

22 MEDIUM TERM NOTES

	31 December 2018 US$'000	**31 December 2017 US$'000**
Outstanding medium term notes	**24,180**	24,710

Net transaction costs	**(419)**	(386)
Less:		
Repayment due within twelve months *	**(23,761)**	(24,324)
Repayment due after twelve months	**-**	-

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

	As at 1 January 2018 US$'000	Drawdown of loan US$'000	Repayment of loan US$'000	Foreign exchange movements US$'000	As at 31 December 2017 US$'000
Medium Term Notes	**24,324**	-	-	(563)	**23,761**

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

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

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

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

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

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

	Interest rate %

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

The medium term notes are secured by way of:

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

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

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

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

(v) a corporate guarantee by the Company;

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

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

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

(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 CHANGE IN EQUITY INTEREST IN SUBSIDIARIES

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

24 RELATED PARTY TRANSACTIONS

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

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

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

Liquidated and Ascertained Damages ("LADs")

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

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

	2018 US$'000	2017 US$'000

Non-controlling interests		
Advances – non-interest bearing (Note 20)	**82**	327

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 2018 and 31 December 2017 are as follows:

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

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

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

The outstanding amounts due to the other significant related parties as at 31 December 2018 and 31 December 2017 are as follows:

	31 December 2018 US$'000	**31 December 2017 US$'000**
Non-controlling interests		
Advances – non-interest bearing (Note 20)	**(13,194)**	(13,400)

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

25 DIVIDEND

The Company has not paid or declared any dividends during the financial year ended 31 December 2018.

26 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

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

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.

27 EVENT AFTER STATEMENT OF FINANCIAL POSITION DATE

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

28 CHANGES IN ACCOUNTING POLICY

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

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

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

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

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

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

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

29 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 8 July 2019.

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 are described 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 financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and

(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	Gerald Ong Chong Keng
Director	Director

30 April 2019