

27 September 2019

Aseana Properties Limited
(“Aseana”, the “Company” or, the “Group”)

Half-Year Results for the Six Months Ended 30 June 2019

Aseana Properties Limited (LSE: ASPL), a property developer investing in Malaysia and Vietnam, listed on the Main Market of the London Stock Exchange, announces its unaudited half-year results for the six-month period ended 30 June 2019.

Operational highlights:

- The RuMa Residences achieved approximately 68% sales based on sale and purchase agreements signed.
- The RuMa Hotel achieved an average occupancy rate of approximately 22% for the period to 30 June 2019 and 24% to date, based on available rooms.
- Four Points by Sheraton Sandakan Hotel achieved an average occupancy rate of approximately 41% for the period to 30 June 2019 and 43% to date.
- The Harbour Mall Sandakan’s occupancy stood at about 83% to date.
- The City International Hospital has shown improvement in its operational performance, with outpatient and inpatient volumes increasing by approximately 18% and 29% respectively as compared to same period in 2018.

Financial highlights:

- Revenue of US\$5.7 million (H1 2018: US\$15.9 million)
- Loss before tax of US\$5.2 million (H1 2018: loss of US\$4.1 million)
- Loss after tax of US\$5.8 million (H1 2018: loss of US\$4.6 million)
- Consolidated comprehensive loss of US\$5.9 million (H1 2018: loss of US\$4.8 million)
- Net asset value of US\$132.3 million (31 December 2018 (audited): US\$136.4 million) or US\$0.67 per share (31 December 2018 (audited): US\$0.69 per share)
- Realisable net asset value of US\$184.6 million (31 December 2018 (unaudited): US\$193.1 million) or US\$0.93 per share (31 December 2018 (unaudited): US\$0.97 per share)

Commenting on the results, Gerald Ong, Chairman of Aseana, said:

“The H1 2019 results are reflective of the challenging market conditions in Malaysia. Nonetheless, the Company is working towards improving the operational performance and narrowing the losses of its operating assets. It remains focused on realising the remaining assets in a controlled, orderly and timely manner.”

For further information:

Aseana Properties Limited

Chan Say Yeong (Chief Executive Officer)

Tel: 00 603 6411 6388

Email: sy.chan@aseanaproperties.com

N+1 Singer

James Maxwell / James Moat (Corporate Finance)

Sam Greatrex (Sales)

Tel: 020 7496 3000

Tavistock

Jeremy Carey / James Verstringhe

Tel: 020 7920 3150

Email: jeremy.carey@tavistock.co.uk

Notes to Editors:

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

CHAIRMAN'S STATEMENT

Introduction

I am pleased to report on the results of Aseana Properties and its group of companies for the six months ended 30 June 2019.

The global economy experienced sluggish growth for the first six months of 2019. Growing trade tension between the US and China as well as prolonged uncertainty on Brexit continues to be the dominant factor for global market uncertainty.

Malaysia registered a slower GDP growth of 4.7% in the first half of 2019 compared to 4.9% in the same period last year. Although Malaysian economy is expected to remain healthy from the continuous support of steady domestic demand, challenges persist due to uncertain external factors. On the Malaysian property front, the market continued to soften in the first half of 2019 due to various factors including macroeconomic uncertainties and weak domestic consumer sentiment. Challenges such as stringent lending policies, a development approval freeze by the Government on selected commercial and high-end residential developments, property oversupply and price unaffordability continue to dampen the property market. In May 2019, Bank Negara Malaysia reduced the Overnight Policy Rate by 25-basis points to 3.0% which has managed to ease borrowing for potential home buyers. Sabah experienced a slight increase in the number of tourists in the first six months of 2019 compared to the same period in 2018. Total arrivals to Sabah for the first six months was 2.02 million, with visitors from China being the largest group at 0.32 million. However, eastern Sabah is still affected by adverse travel advisory notices from countries including Australia, New Zealand, Canada, United States of America and the United Kingdom.

Despite a softer global economy, Vietnam maintained strong second quarter GDP growth of 6.7%. On the back of a GDP growth of 7.1% in 2018, Vietnam sustained its economic growth with extensive market-oriented and outward-looking economic policies. Vietnam has emerged as one of the fastest growing countries in Asia over the last decade. Ongoing trade tariffs imposed on China by the United States will continue to dampen global economic growth. However, Vietnam will likely benefit from the ongoing trade tensions as firms are moving manufacturing from China to countries such as Vietnam, to avoid tariffs.

Results

For the six months ended 30 June 2019, the Group recorded an unaudited revenue of US\$5.7 million (H1 2018: US\$15.9 million), which is mainly attributable to the sale of completed units in SENI Mont' Kiara. No major asset sales were recorded during the period.

The Group recorded an unaudited loss before tax for the period of US\$5.2 million (H1 2018: loss of US\$4.1 million), mainly due to operating losses and financing costs of US\$1.4 million for City International Hospital, US\$0.6 million for Four Points by Sheraton Sandakan Hotel and Harbour Mall Sandakan, and US\$2.3 million for The RuMa Hotel.

The Group's unaudited loss after tax stood at US\$5.8 million (H1 2018: loss of US\$4.6 million). The Group's unaudited consolidated comprehensive loss for the period of US\$5.9 million (H1 2018: loss of US\$4.8 million) included a foreign currency translation loss of US\$0.1 million (H1 2018: loss of US\$0.1 million).

The unaudited net asset value for the Group 30 June 2019 decreased to US\$132.3 million (31 December 2018 (audited): US\$136.4 million) due to losses incurred during the period. This translates to US\$0.666 per voting share (31 December 2018 (audited): US\$0.686 per voting share). Meanwhile, the unaudited realisable net asset value for the Group stood at US\$184.6 million at 30 June 2019 (31 December 2018 (unaudited): US\$193.1 million). This is equivalent to US\$0.929 per voting share (31 December 2018 (unaudited): US\$0.972 per voting share).

Changes to the Board of Directors

During 2019, there were a number of changes to the composition of the Board of Directors as we sought to position the Group for the final phase of the disposal of its assets. I would like to thank Dato Azlan Hashim who had been Chairman since launch, Ferheen Mahomed who had been a non-executive Director since May 2015 and Richard Boleat for their wise counsel and advice to ASEANA. I also welcome our new Directors:

- Monica Lai who is the Chief Financial Officer of our former Development Manager based in Kuala Lumpur and connected to Ireka and Legacy Essence who collectively are the largest shareholder in ASEANA, and
- Christopher Lovell who returns to the Board and who was a corporate lawyer and is based in Jersey and therefore serves a particularly valuable purpose of linking us with our regulatory base, and
- Helen Wong who is an Asian property specialist based in Hong Kong, will serve as our Divestment Director.
- Nick Paris who is a representative of LIM Advisors based in London and whose clients are the second largest shareholders in ASEANA, resigned from the Board in March and was re-appointed in early September.

Internalisation of Management

Ireka Development Management Sdn Bhd who served as our Development Manager from launch resigned from their appointment in March. They finished their role on 30th June and thereafter day to day management of the Group was taken over by Mr Chan Say Yeong who is based in Kuala Lumpur and who joined ASEANA as its Chief Executive Officer on 3rd June.

Property disposals and Realisable Net Asset Value (“RNAV”)

In order to dispose of the remaining assets owned by ASEANA, the revised Board have been re-evaluating their likely disposal values particularly in the light of increasingly competitive market conditions for luxury hotels in Kuala Lumpur and continuing challenging market conditions in Sandakan in East Malaysia. This work is ongoing and will be reviewed by our external valuers and no conclusions have been reached at this stage. The Directors will inform Shareholders of the impact on the RNAV when they conclude this process. The Board will however continue to publish NAV and RNAV figures for the fund in the Annual and Semi-Annual accounts, however believe that it is in shareholder’s interests to cease publishing valuations for individual assets whilst it concentrates on selling those properties. Each sales process involves extensive discussion and the handover of a lot of detailed information often requiring Non-Disclosure Agreements (“NDA’s”) to be signed, and it is felt that all information on a property is best delivered under this process rather than piecemeal from public disclosures by your Company.

The revised Board has made a lot of progress at improving the sales and due diligence information available to prospective purchasers for our properties and has been re-marketing them with particular priority being placed on those where there is likely to be the most demand

and therefore the fastest possibility of a completed disposal. A fair number of NDA's have been signed on some of the assets and there is renewed interest which we are exploring diligently. It is however too early to reveal the details of these discussions and the negotiations are ongoing.

Investor Reporting

The Board believes that the quarterly Tracker newsletters are no longer an appropriate means of relaying progress to its shareholders now that our principal focus is to expedite property sale negotiations and turn them into completed transactions. It has therefore been decided to discontinue these, however prompt announcements will be made whenever a significant step in a property sales process has been made. These updates will be supplemented by portfolio updates in the Annual and Interim accounts and the updated corporate presentations that accompany them.

The next ASEANA Dis-continuation Vote

Shareholders extended the life of the Group for 18 months at an EGM that was held in April 2018 in order to realise the remaining assets in the portfolio. A further dis-continuation vote is therefore required to be held at an EGM in December 2019 and the Directors will be publishing their recommendations to Shareholders ahead of that meeting as the disposal process is not likely to be completed by then.

GERALD ONG

Chairman

27 September 2019

PROPERTY PORTFOLIO AS AT 30 JUNE 2019

| Project | Type | Effective Ownership | Approximate Gross Floor Area (sq m) | Approximate Land Area (sq m) | Scheduled completion |
|---|--|----------------------------|--|-------------------------------------|--|
| Completed projects | | | | | |
| SENI Mont' Kiara Kuala Lumpur, Malaysia | Luxury condominiums | 100.0% | 225,000 | 36,000 | Phase 1: Completed in April 2011 Phase 2: Completed in October 2011 |
| The RuMa Hotel and Residences Kuala Lumpur, Malaysia | Luxury residential tower and bespoke hotel | 70.0% | 40,000 | 4,000 | Completed in September 2018 |
| Sandakan Harbour Square Sandakan, Sabah, Malaysia | Retail lots, hotel and retail mall | 100.0% | 126,000 | 48,000 | Retail lots: Completed in 2009 Retail mall: Completed in March 2012 Hotel: Completed in May 2012 |
| Phase 1: City International Hospital, International Healthcare Park, Ho Chi Minh City, Vietnam | Private general hospital | 72.4%* | 48,000 | 25,000 | Completed in March 2013 |
| Land parcels for sale | | | | | |
| Other developments in International Healthcare Park, Ho Chi Minh City, Vietnam (formerly International Hi-Tech Healthcare Park) | Commercial and residential development with healthcare theme | 72.4%* | 972,000 | 351,000 | n/a |
| Kota Kinabalu Seafront resort & residences Kota Kinabalu, Sabah, Malaysia | (i) Boutique resort hotel and resort villas | 100.0% | n/a | 327,000 | n/a |
| | (ii) Resort homes | 80.0% | | | |

*Shareholding as at 30 June 2019

n/a: Not available/ Not applicable

| | Notes | Unaudited Six months ended 30 June 2019 US\$'000 | Unaudited Six months ended 30 June 2018 US\$'000 | Audited Year ended 31 December 2018 US\$'000 |
|---|-------|---|---|---|
| Continuing activities | | | | |
| Revenue | 3 | 5,653 | 15,879 | 33,054 |
| Cost of sales | 5 | (4,990) | (13,476) | (24,601) |
| Gross profit | | 663 | 2,403 | 8,453 |
| Other income | | 11,045 | 8,299 | 19,149 |
| Administrative expenses | | (290) | (479) | (1,027) |
| Foreign exchange gain | 6 | (67) | 104 | (1,353) |
| Management fees | | (497) | (1,036) | (1,460) |
| Marketing expenses | | (94) | (373) | (671) |
| Other operating expenses | | (12,748) | (10,607) | (24,095) |
| Operating loss | | (1,988) | (1,689) | (1,004) |
| Finance income | | 492 | 362 | 1,242 |
| Finance costs | | (3,727) | (2,776) | (7,034) |
| Net finance costs | | (3,235) | (2,414) | (5,792) |
| Net loss before taxation | | (5,223) | (4,103) | (6,796) |
| Taxation | 7 | (602) | (518) | 390 |
| Loss for the period/year | | (5,825) | (4,621) | (6,406) |
| <i>Other comprehensive (loss)/ income, net of tax</i> | | | | |
| <i>Items that are or may be reclassified subsequently to profit or loss</i> | | | | |
| Foreign currency translation differences for foreign operations | | (67) | (135) | (1,082) |
| Total other comprehensive loss for the period/year | | (67) | (135) | (1,082) |
| Total comprehensive loss for the period/year | | (5,892) | (4,756) | (7,488) |
| Loss attributable to: | | | | |
| Equity holders of the parent | | (4,055) | (3,327) | (4,885) |
| Non-controlling interests | | (1,770) | (1,294) | (1,521) |
| Total | | (5,825) | (4,621) | (6,406) |
| Total comprehensive loss attributable to: | | | | |
| Equity holders of the parent | | (4,095) | (3,373) | (6,154) |
| Non-controlling interests | | (1,797) | (1,383) | (1,334) |
| Total | | (5,892) | (4,756) | (7,488) |
| (Loss)/Earnings per share | | | | |
| Basic and diluted (US cents) | 8 | (2.04) | (1.67) | (2.46) |

AS AT 30 JUNE 2019

| | Notes | Unaudited As at 30 June 2019 US\$'000 | Unaudited As at 30 June 2018 US\$'000 | Audited As at 31 December 2018 US\$'000 |
|---|-------|---|---|---|
| Non-current assets | | | | |
| Property, plant and equipment | | 664 | 615 | 678 |
| Intangible assets | | 4,085 | 4,159 | 4,148 |
| Deferred tax assets | | 4,828 | 5,356 | 5,186 |
| Total non-current assets | | 9,577 | 10,130 | 10,012 |
| Current assets | | | | |
| Inventories | | 263,526 | 259,910 | 267,160 |
| Trade and other receivables | | 14,578 | 12,002 | 16,991 |
| Prepayments | | 598 | 487 | 635 |
| Current tax assets | | 143 | 487 | 157 |
| Cash and cash equivalents | | 6,791 | 9,173 | 12,573 |
| Total current assets | | 285,636 | 282,059 | 297,516 |
| TOTAL ASSETS | | 295,213 | 292,189 | 307,528 |
| Equity | | | | |
| Share capital | | 10,601 | 10,601 | 10,601 |
| Share premium | | 208,925 | 208,925 | 208,925 |
| Capital redemption reserve | | 1,899 | 1,899 | 1,899 |
| Translation reserve | | (22,305) | (20,920) | (22,265) |
| Accumulated losses | | (66,841) | (61,624) | (62,786) |
| Shareholders' equity | | 132,279 | 138,881 | 136,374 |
| Non-controlling interests | | (2,734) | (2,567) | (937) |
| Total equity | | 129,545 | 136,314 | 135,437 |
| Non-current liabilities | | | | |
| Trade and other payable | | 38,638 | 31,406 | 37,976 |
| Loans and borrowings | 9 | 14,043 | 40,618 | 13,188 |
| Total non-current liabilities | | 52,681 | 72,024 | 51,164 |
| Current liabilities | | | | |
| Trade and other payables | | 28,676 | 28,172 | 34,128 |
| Amount due to non-controlling interests | | 9,728 | 13,400 | 13,194 |
| Loans and borrowings | 9 | 43,701 | 12,982 | 48,084 |
| Medium term notes | 10 | 29,506 | 24,562 | 23,761 |
| Current tax liabilities | | 1,376 | 4,735 | 1,760 |
| Total current liabilities | | 112,987 | 83,851 | 120,927 |
| Total liabilities | | 165,668 | 155,875 | 172,091 |
| TOTAL EQUITY AND LIABILITIES | | 295,213 | 292,189 | 307,528 |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019 - UNAUDITED**

| | 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 |
|---|--|---|---------------------------------------|--|---|--|---|--|----------------------------------|
| 1 January 2019 | 10,601 | - | 208,925 | 1,899 | (22,265) | (62,786) | 136,374 | (937) | 135,437 |
| Loss for the period | - | - | - | - | - | (4,055) | (4,055) | (1,770) | (5,825) |
| Total other comprehensive loss | - | - | - | - | (40) | - | (40) | (27) | (67) |
| Total comprehensive loss | - | - | - | - | (40) | (4,055) | (4,095) | (1,797) | (5,892) |
| Shareholders' equity at 30 June 2019 | 10,601 | - | 208,925 | 1,899 | (22,305) | (66,841) | 132,279 | (2,734) | 129,545 |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2018 – UNAUDITED**

| | 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 |
|--|--|---|---------------------------------------|--|---|--|---|--|----------------------------------|
| 1 January 2018 | 10,601 | - | 208,925 | 1,899 | (20,874) | (58,294) | 142,257 | (1,250) | 141,007 |
| Changes in ownership interests in subsidiaries | - | - | - | - | - | (3) | (3) | 3 | - |
| Non-controlling interests contribution | - | - | - | - | - | - | - | 63 | 63 |
| Loss for the period | - | - | - | - | - | (3,327) | (3,327) | (1,294) | (4,621) |
| Total other comprehensive loss | - | - | - | - | (46) | - | (46) | (89) | (135) |
| Total comprehensive loss | - | - | - | - | (46) | (3,327) | (3,373) | (1,383) | (4,756) |
| Shareholders' equity at 30 June 2018 | 10,601 | - | 208,925 | 1,899 | (20,920) | (61,624) | 138,881 | (2,567) | 136,314 |

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

| 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 | - | - | (10,001) | - | - | - | (10,001) | - | (10,001) |
| Changes in ownership interests in subsidiaries | - | - | - | - | - | (539) | (539) | 539 | - |
| Non-controlling interests contribution | - | - | - | - | - | - | - | 252 | 252 |
| Restated loss for the year | - | - | - | - | - | (3,937) | (3,937) | (1,596) | (5,533) |
| Restated total other comprehensive income for the year | - | - | - | - | 8,566 | - | 8,566 | 105 | 8,671 |
| Restated total comprehensive income for the year | - | - | - | - | 8,566 | (3,937) | 4,629 | (1,491) | 3,138 |
| Restated balance at 31 December 2017/ 1 January 2018 | 10,601 | - | 208,925 | 1,899 | (20,996) | (57,898) | 142,531 | 331 | 142,862 |
| Changes in ownership interests in subsidiaries | - | - | - | - | - | (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 |

represent 2 management shares at US\$0.05 each

**CONSOLIDATED STATEMENT OF CASH FLOWS
SIX MONTHS ENDED 30 JUNE 2019**

| | Unaudited Six months ended 30 June 2019 US\$'000 | Unaudited Six months ended 30 June 2018 US\$'000 | Audited Year ended 31 December 2018 US\$'000 |
|---|---|---|---|
| Cash Flows from Operating Activities | | | |
| Net loss before taxation | (5,223) | (4,103) | (6,796) |
| Finance income | (492) | (362) | (1,242) |
| Finance costs | 3,727 | 2,776 | 7,034 |
| Unrealised foreign exchange gain | (14) | (84) | 1,382 |
| Write down/Impairment of goodwill | 62 | 42 | 53 |
| Depreciation of property, plant and equipment | 56 | 41 | 92 |
| Operating (loss)/profit before changes in working capital | (1,884) | (1,690) | 523 |
| Changes in working capital: | | | |
| Decrease /(Increase) in inventories | 3,387 | (7,803) | (22,243) |
| Decrease /(Increase) in trade and other receivables and prepayments | 2,453 | (1,170) | (987) |
| (Decrease) /Increase in trade and other payables | (4,911) | 10,488 | 20,768 |
| Cash used in operations | (955) | (175) | (1,939) |
| Interest paid | (3,727) | (2,776) | (7,034) |
| Tax paid | (602) | (1,107) | (1,955) |
| Net cash used in operating activities | (5,284) | (4,058) | (10,928) |
| Cash Flows From Investing Activities | | | |
| Proceeds from disposal of property, plant and equipment | 6 | - | - |
| Purchase of property, plant and equipment | (50) | - | (121) |
| Finance income received | 492 | 362 | 1,242 |
| Net cash from investing activities | 448 | 362 | 1,121 |

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)
SIX MONTHS ENDED 30 JUNE 2019

| | Unaudited Six months ended June 2019 US\$'000 | Unaudited Six months ended 30 June 2018 US\$'000 | Audited Year ended 31 December 2018 US\$'000 |
|--|--|---|---|
| Cash Flows From Financing Activities | | | |
| (Repayment)/Advances from non-controlling interests | (3,435) | 19 | 82 |
| Issuance of ordinary shares of subsidiaries to non-controlling interests (i) | - | 63 | 63 |
| Repayment of loans and borrowings | (7,338) | (15,798) | (24,197) |
| Drawdown of loans and borrowings and medium term notes | 9,820 | 2,598 | 20,308 |
| Net (increase)/decrease in pledged deposits for loans and borrowings and Medium Term Notes | (2,306) | 13,700 | 13,623 |
| Net cash from/(used in) financing activities | (3,259) | 582 | 9,879 |
| Net changes in cash and cash equivalents during the period/year | (8,095) | (3,114) | 72 |
| Effect of changes in exchange rates | 11 | 154 | 497 |
| Cash and cash equivalents at the beginning of the period/year (i) | 9,863 | 9,294 | 9,294 |
| Cash and cash equivalents at the end of the period/year (i) | 1,779 | 6,334 | 9,863 |

(i) Cash and Cash Equivalents

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

| | | | |
|----------------------------------|--------------|--------------|--------------|
| Cash and bank balances | 1,235 | 2,973 | 9,372 |
| Short term bank deposits | 5,556 | 6,200 | 3,201 |
| | 6,791 | 9,173 | 12,573 |
| Less: Deposits pledged (ii) | (5,012) | (2,839) | (2,710) |
| Cash and cash equivalents | 1,779 | 6,334 | 9,863 |

(i) On 30 June 2018 and 31 December 2018, US\$63,000 of ordinary shares of subsidiaries were issued to non-controlling shareholders, of which was satisfied via cash consideration.

(ii) Included in short term bank deposits and cash and bank balance is US\$5,012,000 (31 December 2018:US\$2,710,000; 30 June 2018: US\$2,839,000) pledged for loans and borrowings and Medium Term Notes of the Group.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

1 GENERAL INFORMATION

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2019 has been prepared in accordance with IAS 34, Interim Financial Reporting.

The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2018 which has been prepared in accordance with IFRS.

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual earnings.

The interim results have not been audited nor reviewed and do not constitute statutory financial statements.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018 as described in those annual financial statements.

The interim report and financial statements were approved by the Board of Directors on 27 September 2019.

3 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.

On 22 March 2019, the Company announced that IDM, the current Development Manager of Aseana, had on 21 March 2019, submitted a notice to terminate its appointment under the Management Agreement. Unless otherwise agreed, IDM's resignation is subject to a three months notice period which will enable the orderly transition of operations currently carried out by IDM to the Company itself or to third parties. On 19 June 2019, the Company further announced that the notice period was extended to 30 June 2019.

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. – developed, owns and operates Harbour Mall Sandakan ("HMS") and Four Points by Sheraton Sandakan Hotel ("FPSS");
- (iv) Amatir Resources Sdn. Bhd. – developed SENI Mont' Kiara ("SENI");
- (v) The Ruma Hotel KL Sdn Bhd – operates The RuMa Hotel
- (vi) Urban DNA Sdn. Bhd.– developed and owns The RuMa Hotel and Residences ("The Ruma") and
- (vii) Hoa Lam-Shangri-La Healthcare Group – master developer of International Healthcare Park ("IHP"); developed, owns and operates the City International Hospital ("CIH").

Other non-reportable segments comprise the Group's other development projects. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2019 and 2018.

Information regarding the operations of each reportable segment is included below. The Executive Management monitors the operating results of each segment for the purpose of performance assessments and making decisions on resource allocation. Performance is based on segment gross profit/(loss) and profit/(loss) before taxation, which the Executive Management believes are the most relevant in evaluating the results relative to other entities in the industry. Segment assets presented 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.

Operating Segments – ended 30 June 2019- Unaudited

| | Investment Holding Companies | Ireka Land Sdn. Bhd. | ICSD Ventures Sdn. Bhd. | Amatir Resources Sdn. Bhd. | The Ruma Hotel KL Sdn. Bhd. | Urban DNA Sdn. Bhd. | Hoa Lam- Shangri-La Healthcare Group | Total |
|--|---|-------------------------------------|--|---|--|------------------------------------|---|-----------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Segment (loss)/profit before taxation | (692) | - | (636) | 1,059 | (2,343) | (602) | (1,736) | (4,950) |
| <i>Included in the measure of segment profit/(loss) are:</i> | | | | | | | | |
| Revenue | - | - | - | 6,464 | - | (811) | - | 5,653 |
| Revenue from hotel operations | - | - | 1,761 | - | 1,098 | - | - | 2,859 |
| Revenue from mall operations | - | - | 931 | - | - | - | - | 931 |
| Revenue from hospital operations | - | - | - | - | - | - | 7,022 | 7,022 |
| Disposal of intangible assets | - | - | - | (1,154) | - | - | - | (1,154) |
| Impairment of goodwill | - | - | - | (62) | - | - | - | (62) |
| Marketing expenses | - | - | - | (1) | - | (94) | - | (94) |
| Expenses from hotel operations | - | - | (2,000) | - | (3,185) | - | - | (5,185) |
| Expenses from mall operations | - | - | (641) | - | - | - | - | (641) |
| Expenses from hospital operations | - | - | - | - | - | - | (6,475) | (6,475) |
| Depreciation of property, plant and equipment | - | - | - | - | (19) | - | (37) | (56) |
| Finance costs | - | - | (770) | (266) | - | (664) | (2,027) | (3,727) |
| Finance income | - | 1 | 53 | 422 | - | 6 | 10 | 492 |
| Segment assets | 242 | 583 | 82,085 | 9,077 | 582 | 96,689 | 86,934 | 276,192 |
| Segment liabilities | 270 | 220 | 2,420 | 4,905 | 918 | 14,942 | 64,736 | 88,411 |

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 | (4,950) |
| Other non-reportable segments | (273) |
| Consolidated loss before taxation | (5,223) |

Operating Segments – ended 30 June 2018- Unaudited

| | Investment Holding Companies | Ireka Land Sdn. Bhd. | ICSD Ventures Sdn. Bhd. | Amatir Resources Sdn. Bhd. | Urban DNA Sdn. Bhd. | Hoa Lam- Shangri-La Healthcare Group | Total |
|--|---|---------------------------------|--|---|------------------------------------|---|-----------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Segment (loss)/profit before taxation | (896) | (34) | (753) | 777 | 569 | (2,327) | (2,664) |
| <i>Included in the measure of segment profit/(loss) are:</i> | | | | | | | |
| Revenue | - | - | - | 4,322 | 11,557 | - | 15,879 |
| Revenue from hotel operations | - | - | 1,859 | - | - | - | 1,859 |
| Revenue from mall operations | - | - | 865 | - | - | - | 865 |
| Revenue from hospital operations | - | - | - | - | - | 5,192 | 5,192 |
| Disposal of intangible assets | - | - | - | (775) | - | - | (775) |
| Impairment of goodwill | - | - | - | (42) | - | - | (42) |
| Marketing expenses | - | - | - | - | (373) | - | (373) |
| Expenses from hotel operations | - | - | (2,189) | - | - | - | (2,189) |
| Expenses from mall operations | - | - | (711) | - | - | - | (711) |
| Expenses from hospital operations | - | - | - | - | - | (5,615) | (5,615) |
| Depreciation of property, plant and equipment | - | - | - | - | - | (40) | (40) |
| Finance costs | - | - | (782) | - | - | (1,971) | (2,753) |
| Finance income | - | 1 | 51 | 5 | 9 | 296 | 362 |
| Segment assets | 461 | 803 | 83,775 | 9,747 | 93,006 | 90,163 | 277,955 |
| Segment liabilities | 463 | 213 | 2,679 | 1,341 | 53,118 | 63,920 | 121,734 |

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 | (2,664) |
| Other non-reportable segments | (1,439) |
| Consolidated loss before taxation | (4,103) |

Operating Segments – ended 31 December 2018 – Audited

| | Investment Holding Companies | Ireka Land Sdn. Bhd. | ICSD Ventures Sdn. Bhd. | Amatir Resources Sdn. Bhd. | The RuMa Hotel KL Sdn. Bhd. | Urban DNA Sdn. Bhd. | Hoa Lam Shangri-La Healthcare Group | Total |
|--|---|-------------------------------------|--|---|--|------------------------------------|--|-----------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Segment (loss)/profit before taxation | (2,475) | (32) | (1,339) | 820 | (4,199) | 6,118 | (4,107) | (5,214) |
| <i>Included in the measure of segment (loss)/profit are:</i> | | | | | | | | |
| 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) |

30 June 2019 – Unaudited

| US\$'000 | Revenue | Depreciation | Finance costs | Finance income | Segment assets | Segment liabilities | Addition to non-current assets |
|-------------------------------|---------|--------------|---------------|----------------|----------------|---------------------|--------------------------------|
| Total reportable segment | 5,653 | (56) | (3,485) | 492 | 276,192 | 88,411 | - |
| Other non-reportable segments | - | - | (242) | - | 19,021 | 77,257 | 50 |
| Consolidated total | 5,653 | (56) | (3,727) | 492 | 295,213 | 165,668 | 50 |

30 June 2018 – Unaudited

| US\$'000 | Revenue | Depreciation | Finance costs | Finance income | Segment assets | Segment liabilities | Addition to non-current assets |
|-------------------------------|---------|--------------|---------------|----------------|----------------|---------------------|--------------------------------|
| Total reportable segment | 15,879 | (40) | (2,753) | 362 | 277,955 | 121,734 | - |
| Other non-reportable segments | - | (1) | (23) | - | 14,234 | 34,141 | - |
| Consolidated total | 15,879 | (41) | (2,776) | 362 | 292,189 | 155,875 | - |

31 December 2018 – Audited

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

| | | | | | | | |
|---------------------------|--------|------|---------|-------|---------|---------|-----|
| Consolidated total | 33,054 | (92) | (7,034) | 1,242 | 307,528 | 172,091 | 121 |
|---------------------------|--------|------|---------|-------|---------|---------|-----|

Geographical Information – ended 30 June 2019 - Unaudited

| | Malaysia US\$'000 | Vietnam US\$'000 | Consolidated US\$'000 |
|--------------------|----------------------|---------------------|--------------------------|
| Revenue | 5,653 | - | 5,653 |
| Non-current assets | 5,536 | 4,041 | 9,577 |

Geographical Information – ended 30 June 2018 – Unaudited

| | Malaysia US\$'000 | Vietnam US\$'000 | Consolidated US\$'000 |
|--------------------|----------------------|---------------------|--------------------------|
| Revenue | 15,879 | - | 15,879 |
| Non-current assets | 6,000 | 4,130 | 10,130 |

Geographical Information – ended 31 December 2018 – Audited

| | 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 period/year ended 30 June 2019; 30 June 2018; 31 December 2018, no single customer exceeded 10% of the Group's total revenue.

4 SEASONALITY

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

5 COST OF SALES

| | Unaudited Six months ended 30 June 2019 US\$'000 | Unaudited Six months ended 30 June 2018 US\$'000 | Audited Year ended 31 December 2018 US\$'000 |
|---------------------------------|---|---|---|
| Direct costs attributable to: | | | |
| Completed Units | 3,774 | 12,659 | 24,548 |
| Impairment of inventory | 62 | 42 | - |
| Impairment of intangible assets | 1,154 | 775 | 53 |
| | 4,990 | 13,476 | 24,601 |

6 FOREIGN EXCHANGE (LOSS)/GAIN

| | Unaudited Six months ended 30 June 2019 US\$'000 | Unaudited Six months ended 30 June 2018 US\$'000 | Audited Year ended 31 December 2018 US\$'000 |
|---|---|---|---|
| Foreign exchange (loss)/gain comprises: | | | |
| Realised foreign exchange gain/(loss) | (81) | 22 | 29 |
| Unrealised foreign exchange gain/(loss) | 14 | 82 | (1,382) |
| | (67) | 104 | (1,353) |

7 TAXATION

| | Unaudited Six months ended 30 June 2019 US\$'000 | Unaudited Six months ended 30 June 2018 US\$'000 | Audited Year ended 31 December 2018 US\$'000 |
|---|---|---|---|
| Current tax expense | 241 | 1,624 | (147) |
| Deferred tax credit | 361 | (1,106) | (243) |
| Total tax expense/(income) for the period/year | 602 | 518 | (390) |

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

| | Unaudited Six months ended 30 June 2019 US\$'000 | Unaudited Six months ended 30 June 2018 US\$'000 | Audited Year Ended 31 December 2018 US\$'000 |
|---|---|---|---|
| Net loss before taxation | (5,223) | (4,103) | (6,796) |
| Income tax | (1,253) | (985) | (1,631) |
| Add : | | | |
| Tax effect of expenses not deductible in determining taxable profit | 1,223 | 1,295 | 4,137 |
| Current year losses and other tax benefits for which no deferred tax asset was recognised | 1,899 | 2,027 | 1,927 |
| Tax effect of different tax rates in subsidiaries | 370 | 221 | 948 |
| Less : | | | |
| Tax effect of income not taxable in determining taxable profit | (949) | (2,121) | (3,348) |
| (Under)/Over provision in respect of prior period/year | (688) | 81 | (2,423) |
| Total tax expense for the period/year | 602 | 518 | (390) |

The applicable corporate tax rate in Malaysia is 24%.

The applicable corporate tax rates in Singapore and Vietnam are 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.

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 Company is also registered as an International Services Entity so it does not have to charge or pay local Goods and Services Tax. The cost for this registration is £200 per annum.

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

8 (LOSS)/EARNINGS PER SHARE

Basic and diluted (loss)/earnings per ordinary share

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

| | Unaudited Six months ended 30 June 2019 | Unaudited Six months ended 30 June 2018 | Audited Year ended 31 December 2018 |
|--|--|--|--|
| (Loss)/earnings attributable to equity holders of the parent (US\$'000) | (4,055) | (3,327) | (4,885) |
| Weighted average number of shares | 198,691,000 | 198,691,000 | 198,691,000 |
| (Loss)/earnings per share | | | |
| Basic and diluted (US cents) | (2.04) | (1.67) | (2.46) |

9 LOANS AND BORROWINGS

| | Unaudited As at 30 June 2019 US\$'000 | Unaudited As at 30 June 2018 US\$'000 | Audited As at 31 December 2018 US\$'000 |
|---------------------------|---|---|---|
| Non-current | | | |
| Bank loans | 14,043 | 40,618 | 13,188 |
| | 14,043 | 40,618 | 13,188 |
| Current | | | |
| Bank loans | 43,701 | 12,982 | 48,084 |
| Finance lease liabilities | - | - | - |
| | 43,701 | 12,982 | 48,084 |
| | 57,744 | 53,600 | 61,272 |

The effective interest rates on the bank loans and finance lease arrangement for the period ranged from 5.25% to 12.50% (30 June 2018: 5.00% to 12.50%; 31 December 2018: 5.55% to 11.30%) per annum and 2.50% (30 June 2018: 2.50%; 31 December 2018: 2.50%) per annum respectively.

Borrowings are denominated in Malaysian Ringgit, United States Dollars and Vietnamese Dong.

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

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

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

| | As at 1 January 2019 US\$'000 | Drawdown of loan US\$'000 | Repayment of loan US\$'000 | Foreign exchange movements US\$'000 | As at 30 June 2019 US\$'000 |
|---------------------------|--|---------------------------------|----------------------------------|--|--------------------------------------|
| Unaudited | | | | | |
| Bank loans | 61,272 | 4,293 | (7,338) | (483) | 57,744 |
| Finance lease liabilities | - | - | - | - | - |
| Total | 61,272 | 4,293 | (7,338) | (483) | 57,744 |

| | As at 1 January 2018 US\$'000 | Drawdown of loan US\$'000 | Repayment of loan US\$'000 | Foreign exchange movements US\$'000 | As at 30 June 2018 US\$'000 |
|---------------------------|--|---------------------------------|----------------------------------|--|--------------------------------------|
| Unaudited | | | | | |
| Bank loans | 67,454 | 2,598 | (15,798) | (654) | 53,600 |
| Finance lease liabilities | - | - | - | - | - |
| Total | 67,454 | 2,598 | (15,798) | (654) | 53,600 |

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

10 MEDIUM TERM NOTES

| | Unaudited As at 30 June 2019 | Unaudited As at 30 June 2018 | Audited As at 31 December 2018 |
|-------------------------------------|---------------------------------------|---------------------------------------|---|
| | US\$'000 | US\$'000 | US\$'000 |
| Outstanding medium term notes | 29,717 | 24,770 | 24,180 |
| Net transaction costs | (211) | (208) | (419) |
| Less: | | | |
| Repayment due within twelve months* | (29,506) | (24,562) | (23,761) |
| Repayment due after twelve months | - | - | - |

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

| | As at 1 January 2019 | Drawdown of loan | Repayment of loan | Foreign exchange movements | As at 30 June 2019 |
|-------------------|----------------------------|---------------------|----------------------|----------------------------------|--------------------------|
| Unaudited | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Medium Term Notes | 23,761 | 5,527 | - | 218 | 29,506 |

| | As at 1 January 2018 | Drawdown of loan | Repayment of loan | Foreign exchange movements | As at 30 June 2018 |
|-------------------|----------------------------|---------------------|----------------------|----------------------------------|--------------------------|
| Unaudited | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Medium Term Notes | 24,324 | - | - | 238 | 24,562 |

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

* Includes net transaction costs in relation to medium term notes due within twelve months of US\$0.21 million. (30 June 2018: US\$0.21million; 31 December 2018: US\$0.42 million)

The tenure of the medium term notes programme is ten(10) years which expires on 7 December 2021. SSB has secured a “roll-over” of the remaining medium term notes of US\$24.19mil (RM100 million) on 10 December 2018 which is due on 10 December 2019.

The medium term notes are rated AAA.

No repayments were made in the current financial period.

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

| | Maturity Dates | Interest rate % per annum | US\$'000 |
|----------------------|-----------------------|--------------------------------------|-----------------|
| Series 1 Tranche FGI | 10 December 2019 | 6.00 | 10,402 |
| Series 1 Tranche BG | 10 December 2019 | 6.00 | 13,788 |
| | | | 24,190 |

The medium term notes are secured by way of:

- (i) bank guarantee from two financial institutions in respect of the BG Tranches;
- (ii) financial guarantee insurance policy from Danajamin Nasional Berhad (“Danajamin”) in respect to the FG Tranches;
- (iii) a first fixed and floating charge over the present and future assets and properties of Silver Sparrow Berhad and ICSD Ventures Sdn. Bhd. by way of a debenture;
- (iv) a third party first legal fixed charge over ICSD Ventures Sdn. Bhd.’s assets and land;
- (v) a corporate guarantee by Aseana Properties Limited;
- (vi) letter of undertaking from Aseana Properties Limited to provide financial and other forms of support to ICSD Ventures Sdn. Bhd. to finance any cost overruns associated with the development of the Sandakan Harbour Square;
- (vii) assignment of all its present and future rights, interest and benefits under the ICSD Ventures Sdn. Bhd.’s Put Option Agreements in favour of Danajamin, Malayan Banking Berhad and OCBC Bank (Malaysia) Berhad (collectively as “the guarantors”) where once exercised, the sale and purchase of HMS and FPSS shall take place in accordance with the provision of the Put Option Agreement; and the proceeds from HMS and FPSS will be utilised to repay the MTNs;
- (viii) assignment over the disbursement account, revenue account, operating account, sale proceed account, debt service reserve account and sinking fund account of Silver Sparrow Berhad; revenue account of ICSD Venture Sdn. Bhd. and escrow account of Ireka Land Sdn. Bhd.;

- (ix) assignment of all ICSD Ventures Sdn. Bhd's present and future rights, title, interest and benefits in and under the insurance policies; and
- (x) a first legal charge over all the shares of Silver Sparrow Berhad, ICSD Ventures Sdn. Bhd. and any dividends, distributions and entitlements.

Potensi Angkasa Sdn Bhd ("PASB"), a subsidiary incorporated on 25 February 2019, has secured a commercial paper and/or medium term notes programme of not exceeding RM90.0 million ("CP/MTN Programme") to fund a project known as The RuMa Hotel and Residences. PASB may, from time to time, issue commercial paper and/or medium term notes ("Notes") whereby the nominal value of outstanding Notes shall not exceed RM90.0 million at any one time. US\$5.527mil (RM22.9 million) was issued on 10 June 2019. The weighted interest rate of the loan was 6.0% per annum at the statement of financial position date. The effective interest rates of the medium term notes and their outstanding amounts were as follows:

| | Maturity Dates | Interest rate % per annum | US\$'000 |
|---------------|-----------------------|--------------------------------------|-----------------|
| Tranche 1 | 10 June 2020 | 6.0 | 472 |
| Tranche 2- 23 | 10 June 2020 | 6.0 | 5,055 |
| | | | 5,527 |

Security for CP/MTN Programme

- (a) A legal charge over the Designated Accounts by the PASB and/or the Security Party (as defined below) (as the case may be) and assignment of the rights, titles, benefits and interests of the PASB and/or the Security Party (as the case may be) thereto and the credit balances therein on a pari passu basis among all Notes, subject to the following:
 - (i) In respect of the 75% of the sale proceeds of a Secured Asset ("Net Sale Proceeds") arising from the disposal of a Secured Asset, the Noteholders of the relevant Tranche secured by such Secured Asset shall have the first ranking security over such Net Sale Proceeds;
 - (ii) In respect of the insurance proceeds from the Secured Assets ("Insurance Proceeds"), the Noteholders of the relevant Tranche secured by such Secured Asset shall have the first ranking security over such Insurance Proceeds;
 - (iii) In respect of the sale deposits from the Secured Assets ("Sale Deposits"), the Noteholders of the relevant Tranche secured by such Secured Asset shall have the first ranking security over such Sale Deposits;
 - (iv) In respect of the amount at least equivalent to an amount payable in respect of any coupon payment of that particular Tranche for the next six (6) months to be maintained by the Issuer ("Issuer's DSRA Minimum Required Balance"), the Noteholders of the relevant Tranche shall have the first ranking security over such Issuer's DSRA Minimum Required Balance;
 - (v) In respect of the proceeds from the Collection Account ("CA Proceeds"), the Noteholders of the relevant Tranche shall have the first ranking security over such CA Proceeds; and

- (vi) In respect of any amount deposited by the Guarantor which are earmarked for the purposes of an early redemption of a particular Tranche of the Notes and/or principal payment of a particular Tranche of the Notes (“Deposited Amount”), the Noteholders of the relevant Tranche shall have the first ranking security over such Deposited Amount;
- (b) An irrevocable and unconditional guarantee provided by the Urban DNA Sdn Bhd for all payments due and payable under the CP/MTN Programme (“Guarantee”); and
- (c) Any other security deemed appropriate and mutually agreed between the PASB and the Principal Adviser/Lead Arranger (“PA/LA”), the latter being Kenanga Investment Bank Berhad.

Security for each medium term note:

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

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

- (a) Legal assignment and/or charge by the PASB and/or the Security Party (as the case may be) of the Secured Assets;
- (b) An assignment over all the rights, titles, benefits and interests of the PASB and/or the Security Party (as the case may be) under all the sale and purchase agreements executed by end-purchasers and any subsequent sale and purchase agreement to be executed in the future by end-purchaser (if any), in relation to the Secured Assets;
- (c) A letter of undertaking from Aseana Properties Limited to, amongst others, purchase the Secured Assets (“Letter of Undertaking”); and/or
- (d) Any other security deemed appropriate and mutually agreed between the Issuer and the PA/LA and/or Lead Manager prior to the issuance of the relevant Tranche.

The security for each Tranche is referred to as “Tranche Security”.

11 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.

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.

| | Unaudited Six months ended 30 June 2019 US\$’000 | Unaudited Six months ended 30 June 2018 US\$’000 | Audited Year ended 31 December 2018 US\$’000 |
|--|---|---|---|
| ICB Group of Companies | | | |
| Accounting and financial reporting services fee charged by an ICB subsidiary | 25 | 25 | 50 |
| Advance payment from the contractors of an ICB subsidiary | - | (860) | - |
| Hosting and IT support services charged by an ICB subsidiary | 29 | 32 | 76 |
| Management fees charged by an ICB subsidiary | 497 | 1,036 | 1,460 |
| Marketing commission charged by an ICB subsidiary | 22 | 33 | 106 |
| Project staff costs reimbursed to an ICB subsidiary | 248 | 155 | 288 |
| Rental expenses charge by an ICB subsidiary | 11 | 11 | 24 |
| Rental expenses paid on behalf of ICB | 253 | 389 | 529 |
| Secretarial and administrative services fee charged by an ICB subsidiary | 25 | 25 | 50 |
| Key management personnel | | | |
| Remuneration of key management personnel – Directors’ fees | 48 | 101 | 145 |
| Remuneration of key management personnel – Salaries | 47 | 47 | 94 |

The above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

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

| | Unaudited Six months ended 30 June 2019 US\$'000 | Unaudited Six months ended 30 June 2018 US\$'000 | Audited Year ended 31 December 2018 US\$'000 |
|----------------------------------|---|---|---|
| Non-controlling interests | | | |
| Advances – non-interest bearing | (3,435) | 19 | 82 |

The outstanding amounts due from/ (to) ICB and its group of companies as at 30 June 2019, 30 June 2018 and 31 December 2018 are as follows:

| | Note | Unaudited As at 30 June 2019 US\$'000 | Unaudited As at 30 June 2018 US\$'000 | Audited As at 31 December 2018 US\$'000 |
|---|------|--|--|--|
| Amount due from an ICB subsidiary for advance payment to its contractors | (i) | - | 3,164 | 2,427 |
| Amount due from/(to) an ICB subsidiary for construction progress charged | (i) | 1,696 | 3,414 | (1,508) |
| Amount due from an ICB subsidiary for acquisition of SENI Mont' Kiara units | (i) | 1,912 | 1,957 | 1,910 |
| Amount due to an ICB subsidiary for hosting and IT support services charged | (i) | (23) | (13) | (17) |
| Amount due to an ICB subsidiary for management fees | (i) | (175) | (275) | (239) |
| Amount due to an ICB subsidiary for marketing commissions | (i) | - | (5) | (17) |
| Amount due to ICB subsidiary for reimbursement of project staff costs | (ii) | (39) | (42) | (40) |
| Amount due to an ICB subsidiary for rental expenses | (ii) | (10) | (18) | (20) |
| Amount due from ICB for rental expenses paid on behalf | (ii) | 185 | 429 | 126 |

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

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

The outstanding amounts due from/ (to) the other significant related parties as at 30 June 2019, 30 June 2018 and 31 December 2018 are as follows:

| | Unaudited As at 30 June 2019 US\$'000 | Unaudited As at 30 June 2018 US\$'000 | Audited As at 31 December 2018 US\$'000 |
|----------------------------------|--|--|--|
| Non-controlling interests | | | |
| Advances – non-interest bearing | (9,728) | (13,413) | (13,194) |

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

12 DIVIDENDS

The Company has not paid or declared any dividends during the financial period ended 30 June 2019.

13 INTERIM STATEMENT

Copies of this interim statement are available on the Company's website www.aseanaproperties.com or from the Company's registered office at 12 Castle Street, St. Helier, Jersey, JE2 3RT, Channel Islands.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has overall responsibility for risk management and internal control. The following have been identified previously as the areas of principal risk and uncertainty facing the Company, and they remain relevant in the second half of the year.

- Economic
- Strategic
- Regulatory
- Law and regulations
- Tax regimes
- Management and control
- Operational
- Financial
- Going concern

For greater detail, please refer to page 16 of the Company's Annual Report for 2018, a copy of which is available on the Company's website www.aseanaproperties.com.

RESPONSIBILITY STATEMENT

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

- a) The condensed consolidated financial statements have been prepared in accordance with IAS 34 (Interim Financial Reporting);
- b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c) The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

On behalf of the Board

Gerald Ong Chong Keng
Director

27 September 2019