

INVESTIGATIONS

Audit raises doubts about ASF, firm picked to lead \$3bn resort



Five high-rise towers feature in the ASF proposal for a \$3bn casino and hotel project to be built on land between Sea World and Palazzo Versace on the Gold Coast.

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Auditors have cast doubt on the financial viability of the parent company behind a consortium that has won exclusive negotiating rights with the Queensland government to develop a \$3 billion casino and hotel project on the Southport Spit.

In a politically embarrassing finding for the state government, which has spruiked the project as a cornerstone economic development, the latest filings by ASX-listed ASF, which is the sole owner of the consortium, reveal it has lost \$92 million of \$102m raised from investors. Its auditors have warned there is “material uncertainty” about its future.

The accounts of ASF — whose directors are predominantly Chinese nationals — show the group lost \$5.97m in the six months to December, almost as much as the \$6.25m in cash it has remaining.

Auditor Matthew Leivesley, partner of accountancy firm Grant Thornton, said there was a “material uncertainty” over whether ASF could continue as a “going concern”, and its continued operations were dependent on its ability to “achieve sufficient profitability” and to raise more funds.

The planned Gold Coast mega-resort — including a “world-class casino” and five high-rise towers, including three “branded five and six-star hotels” — has been promoted by the ALP Queensland government on official websites and by State Development Minister Anthony Lynham.

Mr Lynham has repeatedly declined to speak to *The Australian* in recent days despite the auditors’ warning about ASF’s financial health. Department spokesman, Andrew Evans, said the ASF proposal was from ASF Consortium, which was a wholly-owned subsidiary of ASF.

“In assessing the commercial viability of the consortium proposal, the government will consider the financial capacity of individual members as well as the wider consortium,” Mr Evans said.

When asked to provide details of who the other members of ASF Consortium were, Mr Evans provided a link; however, the parties were two law firms, an architect, town planners, a consultant, a marketing firm and a construction group — all entities any property developer would typically engage.

Neither the Queensland government nor ASF would provide information when asked whether there were any equity partners in the proposal aside from ASF, other than to claim such information was “commercial in confidence”.

ASF management also declined to speak to *The Australian*, but spokeswoman Nina Ellingsen said ASF “manages a lean and conservative balance sheet” and had a “spotless track record of raising capital from its networks”.

ASX statements released by ASF in September and last month show the company has borrowed \$5m and \$10m respectively at an interest rate of 10 per cent, to be repayable in cash or company shares, from a company called Star Diamond Developments. ASF declined to provide details about Star Diamond Developments.

Of the predominantly Chinese ASF directors, led by chairwoman Min Yang, a number boast ties with government networks in China and Chinese government-run businesses.

Ms Ellingsen said: “ASF and its directors are not directly associated with the Chinese government.” However, she said the “consortium” included Chinese state-owned enterprises.

The construction group listed in the ASF consortium link provided by Mr Evans’ office is Chinese government-owned China State Construction Engineering Corporation.

ASF shares closed flat at 19c yesterday, having traded around that level for the past six months.

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