

Ever Searching for Better Living



綠野集團

Country Heights Holdings Berhad

(119416-K)



ENRICHING LIVES

annual report 2017



OUR VISION

Ever Searching for Better Living!

OUR MISSION

It's All About Meaningful Innovative Creations!

OUR VALUES

The values to govern our way of doing business and branding:-

- love
- quality
- style
- nature
- excellence



CONTENTS

3	Corporate Information	46	Property Investment	83	Financial Statements
4	Group Structure	50	Hospitality	182	Analysis of Shareholdings
6	Five-Year Group Financial Highlights	54	Health	183	List of Thirty Largest Securites Accounts Holders
8	Profile of Board of Directors	58	Membership & Tourism	184	List of Landed Properties Held by the Group
17	Chairman's Message	61	Corporate Governance Overview Statement	190	Notice of Annual General Meeting
23	Management Discussion & Analysis	74	Audit & Risk Management Committee Report		
31	Sustainability Statement	79	Statement on Risk Management and Internal Control		Annexure A
38	Property Development	82	Directors' Responsibility Statement		Proxy Form
					Corporate Directory

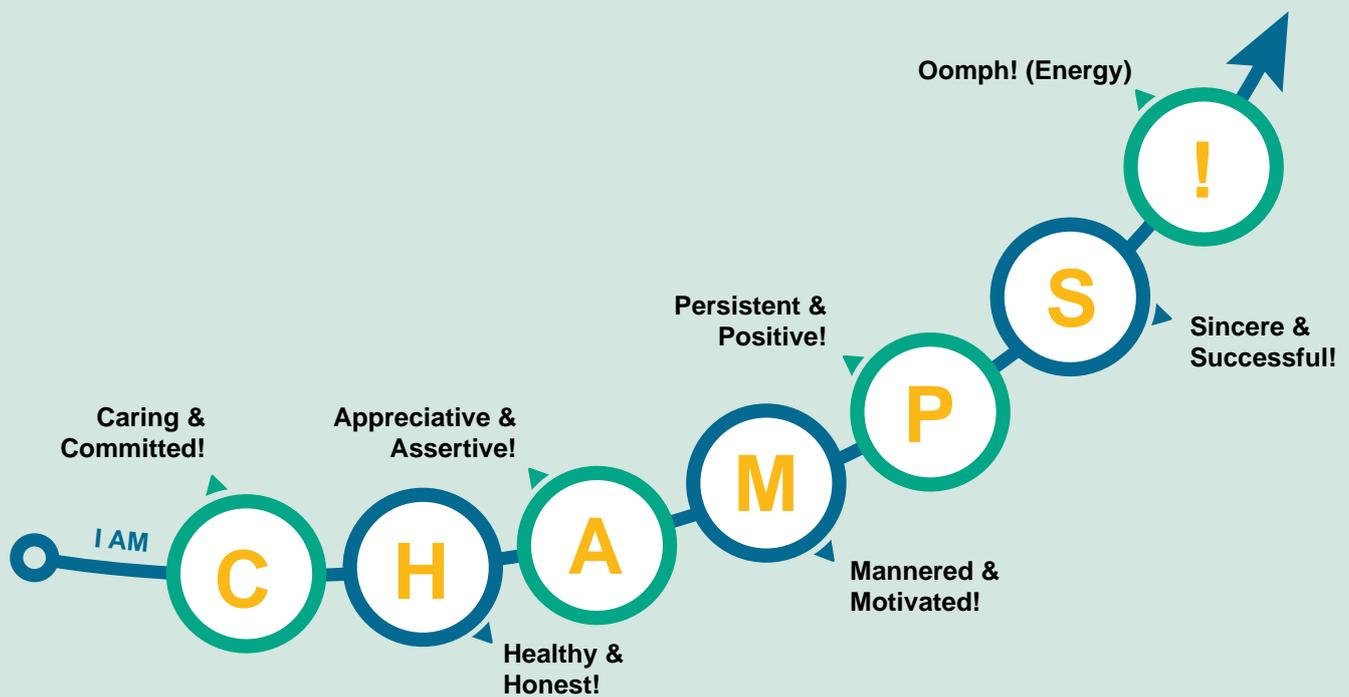


COMPANY PROFILE

Country Heights Holdings Berhad (“CHHB”) is a public listed conglomerate with subsidiaries in property development and investments, hotel and resort management, healthcare, event planning and exhibitions, education and timeshare. CHHB was listed on the Main Market of the Bursa Malaysia Securities Berhad on 18 February 1994.

Our largest development is the Mines Wellness City, where a once deserted opencast tin-mining lake was transformed into a sprawling hive of greenery and activities. Many of our award-winning projects, such as Palace of the Golden Horses, MINES Waterfront Business Park (MWBP) and MINES International Exhibition and Convention Centre (MIECC) were developed around this now majestic lake.

In CHHB, we take pride in our people, our Company and our developments.



We are the CHampS!

Country Heights AMazing PeopleS!

(Plural of people, Def: a body of persons that are united by a common culture, tradition, or a sense of kinship)

Country Heights understands that to be able to gain competitive edge and to maintain sustainability, Human Development is a crucial foundation.

Country Heights has dedicated in transforming its Human Resource initiatives in formulating systematic programmes for its employees towards a purposeful and effective workforce.

The first initiative was the launch of "CHampS!" The coining of a name is to create a common identity among all employees under different business units towards one goal, one culture and one direction.

CHampS! is aimed to create unity, inclusiveness and a heightened energy among workforce within the group. Each CHampS! abides the common values of caring, committed, healthy, honesty, appreciative, assertive, mannered, motivated, persistent, positive, sincere and successful as a guide in one's individual conduct in the working environment.

All employees working within the group is recognised as a CHampS!

BOARD OF DIRECTORS

Tan Sri Lee Kim Tiong @ Lee Kim Yew

Executive Chairman

Lee Cheng Wen

Deputy Chairman, Non-Independent
Non-Executive Director

Nik Hassan Bin Nik Mohd Amin

Independent Non-Executive Director

Ong Tee Chin

Independent Non-Executive Director

Chew Chong Eu

Independent Non-Executive Director

Lee Sow Lin

Executive Director

Lee Thai Young Matahari

Executive Director

Har Soon Thim

Executive Director

Yip Chun Mun

Executive Director

AUDIT & RISK MANAGEMENT COMMITTEE

Nik Hassan Bin Nik Mohd Amin
Chairman

Chew Chong Eu
Ong Tee Chin
Lee Cheng Wen

NOMINATION & REMUNERATION COMMITTEE

Ong Tee Chin
Chairman

Nik Hassan Bin Nik Mohd Amin
Chew Chong Eu
Lee Cheng Wen

COMPANY SECRETARY

Wong Sook Ping (MAICSA 0761491)

REGISTERED OFFICE

8th Floor, Block A,
Mines Waterfront Business Park
No. 3, Jalan Tasik, Mines Wellness City
43300 Seri Kembangan
Selangor Darul Ehsan
Tel : 603-8943 8811
Fax : 603-8941 1470

REGISTRAR

Shareworks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel : 603-6201 1120
Fax : 603-6201 3121

AUDITORS

Kreston John & Gan
Chartered Accountants
160-2-1
Kompleks Maluri Business Centre
Jalan Jejaka
55100 Kuala Lumpur

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
Bank of China (Malaysia) Berhad
Malaysia Building Society Berhad
Bank Pembangunan Malaysia Berhad
Al Rajhi Banking & Investment
Corporation (Malaysia) Berhad

SOLICITORS

Raja, Darryl & Loh
Adam Bachek & Associates
C.S Tang & Co
Saha & Associates
Iqbal Hakim, Sia & Voo
S.Ravichandran & Anuar
Thompson Associates
M Scully
Justin Voon Chooi & Wing

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

WEBSITE

www.countryheights.com



Country Heights Holdings Berhad
(119416-K)

PROPERTY DEVELOPMENT

- 70% Borneo Heights Sdn Bhd
- 100% College Heights Utara Sdn Bhd
- 100% Country Heights Commercial Development Sdn Bhd
- 100% Country Heights Development Sdn Bhd
- 100% Country Heights eMarketing Services Sdn Bhd
- 100% Country Heights Industries Sdn Bhd
- 100% Country Heights Properties Sdn Bhd

100% Country Heights Property Development Berhad

- 100% Country Heights Resorts & Leisure Sdn Bhd
- 100% Country Heights Sdn Bhd
- 100% Country Heights W.T.C. Sdn Bhd
- 100% Hasil Cermat Sdn Bhd
- 100% Magnitude Knight (M) Sdn Bhd
- 100% Tindak Murni Sdn Bhd
- 100% Versatile Champion Sdn Bhd
- 100% Walum Enterprise Sdn Bhd

PROPERTY INVESTMENT

100% East Vision Leisure Group Sdn Bhd

HOSPITALITY & HEALTH

- 100% Country Heights Sea Resort Sdn Bhd
- 81% Golden Horse Palace Berhad

OTHERS

- 100% Country Heights Global Ltd
- 100% Country Heights Resources Management (M) Sdn Bhd
- 100% Malaysia Trade & Distribution Centre (Rotterdam) Sdn Bhd
- 60% Mines Global Holidays & Travel Sdn Bhd
- 100% Mines Holdings Sdn Bhd
- 69% Stallion Management Sdn Bhd
- 70% Tadika Sri Moral Sdn Bhd
- 48% Simplex Design Sdn Bhd (Associate Company)

100% Borneo Highlands Hornbill Golf & Jungle Club Berhad

100% Country Heights Development Melaka Sdn Bhd

100% Country Heights Pangsa Rakyat Sdn Bhd

100% Mega Palm Sdn Bhd

100% Endless Gain Sdn Bhd

100% Profound Concept Sdn Bhd

100% Mines Premium Sdn Bhd

100% Country Heights Facility Management Sdn Bhd

99.98% Natural Circle (M) Sdn Bhd

100% Country Heights Pecanwood Boat Club (Pty) Ltd

100% Country Heights Pecanwood Golf & Country Club (Pty) Ltd

100% Mines International Exhibition Centre Sdn Bhd

100% Mines Shopping Fair Sdn Bhd

100% Mines Waterfront Business Park Sdn Bhd

100% Mines Events Sdn Bhd

100% Mines Marketing Sdn Bhd

50% Mines Global Holidays Sdn Bhd

70% Country Heights Health Tourism Sdn Bhd

100% KHU Property Management Sdn Bhd

100% Kin No Uma Sdn Bhd

100% Mines Wellness Hotel Berhad

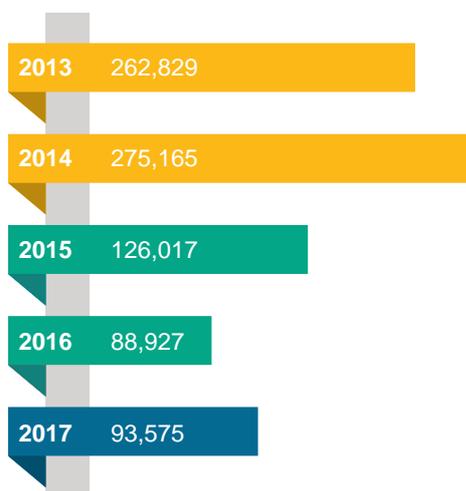
100% WIEXPO Sdn Bhd

100% GHHS Wellness Sdn Bhd

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

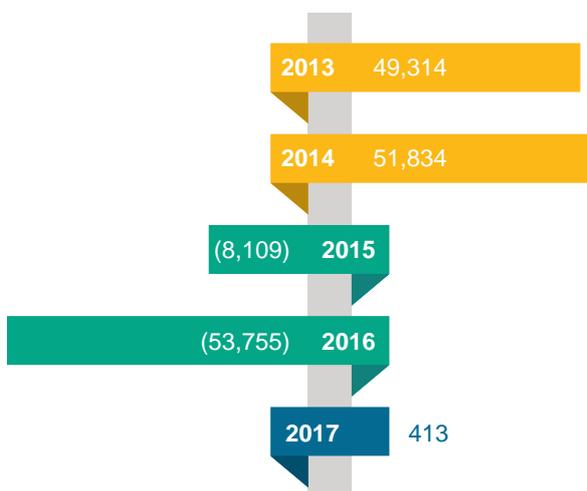
REVENUE

(RM'000)



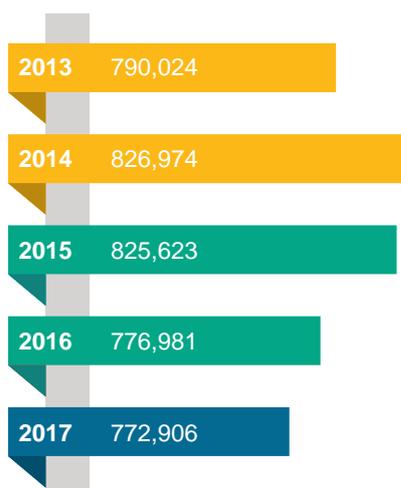
(LOSS)/PROFIT BEFORE TAXATION

(RM'000)



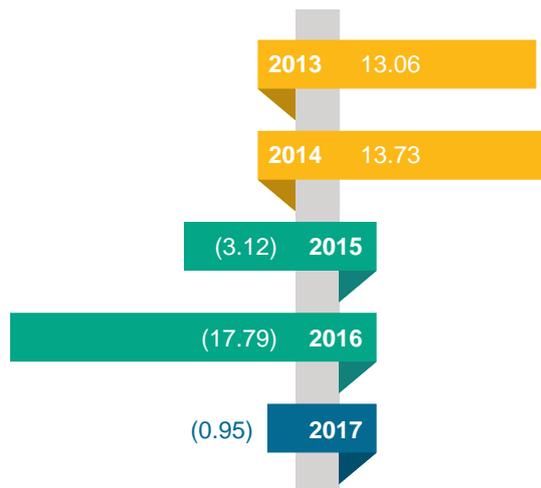
SHAREHOLDERS' FUNDS

(RM'000)



BASIC (LOSS)/EARNINGS PER SHARE

(sen)



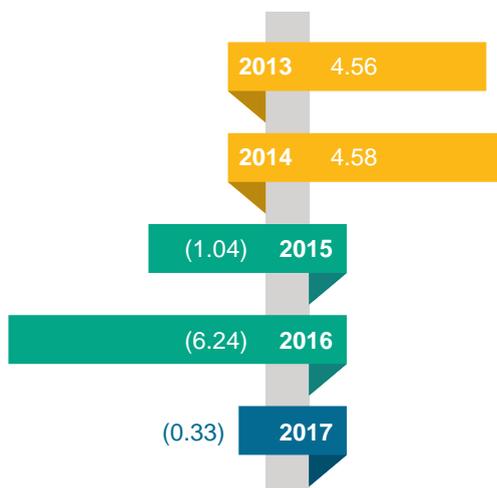
NET ASSETS PER SHARE

(RM)



RETURN ON EQUITY

(%)



	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR					
Continuing Operations					
Revenue	93,575	87,358	124,236	275,165	262,829
Profit/(Loss) before taxation	413	(53,755)	(8,109)	51,834	49,314
Profit/(Loss) after taxation	(2,352)	(53,194)	(7,968)	37,329	35,112
Discontinued Operations					
Revenue	-	1,569	1,781	-	-
Loss before taxation	-	(1,382)	(1,263)	-	-
Loss after taxation	-	(1,380)	(1,263)	-	-
Profit/(Loss) for the year	(2,352)	(54,574)	(9,231)	37,329	35,112
Net Profit/(Loss) Attributable to Shareholders	(2,624)	(48,521)	(8,612)	37,851	36,016
STATEMENTS OF FINANCIAL POSITION					
Total Assets	1,274,108	1,275,323	1,343,953	1,351,527	1,362,235
Total Liabilities	480,660	478,228	492,473	498,077	545,304
Share Capital net of treasury shares RM	272,793	272,793	275,707	275,707	275,707
Share Capital net of treasury shares unit	273,557	273,557	275,707	275,707	275,707
Reserves	423,814	504,188	552,830	551,413	514,317
Shareholders' Funds	772,906	776,981	825,623	826,974	790,024
	Sen	Sen	Sen	Sen	Sen
Basic (Loss)/Earnings Per Share (sen)	(0.95)	(17.79)	(3.12)	13.73	13.06
Net Assets Per Share (RM)	2.83	2.84	3.02	3.00	2.87
Return on Total Assets (%)	(0.20)	(3.80)	(0.64)	2.80	2.64
Return on Equity (%)	(0.33)	(6.24)	(1.04)	4.58	4.56
Gearing (Net Debt/Equity)	0.27	0.25	0.20	0.19	0.24

PROFILE OF BOARD OF DIRECTORS



Y. BHG. TAN SRI LEE KIM TIONG @ LEE KIM YEW

Executive Chairman

Malaysian, male
63 years of age

Tan Sri Lee Kim Tiong @ Lee Kim Yew, the founder of Country Heights Holdings Berhad, was first appointed to the Board on 1 October 1986. He was re-designated as the Chairman of Country Heights Holdings Berhad on 2 June 2016. Subsequently, he was, on 1 October 2016, re-designated as the Executive Chairman. Tan Sri Lee Kim Tiong @ Lee Kim Yew was appointed as the Chairman of the Nomination & Remuneration Committee and also a member of the Audit & Risk Management Committee on 2 June 2016. However, he has resigned from both positions on 1 October 2016.

Tan Sri Lee Kim Tiong @ Lee Kim Yew is an established innovative entrepreneur who has stamped his mark in many industries. He has over 30 years of vast experience in developing residential, industrial park, hotel and leisure, commercial and recreation projects. His strong business acumen and visionary leadership are the keys ingredients which led the Group's successful completion of several highly acclaimed projects. Country Heights Damansara and Borneo Highlands Resort have won the "Highly Commended - Best Development Malaysia" and "Highly Commended - Best Golf Development Malaysia" awards respectively in the Asia Pacific Residential Property Awards in association with Bloomberg Television 2010. Country Heights Holdings Berhad was awarded "Best Brands Conglomerate Awards 2010-2011".

His magnificent development by transforming the one of the World's largest open cast tin mine into a flagship development such as Palace of the Golden Horses, Mines Wellness Hotel, Mines Waterfront Business Park, Mines International Exhibition & Convention Centre ("MIECC"), Mines Wonderland and Mines Resort & Golf Club or better known as "Mines Resort City". The Mines Resort City has earned the National Creativity & Innovation Award by the Malaysian Design Technology Centre in 2004.

In recognition of his immeasurable contribution to the property development and hospitality industry in Malaysia, Tan Sri Lee Kim Tiong @ Lee Kim Yew has been bestowed with the "Lifetime Achievement Award" in the 2008 Technology Business Review ASEAN Awards.

In 2014, Tan Sri Lee Kim Tiong @ Lee Kim Yew was appointed as Advisor to Country Heights Holdings Berhad and its Group of Companies to provide advisory service on the Group's strategic business development. With the designation as the Chairman of the Company, Tan Sri Lee Kim Tiong @ Lee Kim Yew had resigned as the advisor.

Tan Sri Lee Kim Tiong @ Lee Kim Yew also sits on the Board of Golden Horse Palace Berhad, Mines Wellness Hotel Berhad and several other private companies. He has no directorship in other public listed companies.

Tan Sri Lee Kim Tiong @ Lee Kim Yew is the father of Ms. Lee Cheng Wen, the Deputy Chairman of Country Heights Holdings Berhad, and Mr. Lee Thai Young Matahari, the Executive Director of Country Heights Holdings Berhad.

In view of his direct interest in Country Heights Holdings Berhad and substantial shareholdings in Country Heights Venture Sdn Bhd and Country Heights International Sdn Bhd, he is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group.

Ms. Lee Cheng Wen was appointed to the Board on 1 October 2009 and was the Group Chief Executive Officer since 21 June 2011 until she was re-designated as the Deputy Chairman of Country Heights Holdings Berhad on 1 October 2016. Ms. Lee Cheng Wen was appointed as the Chairperson of the Nomination & Remuneration Committee and a member of the Audit & Risk Management Committee on 1 October 2016. She resigned as the Chairperson of the Nomination & Remuneration Committee and was re-designated as a member of the Nomination & Remuneration Committee on 10 April 2018.

Ms. Lee Cheng Wen graduated with a Bachelor of Science in Corporate Finance and Organisational Management from the University of Southern California, United States. She also holds a Diploma in Advance Technology from University of Cambridge, United Kingdom.

Ms. Lee Cheng Wen officially joined Country Heights Holdings Berhad on 7 July 2008. She was attached with the Managing Director's office prior to her post in managing Country Heights Damansara. During her tenure there, she managed to elevate sales and improve the overall financial stability of the division. In June 2009, she was appointed as the General Manager of Palace of the Golden Horses. She turned around the profitability of a few divisions in Palace of the Golden Horses and her portfolio organically grew to oversee the hospitality and health division. She was then re-designated to Chief Executive Officer of Country Heights Hospitality and Health Division.

Under her portfolio, the Hospitality and Health Division became the second major revenue contributor in Country Heights Holdings Berhad. In line with the Company's vision of "*Ever Searching for Better Living*", she has also spearheaded the project to transform Mines Resort City to Mines Wellness City, an innovative enhancement on the Group's flagship project.

Prior to joining Country Heights, Ms. Lee Cheng Wen interned at Goldman Sachs and various non-profit organisations. Her analytical skills and strong leadership talent also made her the sole delegate for Malaysia in the Global Young Leaders Summit for 2004 and 2005 in the US and Europe.

Ms. Lee Cheng Wen's business achievements and prowess in corporate Malaysia is recognised and respected. She was awarded the Women Excellence Award under category of Young Women Entrepreneur Outstanding Achievement in 2014 and The Golden Globe Tiger Award under category of Women Leadership in 2015.

Ms. Lee Cheng Wen has also been accorded with '2016 China Daily Asian Women Leadership Awards', a joint initiative by China Daily and Asia News Network to Asian women for their outstanding career achievements and strategic influence in their societies. The Award recognises dynamic and dedicated women who are agents of change for the empowerment of women, and those who are role models in entrepreneurship, innovation, finance, media, culture, sports, environment, education, health care, tourism, public services and charity.

She sits on the Board of Golden Horse Palace Berhad, Mines Wellness Hotel Berhad and Borneo Highlands Hornbill Golf & Jungle Club Berhad. She is also a director of several private companies and has no directorship in other public listed companies.

Ms. Lee Cheng Wen is the daughter of Tan Sri Lee Kim Tiong @ Lee Kim Yew, the Executive Chairman of Country Heights Holdings Berhad and also the sister of Mr. Lee Thai Young Matahari, the Executive Director of Country Heights Holdings Berhad. She is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Group.



MS. LEE CHENG WEN

**Deputy Chairman
Non-Independent
Non-Executive Director**

Malaysian, female
32 years of age

PROFILE OF BOARD OF DIRECTORS



ENCIK NIK HASSAN BIN NIK MOHD AMIN

Independent Non-Executive Director

Malaysian, male
69 years of age

Encik Nik Hassan Bin Nik Mohd Amin was appointed to the Board on 29 April 2008 as an Independent Non-Executive Director. He also serves as the Chairman of the Audit & Risk Management Committee and a member of the Nomination & Remuneration Committee of the Board.

He is an alumnus of University of Malaya where he graduated with a Bachelor in Economics. In 1971, he started his banking career with a local commercial bank and has spent more than 35 years in the banking and financial services sector.

Having worked in various senior capacities with the local commercial bank such as Chief Executive Officer and Executive Director of BBMB Securities Sdn Bhd, Chief Executive of BBMB Factoring Berhad, Executive Director and Chief Executive of Bumiputra Merchant Bankers Berhad as well as Director of various financial subsidiaries of Bumiputra-Commerce Bank Berhad, Encik Nik Hassan Bin Nik Mohd Amin has gained invaluable hands on experience in commercial banking, stock broking, factoring and merchant banking. From 2003 until his retirement, he was the Senior Executive Vice President of Corporate Banking Treasury and International Banking Division of Bumiputra-Commerce Bank Berhad.

Encik Nik Hassan Bin Nik Mohd Amin sits on the Board of Golden Horse Palace Berhad and Country Heights Timeshare Berhad. He is also a director of several private companies and has no directorship in other public listed companies.

Mr. Ong Tee Chin was appointed to the Board on 20 September 2017 as an Independent Non-Executive Director. He was also appointed as a member of the Audit & Risk Management Committee and Nomination & Remuneration Committee of the Board on 20 September 2017. On 10 April 2018, he was re-designated as the Chairman of the Nomination & Remuneration Committee.

Mr. Ong Tee Chin graduated with a Bachelor of Pharmacy from University Science Malaysia and a Bachelor of Laws from University of London.

Mr. Ong Tee Chin is a CFA® charterholder and a certified Financial Risk Manager ("FRM") awarded by the Global Association of Risk Professionals. He is a Chartered Accountant, member of Malaysian Institute of Accountants ("MIA"), Association of Chartered Certified Accountants ("ACCA"), Chartered Institute of Management Accountants ("CIMA") and a graduate member of Malaysian Institute of Certified Public Accountants ("MICPA"). He was also the prize winner for Advance Taxation, Malaysian variant conducted by ACCA in December 2002. Also, he holds a capital market representative license from Securities Commission Malaysia required for providing advisory work on corporate finance.

His previous experiences include an attachment with one of the Big Four International Accounting Firms and he was a finance director for a number of listed companies with operations in Malaysia and Asia Pacific. His past ten years of experience was heading a licensed corporate finance company in Malaysia, providing corporate finance advisory functions including producing equity valuation and expert reports, independent advice letters and investment research for a diversified range of industries.

Mr. Ong Tee Chin is a director and shareholder of Asia Equity Research Sdn Bhd, a company specialising in providing advisory in corporate finance and investment advice.

Mr. Ong Tee Chin has no directorship in other public listed companies.



MR. ONG TEE CHIN

Independent Non-Executive Director

Malaysian, male,
54 years of age

PROFILE OF BOARD OF DIRECTORS



MR. CHEW CHONG EU

Independent Non-Executive Director

Malaysian, male
56 years of age

Mr. Chew Chong Eu was appointed to the Board on 29 April 2008 as an Independent Non-Executive Director. He is also a member of the Audit & Risk Management Committee and Nomination & Remuneration Committee of the Board.

Mr. Chew Chong Eu is a Chartered Accountant. He graduated with a Bachelor of Commerce from the University of Canterbury and is a member of the Malaysian Institute of Accountants, Institute of Chartered Accountants in Australia and New Zealand Institute of Chartered Accountants.

He has over 30 years of experience in insolvency and financial rescue in Malaysia and Australia. He is also actively involved in providing professional advice to various Australian companies looking to invest in Asia and vice-versa. He also has experience in audit, tax, and management consultancy services. His industry experience includes hotel and tourism, transportation, printing and manufacturing, retail and property development.

He has also acted as Head of Corporate Finance for Schroders Advisory Services and Perdana Merchant Bankers Berhad. Whilst in service, he successfully assisted companies in various industries to restructure for the purpose of initial public offerings, completed equity, debt or equity-linked capital raising exercises, in addition to being involved in several reverse take-over and privatisation exercises, and the valuation of a wide range of assets including infrastructure projects, licenses and other intangibles.

In 2000, Mr. Chew Chong Eu entered into a joint venture with BDO Binder and formed BDO Capital Consultants Sdn Bhd ("BDO Capital"), the corporate finance and insolvency division of BDO Binder. He was appointed as the Chief Executive Officer of BDO Capital, where he took on appointments in corporate advisory for debt restructuring and turnaround exercises of several public listed and private companies.

In 2005 until present, together with a number of his colleagues from BDO Capital, he established Covenant Equity Consulting Sdn Bhd, to provide quality corporate finance and advisory services with a personal touch across the Asia Pacific Region. In 2009, he was appointed as the Quality Control Director of PKF Malaysia, a member of PKF International, one of the world's top accounting and business advisory organisation. He remains as the Senior Partner as of date. Mr. Chew Chong Eu was also appointed as the Regional Director of PKF International for the Asia Pacific Region for 2012/2013.

Mr. Chew Chong Eu is also a Director of High-5 Consolidated Berhad. He has no directorship in other public listed companies.

Ms. Lee Sow Lin was appointed to the Board on 7 June 2016 as an Executive Director. She was previously a Director of Country Heights Holdings Berhad from 2004 to 2008.

Ms. Lee Sow Lin holds a Bachelor of Economics Degree from Monash University, Melbourne, Australia. She brought with her a wealth of experience in the financial and banking industry. She was previously attached to the Hong Leong Financial Group for 15 years holding various senior positions in commercial banking, corporate banking and branch operations. In Hong Leong Finance, Ms. Lee Sow Lin was spearheading the overall real estate lending in Malaysia where she led and managed project financing and lending to property companies.

In Hong Leong Bank, Ms. Lee Sow Lin was part of the core team that led the commercial banking functions after acquiring MUI Bank. She was involved in the commercial banking and corporate banking business and later in branch operations.

Ms. Lee Sow Lin joined Tan Sri Lee Kim Tiong @ Lee Kim Yew's private arm business in December 1999 where she was involved in managing his personal companies' gearing and funding requirements including overseeing his companies' corporate exercise matters.

During her directorship in Country Heights Holdings Berhad from 2004 to 2008, Ms. Lee Sow Lin was responsible in steering the restructuring of certain debts of the Group, namely the Cumulative Redeemable Preference Shares ("CRPS") which involved the issuance of Redeemable Convertible Secured Loans Stock ("RCSLS Series A & B"). She was also instrumental in getting CapitaLand Singapore to purchase the Mines Shopping Mall for the settlement of the loan stock RCSLS Series A & B.

In her current position as Executive Director, Investor Relations & Corporate Finance of Country Heights Holdings Berhad, Ms. Lee Sow Lin is responsible to identify potential buyers, investors, joint venture partners and develop strategic business alliances for the Group's business as well as working closely with bankers and stakeholders. She also oversees the Group's corporate exercises be it rights issue, private placements, divestments and tender exercises, etc. Ms. Lee Sow Lin also assists the Executive Chairman (during his absence) to oversee the Group's overall management.

Ms. Lee Sow Lin has no directorship in other public listed companies.



MS. LEE SOW LIN

Executive Director

Malaysian, female
58 years of age

PROFILE OF BOARD OF DIRECTORS



MR. LEE THAI YOUNG MATAHARI

Executive Director

Malaysian, male
27 years of age

Mr. Lee Thai Young Matahari was appointed to the Board on 7 June 2016 as an Executive Director.

Mr. Lee Thai Young Matahari grew up in Malaysia and has attended local private Chinese schools for both primary and secondary school education. Following the footsteps of his older siblings, he chose to complete his higher education in the United States. Prior to finding his true interest and love for the environment, he attended the Santa Monica Community College and completed his pre requisites to major in economics, philosophy and photography before transferring to the University of Nevada, Las Vegas. He completed his higher education career with a Bachelor's Degree in Urban Affairs, majoring in Environmental Studies and a minor in solar and renewable energy.

He officially joined Country Heights International Sdn Bhd in 2015 as a director upon returning to Malaysia after a six year stint in the United States. He involves himself with several different businesses locally and internationally. As of now he is working for Country Heights Holdings Berhad, seeking foreign investment opportunities outside of Malaysia that mainly revolves around the real estate developments and investments sectors. On the other hand, Mr. Lee Thai Young Matahari is also tasked with managing nine properties under Matahari Homes LLC, a Las Vegas based real estate investment company founded by Tan Sri Lee Kim Tiong @ Lee Kim Yew. His portfolio is to ensure property up keeps as well as generating rental income and capital gains.

Mr. Lee Thai Young Matahari was also an international sales representative for Sprung Structures, Canada, the pioneer creators for stress membrane structures in the world. During his first year of involvement with Sprung in 2012, he has helped managed the construction of a marquee conference hall structure for the Warwick Le Lagon Resort located in Vanuatu. The 11,000 sq ft structure has housed several European Union Conferences since its inception and was used as an emergency shelter during the devastating events of Tropical Cyclone Pam in early 2015.

He is a director of several private companies and has no directorship in other public listed companies.

Mr. Lee Thai Young Matahari is the son of Tan Sri Lee Kim Tiong @ Lee Kim Yew, the Executive Chairman of Country Heights Holdings Berhad and also the brother of Ms. Lee Cheng Wen, the Deputy Chairman of Country Heights Holdings Berhad. He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group.

Mr. Har Soon Thim was appointed to the Board on 7 June 2016 as an Executive Director.

He holds a Bachelor Degree (with Honors) in Finance & Accounts from the Central State University of Oklahoma, Oklahoma, United States. He has more than 35 years of hands-on working experience gained through various segments in property development in regional countries.

In early 2015, Mr. Har Soon Thim was appointed as the Chief Executive Officer of Cenmal Commercial Sdn Bhd (a private company wholly owned by Tan Sri Lee Kim Tiong @ Lee Kim Yew) and all its subsidiaries. Prior to joining the private arm, he was the Senior Vice President of Ireka Corporation Bhd, a contractor cum developer of I-zen brand lifestyle and wellness related properties. He spearheaded Ireka's flagship development in Kota Kinabalu, Sabah, with a mixed residential & commercial development for 8 years. Subsequently, Mr. Har Soon Thim was posted to Vietnam for 9 years to assist and manage a new Aseana Properties' real estate, an AIMS listed USD270 million funds (London) for properties development in Saigon on several residences development and mixed healthcare hub projects.

In the earlier years, Mr. Har Soon Thim was appointed as the General Manager of Green Water Rock Sdn Bhd, a property development company owned by Tan Sri Lee Kim Tiong @ Lee Kim Yew, that was involved with the Mines Resort City Master Development, like Mines Shopping Fair, Mines Waterfront Business Park, Mines Wellness Resort & Spa Hotel, Mines International Exhibition & Convention Centre, Mines Wonderland Theme Park, Palace of the Golden Horses and the Sapura Building.

His expertise covers healthcare & hospitality facilities, lifestyle residential, commercial and industrial development projects as a developer, a consultant and also as a turnkey contractor.

Currently, Mr. Har Soon Thim is spearheading several lands for a viable and high value property development for the next 5 to 7 years.

Mr. Har Soon Thim is a director of several private companies and has no directorship in other public listed companies.



MR. HAR SOON THIM

Executive Director

Malaysian, male
58 years of age

PROFILE OF BOARD OF DIRECTORS



MR. YIP CHUN MUN

Executive Director

Malaysian, male
55 years of age

Mr. Yip Chun Mun was appointed to the Board on 7 June 2016 as an Executive Director.

Mr. Yip Chun Mun holds a Bachelor's Degree in Administrative Studies from York University, Toronto, Canada. He is currently the Executive Director for Palace of the Golden Horses and Managing Directors of GHHS Healthcare, GHHS Chinese Medical Centre and GHHS Wellness & Spa. He is also the Chief Executive Officer of Palace Vacation Club and Mines Global Holidays Sdn Bhd (inbound travel agency).

Mr. Yip Chun Mun is currently the Chairman of the Malaysian Holiday Timeshare Developers' Federation ("MHTDF"). He has over 30 years of experience in the Malaysian timeshare industry. Mr. Yip Chun Mun started Mines Marketing Sdn Bhd, a marketing agency for Country Heights Group in January 1999 as a Director and General Manager and has since marketed a variety of products including GHHS Health United, Palace Vacation Club, Palace Health Sanctuary, Mines TCM, Mines Golf membership, Hornbill Golf membership, Dignitaries Club and Heritage Serviced Residences. To-date, he has recruited more than 30,000 members for these various memberships.

His other accomplishments include conceptualising and marketing the 1st in Malaysia oil palm farm sharing investment scheme named Country Heights Growers Scheme to more than 10,000 investors and generated an investment fund of over RM200 million. He had previously marketed and led the sales and marketing division of Palace of the Golden Horses, Mines Wellness Hotel and Borneo Highlands Resort. On the tourism business, he has developed and marketed tourism products such as golf tourism, education program, property, "Malaysia My Second Home" program, and medical tourism packages specifically targeted to the Middle East, China, Korea, Vietnam and Indonesia markets.

Mr. Yip Chun Mun is also a Director of Golden Horse Palace Berhad, Country Heights Timeshare Berhad, Mines Excellent Golf Resort Berhad and several private companies. He has no directorship in other public listed companies.

Note:-

1. **Save as disclosed above, none of the Directors has:-**
 - (i) any family relationship with any Directors and/or Major Shareholders of the Company
 - (ii) any conflict of interest with the Company
2. **Conviction for Offences**
None of the Directors has been convicted for offences within the past 10 years other than traffic offences
3. **Attendance of Board Meetings**
The attendance of the Directors at Board of Directors' Meetings is disclosed in the Statement on Corporate Governance

CHAIRMAN'S MESSAGE

Dear Shareholders,

On Behalf of The Board of Directors (Board), It Is My Pleasure To Present the Annual Report and Audited Financial Statements for The Financial Year Ended 31 December 2017.

**Y. BHG. TAN SRI LEE KIM
TIONG @ LEE KIM YEW**

Executive Chairman



Year 2017 has been a competitive and challenging one for Country Heights Holdings Berhad (“CHHB”) and its Group of Companies (“the Group”) where we faced heightened competition and headwinds by the markets.

Overview

Year 2017 has been a competitive and challenging one for Country Heights Holdings Berhad (“CHHB”) and its Group of Companies (“the Group”) where we faced heightened competition and headwinds by the markets.

Market performance in 2017

In 2017, the market performance across the various property mix namely residential, office and retail appears soft, and highlights the trends and outlook in key markets of Malaysia.

- Secondary market pricing and rental remained flat during the review period.
- More developers diversifying their target market to other overseas countries/territories such as Singapore, Indonesia, Hong Kong and Taiwan following China’s capital control.
- The 50% tax exemption on rental income amounting up to RM2,000 a month as announced under Budget 2018, may improve demand for this category of investment properties.

The market continued to be weak in the second half of the year with oversupplied position in the main sub-sectors such as high-end residential, office and retail. Amid flagging demand ahead of the upcoming general election, the overall market performance is expected to remain lackluster going into the first half of 2018.



Financial Review of CHHB

For 2017, being the year under review, the Group posted a net loss of RM2.35 million (compared to RM54.57 million loss a year ago) on the back of revenue of RM93.58 million compared to RM87.36 million in the previous year.

As at 31 December 2017, total assets of the Group stood at RM1,274.11 million while total equity attributable to shareholders stood at RM793.45 million.

The Group's gearing (measured as a percentage of total net debts over total equity capitals) decreased from 28.89% to 26.83%.

Prospects of CHHB

The market remains slow due to the economic uncertainties. These are the challenging times for all and will require new ideas and approaches to enhancing competitiveness.

Businesses need to stand up and to form a lobby group to discuss with the authorities about economic issues, such as imposing of minimum threshold for foreign residential property purchase and offering advice to the authorities on taking the right approach to improve the business environment and to spur economic growth. However, we remain confident about the Group's capability and capacity to grow, and will continue to monitor the property market's reaction. We will be adapting our products and prices to suit the market sentiment as we continue to remain positive by the prospects of our Property Development Division in view of the strategic location of our land banks.



For 2017, being the year under review, the Group posted a net loss of RM2.35 million (compared to RM54.57 million loss a year ago) on the back of revenue of RM93.58 million compared to RM87.36 million in the previous year.



CHHB is one of the leading property developers in Malaysia for continuously providing innovative ideas in delivering uniquely-designed projects in line with the Group's vision 'Ever Searching for Better Living'.

Thriving in tough time

To increase the Group's business growth, the Group will continue to emphasise on its key divisions; especially its Property Development, Property Investment and, Hospitality and Health.

With more than three decades of involvement in real estate, CHHB is one of the leading property developers in Malaysia for continuously providing innovative ideas in delivering uniquely-designed projects in line with the Group's vision 'Ever Searching for Better Living'.

CHHB is seeking to strategically expand its sizable land bank via acquisitions and strategic joint venture arrangements to enhance its future earnings growth while focusing on leasing and rental activities. Apart from residential developments, for the past 30 years, we have built shopping centres, exhibition centres, offices, schools and hotels as well as golf courses.

On the Hospitality Division, despite a drastic drop in the numbers of tourists to Malaysia and the introduction of Tourism Tax, the Division focus is to refurbish the Palace of the Golden Horses and Borneo Highlands Resort. Joint-ventures and measures have been put into place to increase the room's occupancy rates with more international and local corporate events and promotions. The Hospitality Division continues to implement green policies and energy saving to reduce energy consumption significantly.

The Health Division, GHHS Healthcare, which has a combined western and eastern practices, continues to be the key player in the preventive healthcare industry. GHHS Healthcare will focus on raising its platform to be perceived as a centre for medical tourism with the increase of the international health tourists, especially from the Middle-East market and a new focus on the Indonesian market.

We are confident that the Group is better positioned to serve the needs of customers going forward and is also committed to its long-term investment and development of the business. We will continue to keep our fundamentals healthy to cushion the turbulence.





I would like to announce that the Group is targetting to launch 2 mega projects in 2018.

“Mines Car City Centre” & “Cheng Ho Islamic Trade and Financial Centre”

Mines Car City Centre (“CCC”)

The objectives of the CCC are to develop the automotive lifestyle in Malaysia and also to provide one stop solution for all products related to automotive, may it be on the physical vehicle or the administrative.

The Group will kick off the CCC project initially at the Mines International Exhibition and Conference Centre (“MIECC”) with its gross floor area of 2 million sqft of commercial and residential space whilst an additional 12 acres of land located in front of MIECC will serve as the expansion purpose.

Cheng Ho Islamic Trade and Financial Centre

Cheng Ho Islamic Trade and Financial Centre project is mooted based on the ideology of “One Belt One Road” concept where Malacca will be the focal point and hub between the West and the East. Malacca was Admiral Cheng Ho’s regular port of call and trade from East to West via the Straits of Malacca, commonly known as the Silk Route renowned for silk trade, tea and China porcelain.

This project will be nestled on our 62 acres of land in Malacca with the new highway and railway track running alongside it which will make this development highly desirable and strategic.

The objectives of Cheng Ho Islamic Trade and Financial Centre are:

- To become the world’s first syariah compliant block chain of mix-development that connects the world to China’s vast digital economy infusing Islamic e-Commerce, financial technology (fintech), tourism, commercial and residential complexes, waqaf investment programme and block chain infrastructure with beautiful artistic vantages.
- To become the world’s first block chain-powered Islamic digital economy gateway to China. The advantages of this one-stop centre community which ranges from visa applications, bill payments, halal certification, syariah attestation, license renewals, etc. aims to provide huge amount of savings by cutting down on man-hours, labor costs and administrative paperwork.



Corporate Governance

The Board complies with the recommendations as set out in the Malaysian Code on Corporate Governance 2017 and continues to perform the principles of good corporate governance to increase and protect its shareholder value.

These measures are set out in our Corporate Governance Overview Statement on pages 61 to 73 of this Annual Report.

People, Value and Culture: Think Alike, Act Alike. Be Like Minded

The Group believes that, in striking a good balance between solid business performances and placing high priority on social and environmental responsibility which will contribute and increase shareholder value. The three philosophies People, Value and Culture: Think Alike, Act Alike. Be Like Minded - We will continuously practice good moral in our business and daily conduct and to reinvest in society in various methods for the workplace, the people surrounding our community, the green environment and the market place.

Acknowledgement & Appreciation

I would like to extend my sincere appreciation to my fellow Board members, the management and employees of the Group for their untiring efforts, sacrifices and selfless striving under challenging circumstances.

On behalf of the Board, I would like to thank our shareholders, associates and bankers for their continued support. We look forward to a better performance in 2018 and beyond.

Thank you.

Tan Sri Lee Kim Tiong @ Lee Kim Yew
Executive Chairman and Founder of CHHB

With more than three decades of involvement in real estate, CHHB is one of the leading property developers in Malaysia for continuously providing innovative ideas in delivering uniquely-designed projects in line with the Group's vision 'Ever Searching for Better Living'.

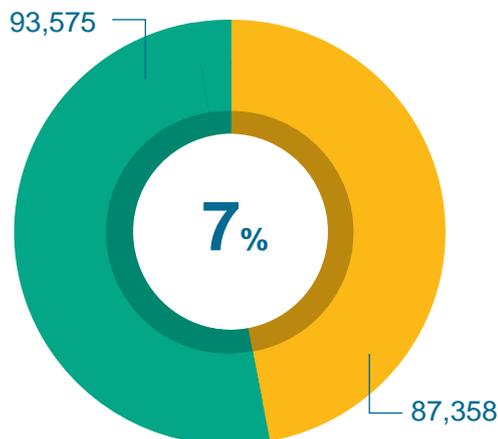
Country Heights Holdings Berhad ("CHHB") covers the spectrum of property development and investment properties with residential, industrial, hotel and resort management, commercial and recreation projects, healthcare, exhibitions and event planning; and timeshare.

With more than three decades of involvement in real estate, CHHB is one of the leading property developers in Malaysia for continuously providing innovative ideas in delivering uniquely-designed projects in line with the Group's vision 'Ever Searching for Better Living'.

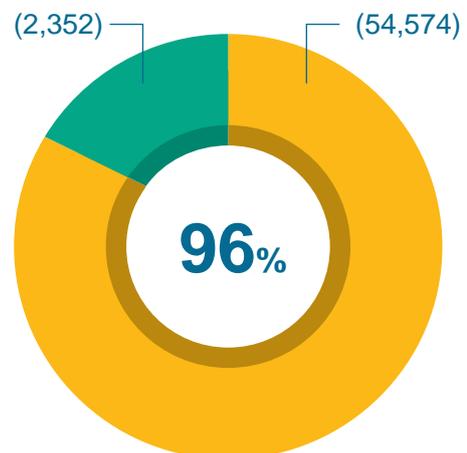
2017 was a challenging year for us. The Malaysia economic uncertainties, slower economic growth, increasing cost of living in the country coupled with high lending and difficulty in obtaining end financing are causes for concern and affect the demand.

FINANCIAL PERFORMANCE

Revenue



Net Loss



■ FY 2016

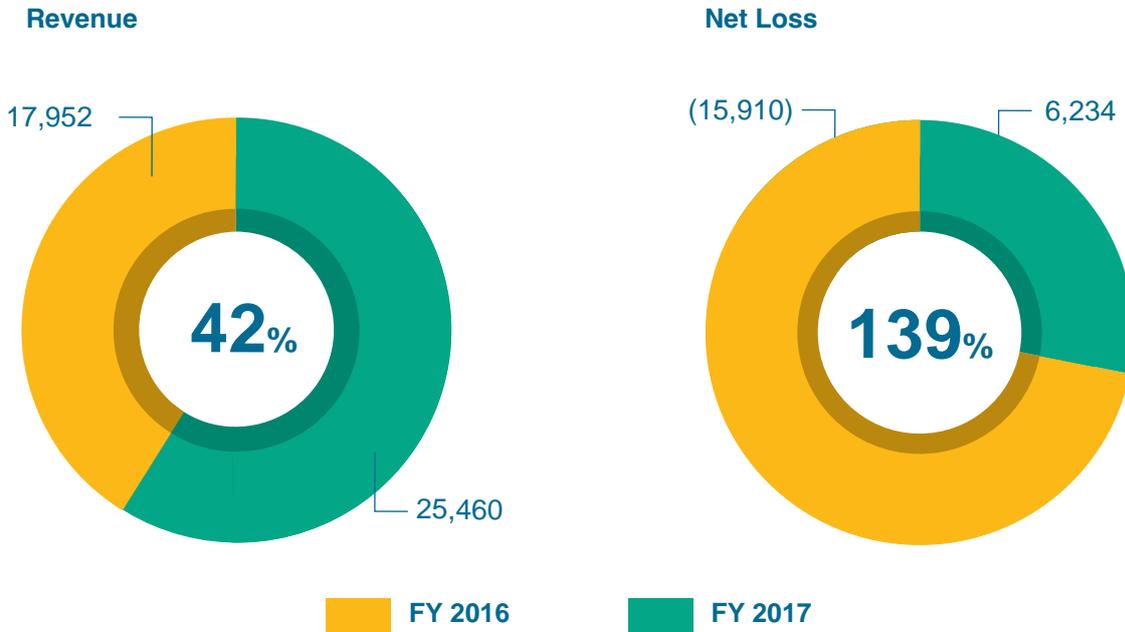
■ FY 2017

The Group's total revenue for the year 2017 increased to RM93.57 million from RM87.35 million for the year 2016. It is mainly due to higher sales of inventories of completed properties and progressive revenue on on-going property development; and the higher sales by the Hospitality and Health Division.

The Group has turned over its loss from loss before tax of RM53.75 million in 2016 to profit before tax of RM0.41 million in 2017.

For the year 2017, Property Development Division, Property Investment Division, Hospitality and Health Division contributed RM25.46 million, RM17.95 million and RM49.99 million respectively to the Group's total revenue.

PROPERTY DIVISION - “MEANINGFUL INNOVATIVE CREATIONS”



The Property Development Division; Hospitality and Health Division continue as key drivers of the Group. For the 2017, the two divisions contributed RM25.46 million and RM 49.99 million respectively to the Group’s total revenue.

The revenue contributed by the Property Development Division for the year 2017 was RM25.46 million, an increase of 41.82% from RM17.9 million in 2016. The higher revenue in 2017 was mainly contributed by the sales of inventories of completed properties.

The Division recorded higher segment profit of RM6.23 million in the year 2017 as compared to the segment loss of RM15.91 million for 2016.

Property Development Division continues to deliver high standard of quality, modern, sustainability and the infusion of the environmental friendly elements at prime locations. The Group’s properties such as LakeView Residency in Cyberjaya, is the first development in Malaysia to introduce ‘negative ions’ energy ceiling board. The energy ceiling board works as a natural ionizer and air purifier. This purification process improves air quality by helping to purge airborne particulates such as dust and germs. With the installation of the energy ceiling boards, the homeowners will enjoy fresh, clean and healthy environment.

Mines Waterfront Office Suites is an exclusive development of 268 units of office suites specially designed to meet the needs of health and wellness operators with built up areas varies from 481 sqft to 1,220 sqft. Selected unit comes with the view of the prestigious Mines Golf Course and the fascinating view of Mines Lake. This development will be equipped with great facilities including a fitness centre, cafes and retail spaces for variety of wellness businesses. Launched in the fourth quarter 2014, Mines Waterfront Office Suites is expected to be completed by 2018. Currently, Mines Waterfront Office Suites has reached 80% of the construction stage.

Sawtelle Suites, located in Cyberjaya, is specially created to meet the contemporary lifestyle of the new generation. Designed to bring out the best in work productivity and leisure while at the comfort of a home, Sawtelle Suites is furnished with incredible features to support and enhance living quality for its residents. Facilities such as multipurpose hall, swimming pool, gymnasium, and retail units are available at Sawtelle Suites. It is a low density development with only 128 units of duplex condos spreading across 1.6 acres of land in Cyber Heights Villa. Like the rest of the Cyber Heights Villa community, Sawtelle Suites residents are able to enjoy the scenic view of Putrajaya Lake from their homes. The development was completed in 2017.



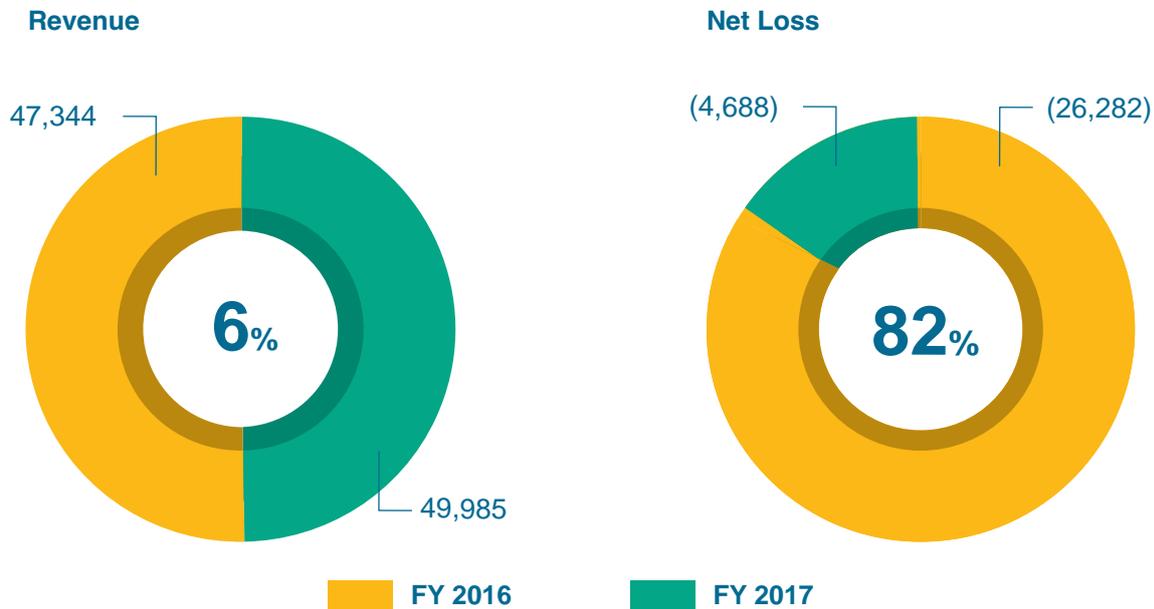
Belleza Garden Homes is located in the peaceful pastures of Kolej Heights Utara in Jitra, Kedah. An exclusive low density development in the private enclave of Kolej Heights Utara just 15 minutes away from the Alor Setar Airport, Belleza Garden Homes is surrounded by lush greenery surrounding that truly lives up to their name. With a guarded and gated community, this development represents the pioneer phase of the linear garden concept in the Northern region of Malaysia. It comprises of two and three-storey terraced, garden homes with extensive backyards gardens integrating with an idyllic open-concept environment. The development boasts generous built up areas starting from 2,000 sqft. Belleza Garden Homes Phase 2 is completed and handed over.

Belleza Garden Homes Phase 3 is continuation of the successful story of Belleza Phase 1 and 2. The development was launched in 2016 and completion is expected by 2019. Belleza Garden Homes Phase 3 is an exclusive freehold development in Kolej Height Utara in Jitra, Kedah consisting of 90 units of two-storey linked villas. It has a similar concept as Belleza Phase 1 and 2 with linear gardens and private lawns, the first of its kind in the Northern states, a gated and guarded community emphasising on security and safety of the owners with clubhouse facilities.

Amongst projects scheduled for launching in 2018-2019:

1. College Heights Garden Resort: 28 units of 2-storey shop-office
2. College Valley Industrial Park: 60 units of 1 ½ storey Industrial Terrace
3. Country Heights Damansara: Subdividing Bungalow Land
4. Country Heights Kajang: Kajang Commercial Centre
5. Mines Waterfront Suites: Block 6 & 7
6. College Heights Utara: 200 units of PPAIM (Perumahan Penjawat Awam 1Malaysia) scheme on part of 200 acres land
7. Belleza Garden Homes Phase 3 at Jitra, Kedah
8. Venice North: Retail Shop and Serviced Hotel/Residences
9. Mines Wellness Hotel Suite: serviced apartment

HOSPITALITY, HEALTH AND TOURISM - "WELLNESS HOSPITALITY"



The Hospitality and Health Division contributed RM49.98 million of revenue in 2017. Segment loss of RM4.69 million for the year 2017 as compared to the segment loss of RM26.28 million in the year 2016.

Hospitality Division

Country Heights' Hospitality Division comprised of four international award winning brands namely Palace of the Golden Horses, Philea Mines Beach Resort, Borneo Highlands Resort and Country Heights Resort and Leisure. Through this Division the Group continues to offer the best in hospitality, fine and casual dining; leisure, recreational, health and wellness centres; confectionary and fitness.

Palace of the Golden Horses offers 472 exquisite guestrooms and suites of which 20 are designed for themed suites such as Queen Elizabeth, Nelson Mandela, China President; heads of states, host nation suite and a golden suite.

In hospitality industry, the hotel has to be constantly rejuvenated to be in line with new trends and focus will be given on refurbishment of the hotel's rooms and function rooms (MICE). In 2018, the revenue is expected to be improved once the refurbishment completed.

The hotel continues to implement green policies and energy saving to reduce energy consumption significantly.

To attract more tourists from the Middle East, India and China markets; the hotel emphasises on collaborations and strategic partnerships with international event managements and agents to organise for more events such as wedding exhibitions, international awards and beauty pageants. The hotel is also the preferred choice among the film industry such as Kabali and hosted Edison Awards as well as local film industry. Palace of the Golden Horses is participating in international and local MICE and Tourist exhibitions to market the brand aggressively and working very closely with Tourism Malaysia in marketing and promoting the brand.

Focus are also given on training programmes for highly skilled and competitive workforce. In 2017, Palace of the Golden Horses is a proud recipient for Malaysia Best Employer Brand Award 2016-2017 by Employer Branding Institute of India.

Borneo Highlands Resort is one of the most unique and exclusive eco-friendly resort developments in the region. The 5,000 acres resort nestles majestically at 1,000 metres above sea level within the oldest and second-largest tropical rainforest in the world. The resort is a golfers' heaven with a beautiful 18-hole course which provides players with utmost serenity and calmness. Borneo Highlands Resort is surrounded by the lush rainforest with a refreshing year-round spring temperature of 18 to 28 degree Celsius. The botanical paradise is home to astonishing varieties of flora and fauna, with fresh air, cool mountain breezes and spectacular highland scenery. Nature lovers can enjoy the wonders of the plateau and there are activities for everyone. Visitors get to participate in a myriad of eco-tourism activities and revel in the wonder of nature through night trail adventure, music therapy, nature cleansing walk, waterfall bath, long house visit, orang-utan tours, stone painting, tree planting, star gazing and horse riding. The resort uses chemical-free cleaning supplies, provides employment to the local community and maintains a pollution free environment with clean air and clean water. Even the maintenance of the strictly adheres to the environmental conservation guidelines.



Health Division

GHHS Healthcare advocates “Prevention Is Always Better than Cure”, and the first in Malaysia that offering Western Medical Technology with Traditional Eastern Therapy. GHHS Healthcare has been increasing its services and packages for international health tourists. GHHS Healthcare and Chinese Medical Centre are also the first in Malaysia to offer one stop centre of medical tourism and comprehensive preventive healthcare approach amidst an idyllic resort setting. With professional expertise and highly sophisticated diagnostic equipment, GHHS Healthcare is able to provide our members with the best care and technology available. Uniting the latest modern Western medicine and technology with holistic Eastern philosophy, GHHS Healthcare provides a wide spectrum of preventive and standard healthcare services. GHHS Healthcare has conducted over 110,000 screening packages and 1.2 million medical tests in 2017. It has over 20,000 active members with high members satisfying rate.

Milestone Year 2017

1. GHHS Chinese Medical Centre is relocated and centralised into one stop centre at GHHS Healthcare with the combination of Eastern Treatment and Western Diagnostic.
2. GHHS Wellness Centre has been established as a new division with a full range of wellness and rejuvenation services.
3. A Memorandum of Understanding (MOU) was signed between GHHS Healthcare and Tours Wealth in August 2017 for promotion of health tourism from China market.
4. Collaboration programme with UPM CaRE and organised “Caring beyond Cancer Programme” for cancer survivors organised in GHHS Healthcare Screening Centre.
5. Scoliosis Treatment was introduced at GHHS Chinese Medical Centre with the aim to help those in scoliosis issue, postural imbalance and structural misalignment.
6. Cardiac CT Angiography and Calcium Scoring CT are introduced through collaboration with University Putra Malaysia (UPM).
7. Introduction of Stem Cell Therapy programme to GHHS Wellness Centre as a new anti-aging solution for the members.
8. Slimming and Detox programme is introduced through Yunohana Japanese Antioxidant Hot Bed and with the combination of Chinese medical therapy.
9. Mines Wellness Discovery Privilege Membership is launched with RM399 as a short-term membership that valid for one-year duration.
10. GHHS Chinese Medical Centre has introduced the pre-packed daily Confinement Herbal Tonic soup to eliminate blood stasis, remove lochia, promote uterus contraction and recovery, expelling wind and restoring mummy’s post-natal health.
11. Inclusion of new health programmes; ECP (External Counter Pulsation) and CO2 Treatment through a tie-up with MY-Life Centre.
12. Bio-Oats Purple Mixed, a home brand product of GHHS Bio Herb, helps to regulate blood cholesterol, blood sugar level and functional as antioxidant, immune system booster has successfully obtained halal certification.



Membership Tourism

Palace Vacation Club recorded revenue of RM11.27 million in 2017 as compared to RM9.98 million in 2016. To strengthen this segment, generation of leads via participation in international and tourists events and exhibitions and appointment of marketing agents in Dubai and Saudi to market this segment and venturing into the Middle East countries.

Palace Vacation Club is a membership designed to provide its members the opportunities to enjoy vacations, creating priceless memories at places beyond the regular destinations with freedom of choices available only with a timeshare network. The membership ensures and maintains the affordability and flexibility of family vacations both at local and international destinations.

Milestones Year 2017

1. One of the leading timesharing membership programmes with over 8,500 members and a choice of over 100 internal and direct affiliation resorts.
2. Affiliation resorts destination includes China, India, Indonesia, Thailand, Philippines, Australia, Spain, United Kingdom and USA.
3. Newly affiliation resorts in China destinations at Xian, Beijing, Hangzhou, Li Jiang and Huangshan.
4. Through our affiliation with RCI, the world's largest resort exchange company, members can access to 4,500 resorts in over 100 countries.
5. Member Services team has successfully processed over 10,000 reservations for the year of 2017.

Benefits for members include:

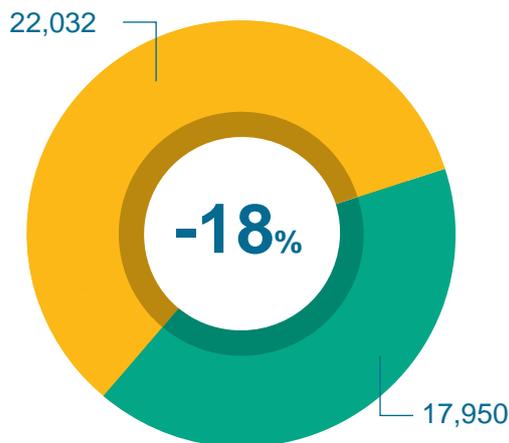
- Exchange entitlement for medical health screening and Chinese medical treatment packages
- Use entitlement for hotel suites/rooms in Palace of the Golden Horses
- Enjoy 20% discounts at Plaza Premium Lounge in KLIA
- Special rate of RM30 to Sky Lounge in Subang Sultan Abdul Aziz Shah Airport
- Discounts of up to 50% on food and beverages outlets in Palace of the Golden Horses

Palace Vacation Club is targeting outstation market for upcoming year and in the pipeline of rolling out online reservation system for its members.

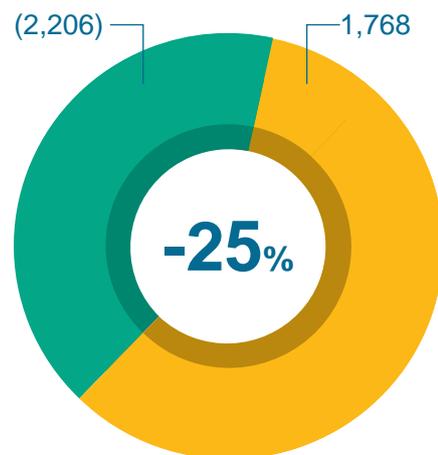
Property Investment and Others

PROPERTY INVESTMENT

Revenue



Net Loss



FY 2016

FY 2017

The Property Investment Division remains the third contributor of the Group's total revenue for RM17.95 million. The major source of income of the division is mainly from the rental of offices at the Mines Waterfront Business Park (MWBP) and also from rental income from events and hall rental at the Mines International Exhibition and Convention Centre (MIECC).

2017 has shown an improvement to the bottom line of the Property Investment Division as compared to 2016. As at the end of 2017, MWBP has achieved an occupancy rate of 77%. The occupancy rate for MWBP in 2018 is expected to be increased when a new tenant, who will be having their stem cell laboratory, move in.

For 2017, MIECC has attracted international franchise Running Man Malaysia Tour 2017, national conference and exhibition such as Kuala Lumpur Engineering Science Fair (KLESF), Halfest ASEAN 2017 and the world's biggest book fair Big Bad Wolf.

Moving Forward

The international economic and financial landscape is likely to remain challenging and will be key factor that will influence the prospects of Malaysian economy in 2017. According to Bank Negara Malaysia, the Malaysian economy is projected to grow by 5.9% (2016 : 4.5%) in 2017. Positive prospects for the Malaysian economy in 2017 are premised upon expectations of an improving global economy and the continued growth in domestic demand.

The global economic uncertainties, slowdown in property development market, increasing cost of living in the country coupled with the high borrowing cost and difficulty in obtaining end financing are causes for concern as these could dampen sentiments and affect demand in certain sectors. Notwithstanding the above, the Property Development Division will be focusing on disposal of some existing inventories with high value to boost the revenue and profits for 2018.

On the Hospitality Division, the refurbishment of the Palace of the Golden Horses measures have been put in place to increase room occupancy and averages room rates. These include international marketing and branding exercises, service improvement programmes, online marketing and strategic collaborations to help stimulate the business.

The Health Division, GHHS Healthcare's new strategies are to grab the maximum market share instead of imposing restrictions on certain criteria set at age 30-60, married and must be Platinum cardholders. On the other hand, we have recruited new marketing agent and also collaboration with airlines companies to offers special package and complimentary stay after attended preview. All events and exhibitions still ongoing and we are always searching new events to suit for our target market segments.

Two Mega Projects:**Mines Car City Centre**

The Mines Car City Centre (“CCC”) idea mooted in 2017 by Tan Sri Lee Kim Yew, the founder and the Executive Chairman of Country Heights Holdings Berhad. The concept of CCC is to create an ecosystem that synergies with the automotive industry.

The objectives of the CCC are:

- To develop the automotive lifestyle in Malaysia.
- To provide a one stop solution for all products related to automotive, may it be on the physical vehicle or automotive car administrative.

Mines International Exhibition and Conference Centre (“MIECC”) with its gross floor area of 2 million sqft is the key anchor property that will kick start the project. An additional 12 acres of land located in front of MIECC will serve as the expansion purpose for CCC, where as another 2 million sqft of commercial and residential space will be developed under the same theme and directive.

Cheng Ho Islamic Trade and Financial Centre

Another mega project of the Group for 2018 will be the Cheng Ho Islamic Trade and Financial Centre. The Cheng Ho Islamic Trade and Financial Centre project is inspired by the legendary Admiral Cheng Ho, a devout Chinese Muslim famed for his 7 expeditions around the world during the 14th century. Malacca was Admiral Cheng Ho’s regular port of call and trade from East to West via the Straits of Malacca, commonly known as the Silk Route renowned for silk trade, tea and China porcelain. This project is mooted based on the ideology of “One Belt One Road” concept where Malacca will be the focal point/hub between the West and the East.

Cheng Ho Islamic Trade and Financial Centre will be nestled on a 62 acres of land in Malacca with the new highway and railway track running alongside it which will make this development highly desirable and strategic.

The objectives of Cheng Ho Islamic Trade and Financial Centre are:

- To become the world’s first syariah compliant block chain of mix-development that connects the world to China’s vast digital economy infusing Islamic e-Commerce, financial technology (fintech), tourism, commercial and residential complexes, waqaf investment programme and block chain infrastructure with beautiful artistic vantages.
- As a centre of technology in providing autonomous cars and public transportation, Artificial Intelligence (AI) residential, and robotic patrols and drone deliveries.
- To become the world’s first block chain-powered Islamic digital economy gateway to China. The advantages of this one-stop centre community which ranges from visa applications, bill payments, halal certification, syariah attestation, license renewals, etc. aims to provide cost savings by cutting down on man-hours, labor cost and administrative paperwork.

With these two mega projects, the Group will remain optimistic in its forecasts and progression. Despite adversities, the Group strives to do what we do best, ‘*Ever Searching for Better Living*’ by coming up with unique solutions amidst challenges for the betterment of humanity and nature.

The Group is confident that its continuous stream of sustainable projects and timely delivery of innovative will enable the Group to weather the challenges we face.



Since 2012, the Group is dedicated to transform its Human Capital initiatives by formulating systematic programmes for its employees towards a purposeful and effective workforce.

OVERVIEW

Country Heights Holdings Berhad (“CHHB”) and its Group of Companies (“the Group”) strive to gain a competitive edge and maintain sustainability to build a strong Human Resources Development foundation. Since 2012, the Group is dedicated to transform its Human Capital initiatives by formulating systematic programmes for its employees towards a purposeful and effective workforce.

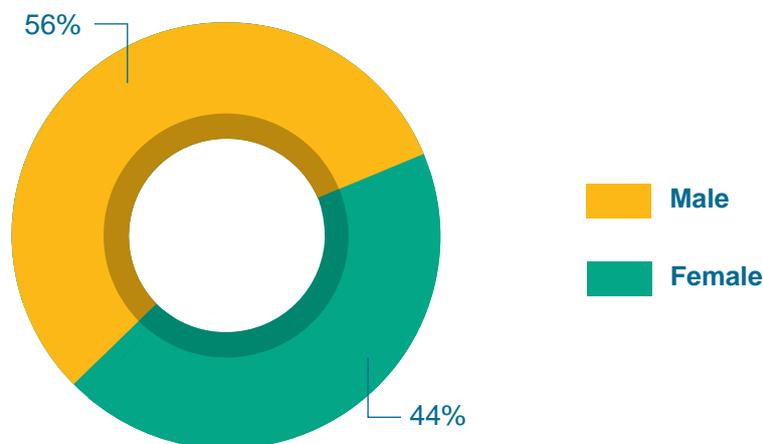
Human Capital Development

The Group’s efforts to attract, retain and motivate employees are pursued under CHampS! (Country Heights Amazing PeopleS!) underscores its strong believe that all CHampS! under different business units are working towards one goal, one culture and one direction to deliver high quality and excellence in their work - Think Alike. Act Alike and Like Minded.

The Group continues to enhance its management processes and workforce related programmes in order to drive emphasis on performance, efficiency and ethical behaviour. Succession planning remained a high priority to identify potential leaders for critical positions throughout the Group. Various talent engagement programmes were conducted during 2017 to increase the employee engagement, such as management dialogues and town hall sessions which provided a platform for the top talents to interact with the Executive Chairman/Director(s) on the current issues.

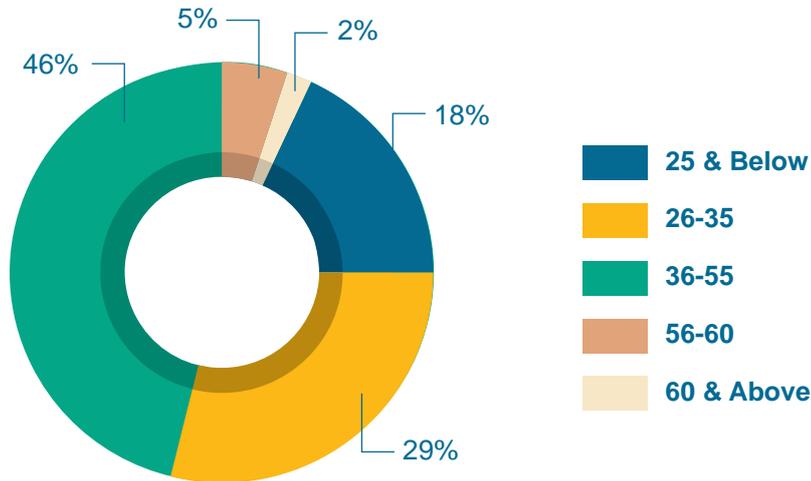
Head Count by Gender

The Management has the policies that govern its recruitment processes on gender, i.e. gender diversity is implemented to ensure that there is no imbalance of the employees’ selection within the Group. Any performing employees, regardless their gender, are duly promoted with the acquired skills.



Head Count by Age Group

The Management also has the policies that govern its recruitment processes on age, i.e. age verification is carry out to ensure that there is no child labour being employed within the Group.



Female Strength in Managerial Position

The Group provides equal opportunities for women in career advancement to empower women at the workplace on their valuable contributions.

Employee Welfare

Leadership support has been fundamental to the success of the Group's programmes. With the strong support and transparent lines of communication, the Group is able to focus its efforts on the following initiatives:

- Extended Maternity Leave**
 Additional 30 days half-day maternity leave with full pay on top of the 60 days paid leave as per the statutory requirement.
- Dedicated Breast feeding room and dedicated refrigerator for breast feeding mommies.
- Designated Car Park**
 Car park facilities for mothers-to-be are dedicated and located closer to their office during their pregnancy.
- Flexi-work Arrangement**
 Flexi-hours for pregnancy check-ups as and when needed to ease regular doctor's visits. On the supervisors' discretion, mothers-to-be employees are allowed to start work after their doctor's visits as opposed to taking the full-day off for check-ups.
- In-house Medical Check-up**
 All confirmed employees are entitled to seek treatment(s) at the in-house Chinese Medical Centre at GHHS Healthcare. They can experience most premium traditional Chinese medicine treatment at the in-house centre and the Groups' staff are encourage to stay fit and healthy.

Outcome

The Group believes that the initiatives have been successful in retaining key talents and maintaining a positive employee engagement level. This has created a harmonious working environment where expectations between the Management and employees are verbalised and understood. To continue the efforts in achieving the Group's goals, the Management is committed to work closely with the CHampS! Club to explore more programmes that will benefit all the employees.

Success Factors

- Leadership**
 - IDEA BANK, an email account operates as a direct channel communication for employees from all levels.
- Organisation Alignment**
 - Embedded culture of common core values lived by employees.
 - Clear and transparent communication through IDEA bank
- Marketplace Connection & CSR-related Initiative**
 - Contribution to the larger community to encourage the Group's employees to be socially responsible.



Health and Wellness Programme for Employees

- Qi Gong Classes**
 The Group encourage its employees to participate in Qi Gong exercise which will improve both physical and mental health in one gentle activity.
- Zumba Exercise**
 This exercise programme is designed to improve heart rate and overall health condition. The term 'wellness' here covers all possible activities for the betterment of mind, health and body.

Human Capital Development

Human Capital Development is defined as a process where the employee with the support of their employer undergoes various training programmes to enhance their skills and acquire new knowledge and skills.

Human Resource Division is dedicated to empowering the Group's staff to become a highly skilled, competitive workforce. Some keys external and internal programmes were conducted:

Group:	Hospitality Division:	Health Division:
<ul style="list-style-type: none"> Compliance with Employment Laws - The Practical Guides Understanding Labour Laws Seminar Smart City @ Sepang MAICSA Symposium 2017 - Companies Act 2016 : Nuts and Bolts Sales and Marketing Training - Property Division Technical Briefing for Company Secretaries of Listed Issuers - Enhancing Standard of Disclosures in Announcements & Circulars to Shareholders Advanced Company Secretarial Practice-Refreezing the New Companies Act 2016 Bursa Malaysia Focus Group For Bursa Malaysia CG & Sustainability Microsite MAICSA Annual Conference 2017 - Companies Act 2016 - A Paradigm Shift 	<ul style="list-style-type: none"> 14th BRANDFEST 2017 Conference on Labour Laws Service Excellence Consultative Selling Technique The Art of Protocol & VIP Service Food Handling Training Fire Safety Talk POSITIVE MINDS AT WORK - Stress Management I AM THE GUEST EXPERIENCE Make-Up and Hair Do's Workshop Make Up and Grooming Class Preventive Breakages Sales Workshop - Follow up Essential First Aid, CPR & AED Training Food Handler Course Train the Trainer (In-House Workshop) Halal Awareness Training Sales Workshop - 'Developing and Implementing Sales Strategy' Moving Towards Full Compliance Using GST Audit Framework 	<ul style="list-style-type: none"> Traditional Chinese Medicine Forum Genetic Screening on TCM Private Practice Interactive Workshop in Primary Care Ankle Brachial Index Testing and Rejuva Heart ECP CME Training Product Training - Bioherbs Pre-Screening Test Be First to Prevent the Fire & Emergency Management Se7en Botanical Product Training ISCD Osteoporosis Essential Advanced Densitometry Course Hand Washing Technique Training Breast Imaging Workshop 2017 Basic Life Support Heart Failure Symposium Association of Radiology Eye Lecture Training Cholestech Machine Training Radiation and Health Enhancing Public Knowledge and Awareness TCM Genetic Test Training



“CHHB always believe in creating balance between creating a successful business and placing high priority on social and environmental responsibility.”

Employee Engagement

The Group has formed a sports club for its employees, called the CHampS! Club. The Club is fully funded by its employees and has organised activities based on the preferences of its members.

The CHampS! Club always find ways to enhance good working relationships and build a strong sense of team spirit among employees, such as Treasure Hunt, which inculcate the team work and bonding among the participants.

The Club also organise major events to instil a culture of inclusiveness which encourages all the employees to mingle freely and cohesively to nurture team spirit and synergy. During the year, activities carried out to inculcate inclusiveness are:

- Recognising the birthday by month for each employee
- Team building
- “Makan Bersama-sama” and festive season luncheons and many more.

In return of the members' contributions, the CHampS! Club appreciated its members by giving a token of appreciation in form of a gift to each of them.

Team Work

Palace of the Golden Horses has organised series of ‘Gotong Royong’ programme with the objectives to instil ownership and being responsible of the employees' workplace. Each of the employees has participated and demonstrated full energy towards the programme.

Borneo Highlands Resort is participated in Padawan Water Rafting Competition annually. The core of the Competition is to enhance the teamwork and instils fighting spirit among the teams. The programme also involved by government, private agencies and other sectors which helps to build a good rapport with the local authorities and to enhance the branding of the Resort.

Sustain Culture

Borneo Highlands Resort has celebrated Hari Gawai with its employees annually to appreciate the Mother Nature and its food and ushering another year of bountiful goodness to instil understanding and respect towards various cultures and religions in this country.

Safety Working Environment

The committee has carried out the following activities in 2017 towards improving the safety awareness among the employees:

- Safety awareness on induction of new recruit provided safety gear such as cotton gloves, face mask, ear plugs and safety boots for workers protection
- Meetings to discuss improving safety in operating/handling equipment
- Emergency fire drills conducted twice a year.





The objective of this campaign is to raise awareness on the importance of blood donation and help to reduce the insufficiency of blood supply at the National Blood Centre.

Community Care

Blood Donation Drive - Save The Life

The objective of the Campaign is to raise the awareness on the importance of blood donation and to help in reducing the insufficiency of blood supply at the National Blood Centre. The demand for blood is actually bigger than the supply due to fear and lack of awareness. While organised the Campaign, the Club has also creating the awareness among the employees about the purpose of blood donation and its vital role in other people life. Most of the employees have become regular blood donor and managed to donate 60 pints of blood packets during a campaign.

According to the World Health Organisation (WHO), adequate supply of blood can only be assured through regular donations by voluntary unpaid blood donors and its goal is to ensure that all countries obtain all their blood supplies from voluntary unpaid donors by 2020.

Charity drive for orphanage home and mentally disabled children

The CHampS! Club has allocated a portion of its funds for charity purpose. Hence, the Club has organised some charity events to help needing people and welfare homes to survive in their daily life.

Last year, the Club had organised a charity drive to assist two welfare homes, namely Malaysian Association for the Welfare of Mentally Challenged Children, also known as IQ70 Plus, and Lotus Charity Care Centre.

IQ70 Plus centre was established in March 2012 and has 44 residents aged between 1 to 51 years. They live with various disabilities such as autism, Down syndrome, cerebral palsy, Attention Deficit Hyperactivity Disorder (ADHD), spastic paralysis, mental retardation, blindness, and various learning disabilities.

Lotus Charity Care Centre is surviving with 25 old folks and 26 children and all these children and old folks are come from a trail of sorrow, abandoned by their parents, grandparent, some even came straight from the hospital with no history or story. They currently renting a 3 rooms home in Semenyih and raising fund to buy their own home because their previous home was blazed by a fire accident in 2016.





“Mentally challenged children are the precious gems of lives despite their disabilities in taking care of themselves, communications, studies and works. Their existences today serve as a reminder to us who are physically and mentally fit about the value of life besides calling to mind the respects and loves for others”.

The Club managed to collect donation in form of cash and items from its members and the employees of the Group. The donated items such food, sundries, clothes, baby products, matters, etc. The donations were hand delivered by the volunteered members. The homes were very happy and felt very much helped in lightening their burden, especially on their daily expenses. The Club had also given them the signature cakes from Palace of the Golden Horses in conjunction to the Christmas season.

Community Buddhist Temple, Than Hsiang Kalyana Mitra Centre @ Pajam

The Group lent 2 lots of two-storey shop, without any charges, to a community Buddhist temple, namely Than Hsiang Kalyana Mitra Centre, in Pajam, Nilai for the past 15 years.

Than Hsiang Kalyana Mitra Centre served as a centre of education and cultivation to all age of groups. With its mother home in Bayan Lepas, Penang which was established since 1985 with the loving-kindness and great compassion Ven. Wei Wu, the founder of Than Hsiang Temple and Than Hsiang Kalyana Mitra Centre have a strong conviction. Than Hsiang Kalyana Mitra Center is mainly providing educational services such as day-care for pre-school, primary students and secondary students including tuitions classes, weekly Amitabh chanting at each centers. Constantly, it's holding young Buddhist activities like camps and dharma classes.

Auxiliary Police Unit

The Group has launched its Auxiliary Police Unit in 2017 to enhance security in its townships and other developments. The introduction of the unit is part of the Group's approach to reinforce the security at all current and future townships for the Group, with the aim of creating a safer environment for the communities.

The first batch of 30 people has been deployed at the selected townships and developments, especially in Selangor and Negeri Sembilan. The Group plans to expand the unit with more trained personnel to be deployed across the entire Group's townships in other states respectively, including Kuching, Sarawak and Jitra, Kedah.

The first batch underwent a two-month basic auxiliary police course at the Malaysian Police Training Centre in Pulapol, Kuala Lumpur. The Group is continuously proactive, providing excellent infrastructure, facilities and amenities including security and safety features within all our townships, to ensure a conducive and sustainable living environment for everyone
“This is the most valuable after-sales service they could have ever rendered to my family”



The responsibilities of the Auxiliary Police Unit are as follows, but not limited to:

- Patrol assigned areas within the Group's townships and its surroundings
- Respond to routine and emergency calls, administering First Aid as required and assisting crime or accident victims
- Assist with the containment and preservation of crime scenes as directed, and assisting with the determination of the extent of personal injuries, identifying victims, witnesses and the extent of damage, documenting evidence
- Assist in the investigation of crimes and offences; assisting with the apprehension and arrest of suspects
- Control on crowds and traffic flow

SUSTAIN ENVIRONMENT

The Group has implemented the energy saving concept through various projects and plans. The Group also sustains the "clean environment" along with its moto 'Ever Searching for Better Living'.

Negative ions' energy ceiling board, a natural ionizer and air purifier

LakeView Residency in Cyberjaya is the Group's first project which has the negative ions' energy ceiling board and also the first development in Malaysia to introduce the 'negative ions' energy ceiling board. The energy ceiling board works as a natural ionizer and air purifier. This purification process improves the air quality which helps to purge airborne particulates such as dust and germs. With the installation of the energy ceiling boards, the homeowners can enjoy fresh, clean and healthy environment.

Solar Energy

Through Malaysia Renewable Energy Policy, which includes a measure for promoting the popularisation of solar power, the government aims to cover 73% of its electricity by renewable energies by the year 2050. Along with that, the Group has built up a small scale solar energy plant in order to supply electricity to the Group's hotel and office premises.

Recycle - Useable items

Employees are encouraged to practice the 5R's - 'Refuse, Reuse, Reduce, Repair and Recycle' in their daily activities, both at their home as well as at their working place. This practice is to encourage the supports of the segregation of garbage for recycling/disposal, i.e. minimise paper usage, electric as well as the water.

The Group's employees are using the water from the nearest lake to water the plants and toilets. (Treated water for hand washing area)

CENTRAL FEEDBACK DESK

Valuing customer feedback is very important in order to sustain those customers for the growth of the Group. Thus 3 years ago, the Group has formed a central feedback desk which will directly handle by Group CEO's Office. Any customer from any business entity within the Group may give their feedback towards on product, service, employee and company. Feedback can be in any form, either positive or negative, which will be heard and will be responded by Group CEO's Office after run through its SOP's.

Customer may contact the Group's personnel via email address at feedback@countryheights.com.my or thru SMS/Whatsapp at 019-600 0885.

The core of help desk is a ticket management that sorting out all the customer conversations in many ways including by urgency, date and demographics. This feature can also automate processes to speed up resolution.

PROPERTY DEVELOPMENT

CHHB's Property Development Division continues to deliver high standard of quality, modern, sustainability and the infusion of the environmental friendly elements at strategic location. Our property for instance LakeView Residency in Cyberjaya is the first development in Malaysia to introduce 'negative ions' energy ceiling board to its purchasers. The energy ceiling board work as a natural ionizer and air purifier for health benefits. This purification process improves air quality by helping to purge airborne particulates such as dust and germs. With the installation of the energy ceiling boards the homeowners will enjoy fresh, clean and healthy environment anytime at home or their working area.





MINES WELLNESS CITY, MALAYSIA'S WELLNESS HUB

MINES Wellness City (MWC) is the Malaysia's first integrated Health and Wellness Resort City. As a major socio-economic catalyst for Southern Kuala Lumpur, MWC is strategically located between Kuala Lumpur and Putrajaya. This property development exercise will focus on the increasingly important Healthcare and wellness industry. MWC's development area span across 120 acres (1,000 acres) and is poised for new 36 million square foot to be built that will cater to hospitals, specialist clinics, aged-care facilities, health screening centres, residential units, office spaces, retail shops and community mall and has an estimated GDV of RM14 billion with FDI opportunities of over RM3.1 billion.

MINES WATERFRONT SUITES

MINES WATERFRONT OFFICE SUITES

Mines Waterfront Suites is an exclusive development of 268 units of office suites specially designed to meet the needs of health and wellness operators with built up areas varies from 481 sqft to 1,220 sqft. Located within the enclave of the Mines Wellness City, every unit comes with either the view of the prestigious Mines Golf Course or the fascinating view of Mines Lake besides being furnished with dual water sources and individual restroom. Mines Waterfront Office Suites will be equipped with great facilities including a fitness centre and cafes besides a 30,000 sqft retail spaces for variety of wellness businesses to operate. Mines Waterfront Office Suites is expected to be completed by 2018 Currently, Mines Waterfront Office Suites has reached 80% of the construction stage.



PROPERTY DEVELOPMENT



THE MINES BUNGALOW LOTS

Fine Living At The Mines

THE MINES BUNGALOW

Mines Bungalow is located inside MINES Resort City in Seri Kembangan, Selangor and is a distinguished address at a prime location. Nestled within a world-class golf course, luxury homes at the Mines have breathtaking fairway and lake views, and satisfy all serene living requirements with a scenic lake that separates the estate development from the highway and busy commercial buzz. Consisting of 200 plots of bungalow land dotted along the exclusive 18-hole golf course, all home lots are designed with lush landscapes and beautiful gardens. An address synonymous with quality and privacy, Mines Bungalow is a sought-after address for homeowners who understand and appreciate the finer things in life.

COUNTRY HEIGHTS DAMANSARA

A little Forest in Kuala Lumpur

COUNTRY HEIGHTS DAMANSARA BUNGALOW

Country Heights Damansara is a perfect home sanctuary that offers residents an oasis of tranquillity amidst the bustling city of Kuala Lumpur. Spread over 200 acres of freehold land among lush and hilly foliage, this low-density enclave offers the best in natural beauty and location. Being one of the last remaining freehold land neighborhoods in Kuala Lumpur, Country Heights Damansara offers a total of 342 bungalow lots and a residential enclave of less than 2 units per acre. A sought after property hot spot in Kuala Lumpur and Malaysia's first property with an innovative scheme of CHIPI, landowners and purchasers become instant millionaires and have enjoyed tremendous appreciation value over the years in their investment with this development. Country Heights Damansara has been recognized with awards by the international real estate fraternity, winning the Best Development Malaysia by CNBC Asia Pacific Property Award in 2008, and the Asia Pacific Residential Property Awards in association with Bloomberg Television as Highly Commended Development Malaysia in 2010.





Country Heights Kajang

Country living at its best

COUNTRY HEIGHTS KAJANG BUNGALOW & COUNTRY VILLA

Country Heights Kajang was launched in 1985 and it is Malaysia's first country living development with gated and guarded community concept. Tagged as the "Beverly Hills of Malaysia", this development consists of 700 acres of freehold land with bungalow home lots ranging from 8,000 sqft to 20,000 sqft. This residential area offers a relaxing lifestyle that allows its community to enjoy a peaceful lifestyle in a quiet environment, away from the hustle and bustle of the city centre.

This development has proven to be a sought after property land in the city due to its value appreciation of almost 50 times since it was first launched. Other than being home for many Malaysian elites, Country Heights Kajang is also a preferred residential area for professional expats living in Malaysia. Located within the vicinity too is a sub-development of known as Country Villa which offer Malaysia's first Mediterranean-style waterfront villas complete with facilities such as a clubhouse, swimming pool, tennis courts, badminton courts, meeting and conference spaces. Besides this, there are also other amenities within the compound such as International Primary School, Pre-school, Bank, Mini marts and Café. Country Heights Bungalow & Villas are an environmentally-conscious development which designed with elegance and taste and incorporated into the surrounding nature.



COLLEGE HEIGHTS GARDEN RESORT, PAJAM

BUNGALOW - APARTMENT - SHOPLOTS

College Heights Garden Resort is Malaysia's first academic township. This exclusive residential development offers a resort lifestyle and luxurious bungalow lots set amongst spacious gardens and a community devoted to learning at all levels - from kindergarten to tertiary. College Heights Garden Resort is carefully designed to create all the right elements, of beauty and tranquillity that befits an academic township. Throughout Malaysia, there is no other township like College Heights Garden Resort. Homeowners will have room to grow and prosper in this self-contained township, developed by Country Heights to be the premier location for living and learning in Malaysia. Located within the neighbourhood is an affordable development by Country Heights: Apartment College Heights. This development consists of 1,282 completed units of homes spread over 17 blocks of 4-storeyed buildings developed within 20 acres of land area. Apartment College Heights is strategically located in Pajam, one of the fastest growing areas in Negeri Sembilan. Apartment College Heights can be accessed via KL- Seremban Highway, Kajang-Seremban Road and LEKAS Highway.





KOLEJ HEIGHTS UTARA

KUBANG PASU

A Paradise For Country-Style Living

KOLEJ HEIGHTS UTARA BUNGALOW

Kolej Heights Utara is another premium development by Country Heights undertaken by its wholly owned subsidiary, College Heights Utara Sdn. Bhd. Spread across 489 acres of prime freehold land of Kubang Pasu, Kolej Heights Utara consists mainly of 512 bungalow lots and super-linked residential units with manicured open space landscape, making it one of the biggest high-end, lowest density enclaves within the lowest density in the Kedah State. Kolej Heights Utara residences is well connected through a network of highways linking to Hatyai (Thailand), Kangar, Sultan Abdul Halim International Airport and Alor Setar and is renowned for its scenic pristine landscape tapestry that pays tribute to the beauty of Mother Nature. Belleza Garden Homes Phase 1 and 2 have been fully sold. Belleza Garden Homes is a development emphasizing on Lifestyle in a Gated & Guarded Community with linear gardens -the first concept being introduced in Jitra

Belleza
GARDEN HOMES

BELLEZA GARDEN HOMES

Belleza Garden Homes is located in the peaceful pastures of Kolej Heights Utara in Jitra, Kedah. An exclusive low density development in the private enclave of Kolej Heights Utara just 15 minutes away from the Alor Setar Airport, Belleza Garden Homes is surrounded by lush greenery surrounding that truly lives up to their name. A gated and guarded community, this development represents the pioneer phase of the linear garden concept in the Northern region of Malaysia. It comprises of two and three storeyed terraced, garden homes with extensive backyards gardens integrating with an idyllic open-concept environment. The development boasts generous built up areas starting from 2,000 sqft. Belleza Garden Homes Phase 2 is now completed and handed over and Phase 3 construction has commenced.

Belleza Garden Homes Phase 3 is continuation of the successful story of Belleza Phase 1 and 2. The development is expected to be launched in quarter one in 2017 and full completion expected by 2019. Belleza Garden Homes Phase 3 is an exclusive freehold development in Jitra, Kedah consisting of 90 units of 2 Storey Linked Villas. It will have a similar concept as Belleza Phase 1 and 2 with linear gardens and private lawns, the first of its kind in the Northern states, a gated and guarded community emphasising on security and safety of the owners with clubhouse facilities.



Cyber Heights
VILLA
IN AN INTELLIGENT CITY, CYBERJAYA

**CYBER HEIGHTS VILLAS &
CYBER RESIDENCY APARTEMENT**

Cyber Heights Villa - a sustainable resort-themed development inspired by nature strategically located within one of the world's most prestigious intelligent cities and Malaysia's Multimedia Super Corridor. Cyber Heights Villa boasts of having the vast magnificent Putrajaya Lake as its backdrop. To date, the Phase 1 development of 510 units (Cyber Heights Villa) and 14 units (Cyber Residency) of low rise apartments are fully completed and occupied. Residents will enjoy the amenities provided in the Clubhouse including swimming pool, meeting room, function hall, tennis court, laundry, convenience shop and restaurant. This eco-centric development harmonizes with the adjacent serene lake and parks, and syncs well with the vast open spaces through a generous low-density layout.



LAKEVIEW
RESIDENCY
@ Cyber Heights Villa

LAKEVIEW RESIDENCY, APARTMENT

LakeView Residency is located in the resort inspired Cyber Heights Villas and offers uninterrupted panoramic view of the crystalline Putrajaya Lake. The 120 -units LakeView Residency built in a three blocks of 11-storey resort apartment. All units are corner lots with only four units per floor, creating a personal sanctuary of space amidst serene surroundings. LakeView Residency is the first development in Malaysia to introduce 'negative ions' energy ceiling board to its purchasers. The energy ceiling board work as a natural ionizer and air purifier for health benefits. This purification process improves air quality by helping to purge air-borne particulates such as dust and germs. With the installation of the energy ceiling boards, LakeView homeowners may enjoy fresh, clean and healthy environment anytime at home or working area without going out. LakeView Residency has obtained the Certificate of Completion and Compliance in July 2015 and has been successfully handed over to all owners.



SAWTELLE
SUITES CYBERJAYA

SAWTELLE SUITES , DUPLEX CONDOMINIUM

Located within the urban city of Cyberjaya, Sawtelle Suites is specially created to meet the contemporary lifestyle of the new generation. Designed to bring out the best in work productivity and leisure while at the comfort of a home, Sawtelle Suites are furnished with incredible features to support and enhance living quality of its residents. Some of the facilities available at Sawtelle Suites are multipurpose hall, swimming pool, gymnasium, and retail units. The Sawtelle Suites is a low density development with only 128 units of duplex condos spreading across 1.6 acres of land in Cyber Heights Villa. Like the rest of the Cyber Heights Villa community, Sawtelle Suites residents will be able to enjoy the scenic view of Lake Putrajaya from their homes. Sawtelle Suites is completed and owners have collected their keys.



BORNEO HIGHLANDS BUNGALOW

Borneo Highlands Resort is located approximately 50 minutes' drive away from the Kuching International Airport and situated at a height of 1,500 meters above mean sea level on the Sarawak-Kalimantan border and is nestled amongst the oldest and second largest tropical rainforest in the world. A resort with an 18-hole golf course and a boutique hotel, Borneo Highlands Resort also offers private and low-density bungalow lots for investors and holiday home owners a chance to own a living environment that has been referred to as "heaven on earth". The Rainforest Haven at Borneo Highlands Resort is one of the most exciting residential developments in Southeast Asia with the tagline, "The World's First Highlands Holiday Home in a Rainforest". Borneo Highlands Resort won the 'Best Golf Development Malaysia' in the CNBC Asia Pacific Residential Property Awards in 2008 and 2010.



PECANWOOD COUNTRY HEIGHTS & COUNTRY CLUB

Located outside Johannesburg, South Africa, Pecanwood is a project owned by Country Heights Holdings Berhad that features a world-class tournament 18-hole golf course designed by golfing legend Jack Nicklaus. A vibrant symbol for the local community, its club house further hosts an array of facilities such as a driving range, gym, health spa, tennis courts, conference rooms, and activity spaces that include private indoor functions, outdoor dinners and weddings, a private marina boat club, Pecanwood also offers prime real estate for beautiful home lots with stunning views of the golf course and Hartbeespoort Dam.

PROJECTS IN PIPELINE

AQUALIS

SERVICED APARTMENT

Aqualis is another premium development by Country Heights Holdings Berhad that spreads over 2.8 acres of land located in the Mines Wellness City. Aqualis consists of 600 units of mid-high-end serviced apartment and 28 retail units. The built up sizes areas start from 450 sqft. Residents and patrons will enjoy unobstructed views of the Mines Lake and the Mines Golf Course from their units. The launch of this project is tentatively differed due to market sentiment and it will ready to launch after property market stabilised and improved.



OFFICE SHOP & TERRACE FACTORY

Hub 88 is consisted of 28 Office Shop lots and 60 Terrace Factory lots which located in Heart of Pajam. Less than 10 years ago, Pajam was just a small town in the Northern part of Seremban with less than 500 families. The LEKAS Highway completion was the main catalyst and had transformed Pajam to a bustling town with over 30,000 populations reside in the area. Hub 88 will be a great hot spot for commercial business as it's surrounded with educational centres and will lift up the commercial value.it aslo will be most preferred location for Entrepreneurs as major town just away 20 KM.



PROPERTY INVESTMENT

Property Investment Division entails the rental business of the Group. It involves two properties, MINES Waterfront Business Park (MWBP) and MINES International Exhibition & Convention Centre (MIECC). MWBP is the only office address with an expansive view of 150-acre lake and a 18-hole signature golf course and country homes in the distance, surrounded by lush and lavish landscaping.



MINES WATERFRONT BUSINESS PARK



MINES WATERFRONT BUSINESS PARK

With breath taking views, MINES Waterfront Business Park (MWBP) provides an excellent working environment in the Southern Corridor, which encompasses the growing areas of Kajang, Cheras, Puchong, Serdang and Bukit Jalil. MWBP is a corporate office planned by a visionary developer from the very beginning and strategically located in front of the BESRAYA Highway with connectivity to eight major highways. 'The Best of Both Worlds' summarises the working experience of the office tenants at MINES Waterfront Business Park. It is the elite golfer's dream office and it is located at the artery between many key destinations.

MWBP maintains a 77 % occupancy rate and is proudly tagged as the corporate addresses of many well established multinational companies like Measat Broadcast Network Systems (Astro), Sinopec Engineering Group, Magic Lite, Sun Power Outlet and 23-century International Stem Cell Centre, Quantum March, Clement and Associate, and government-linked companies like Konsortium Baja Nasional, Sazean Holdings, Mynics Berhad and CyberSecurity Malaysia.

In line with our motto 'Ever Searching for Better Living', MWBP continuously strives to give value added services to all its tenants. Free shuttle bus service is available for tenants to commute to and from the Serdang KTM Station and Sungei Besi LRT Station for the convenience of the tenants and easy traffic congestion in the area. The management ensures that the safety of the tenants is being taken care of. We provide a safe working environment by providing security and surveillance systems, with scheduled patrols within the office and car park area, and a touch card access system for vehicles entering or exiting the premises. The management has upgraded the parking system and water closet facilities for the building. The entire MINES area is a 'Wellness Zone' and has been awarded the MINES Wellness City (MWC) status by the government. With the MWC Status, various tax incentives are available for the operators, tenants and companies in the wellness or health services related industry. MWBP is surrounded by business amenities such as banking facilities, shopping malls, hotels and entertainment centers. MINES Waterfront Business Park will be positioned as an education and health hub, coalescing with the new corporate building MINES Waterfront Office Suites scheduled for completion by 2018.

MWBP continuously strives to give value added services to tenants by providing ample parking bays with 24-hour security and offering competitive corporate rates at our world-class luxury hotels, Palace of the Golden Horses and Philea Mines Beach Resort. Tenants can house their foreign guests and visitors at our hotels for their convenience.



MIECC is the largest column-free exhibition venue with the biggest tonnage capacity per square meter in Malaysia. It provides a magnificent venue for multipurpose usage that can cater to large crowds and elaborate events, trade shows, symposiums, expositions, major gatherings, concerts, corporate functions and dinners.



Kuala Lumpur Engineering Science Fair (KLESF 2017)

Date : 3rd - 5th November 2017
Time : 9:00 AM - 6:00 PM

The Kuala Lumpur Engineering Science Fair (KLESF) is an initiative to promote interest in science, technology, engineering and mathematics (STEM) among primary and secondary school students. The KLESF partners comprise of the ASEAN Academy of Engineering and Technology (AAET), Universiti Tunku Abdul Rahman (UTAR), Malaysian Industry-Government Group for High Technology (MIGHT), and The Institution of Engineers Malaysia (IEM).

In line with the Government's effort to boost the percentage of Primary and Secondary School student taking up STEM education, 3rd KLESF continues its support to promote interest in science, technology, engineering and mathematics (STEM).

MIECC

mines exhibition centre

MINES International Exhibition And Convention Centre (MIECC)

Situated within MINES Wellness City and a stone's throw away from renowned establishments such as Palace of the Golden Horses, Philea MINES Beach Resort, The MINES Shopping Mall and the exclusive MINES Resort and Golf Club, participants at events held at MIECC enjoy exceptional convenience by having an array of facilities and amenities at its door step.

Strategically located just 20 minutes from the Kuala Lumpur City Centre or from the administrative capital of Malaysia, Putrajaya, the centre's column-free exhibition space has a width of 160 ft, a length of 660 ft, a height of 50 ft, and a floor load of 3 tonnes per square meter.



World Chinese Book Fair 2017

Date : 24th November - 3rd December 2017
Time : 11.00 am - 10.00 pm

World Chinese Book Fair was first organised in 1999 and listed as Malaysia's largest Chinese Book Fair in the Malaysia Book of Records. The book fair is organised by MINES 567 Sdn Bhd.

After 19 years of continuous successful growth, the exhibition which was started from an initial 8,000 square meters of exhibition space is now held with an exhibition space area of 12,500 square metres consists of over 150 exhibitors of more than 600 booths.

The exhibition draws in over 400,000 visitors throughout the 10 days and has become Asia's largest Chinese Book Fair which symbolise a major Chinese cultural event. "**Believe in Reading**" is the theme of the book fair with the objective of cultivating reading habit among all walks of life and to create an understanding that continuous reading can create more intellectual and better future. The 10 days book fair also comprises a series of student activities and competitions, variety of seminars and talks from both local and overseas authors and many more.



BIG BAD WOLF

Date : 7th - 18th December 2017
Time : 07:00 AM - 12.00 AM (24 hours)

The Big Bad Wolf is the world's Biggest (and most affordable) book fair. After touring the world, the fair has now returned to Malaysia for the year-end main event.

First held in 2009 at Dataran Hamodal, Selangor now it's grown by leaps and bounds and has travelled across South East Asia and beyond. There are various of children's books, interactive books, all type of fiction novel, references, biographies and others merchandises with discounts range from 75% to 95%.

The mission is to bring readers or wolvers the very best range of book at the lowest prices.



Halfest ASEAN 2017

Date : 23rd - 27th August 2017
Time : 10.00 am - 7.00 pm

Largest ASEAN Halal Trade and Consumer Expo, Halfest ASEAN 2017 organised from 23rd to 27th August 2017.

The 6th Edition of Halfest ASEAN was hosted by the Ministry of International Trade and Industry (MITI) and organized by Halal Industry Development Corporation (HDC), The Malaysian Halal Industry Authority. This year's featuring Ministry of Rural and Regional Development (KKLW) as the highlight.

RIWAY (M) SDN BHD

Date : March, August & September 2017
Time : 08:00 AM - 07.00 PM

RIWAY International's "Leadership Training Seminar" was held in 4 countries; Taiwan, Malaysia, Indonesia and Philippines, so that more could have the opportunities to learn from the leaders, to unleash the leadership within.

At the "Leadership Training Seminar", the focus was on mastering the right mindset towards learning and setting the foundation, using actions to create opportunities, capturing the essence of learning from different perspectives and understanding the value of learning and knowledge.

In the process of acquiring knowledge, whenever you apply what you have learned, it will create more miracles and surprises, allowing yourself to see a better you and encouraging you in the pursuit of creating an extraordinary life.



Running Man Malaysia Tour 2017

Date : 22nd April 2017
Time : 6.00 PM - 12.00 PM

South Korea's longest-run popular variety show RUNNING MAN is bringing its concert tour, namely "RUNNING MAN LIVE IN MALAYSIA 2017" to Kuala Lumpur on 22nd April, Saturday at the Mines International Exhibition & Convention Center (MIECC).

Public Bank Dinner

Date : March, May, August & October
Time : 6.00 PM - 12.00 PM

Public Bank organises its annual events which consist of their Founder Birthday and Regional Annual Dinners at MIECC.

HOSPITALITY

Country Heights' Hospitality Division carries three international award-winning brands, namely Palace of the Golden Horses, Mines Wellness Hotel (currently known as Philea MINES Beach Resort) and Borneo Highlands Hornbill Golf and Jungle Club. Through this Division the Group offers the best in hospitality, fine and casual dining, leisure, recreational, health and wellness centres; confectionary and fitness. This serves as our continuous efforts to strive the ideal living concept of "Ever Searching for a Better Living".





PALACE OF THE GOLDEN HORSES - BEYOND HOSPITALITY

Palace of the Golden Horses is indeed an enchanting palatial property in a class of its own - an ultimate venue for business, golf enthusiasts and health conscious guests, with numerous world-class luxury hotel awards under its name. Many distinguished guests have graced this hotel including Her Majesty Queen Elizabeth, HE Prof. Dr. H. Susilo Bambang Yudhoyono, HE Nelson Mandela, HE Kofi Annan, HRH King Abdullah Abdul Aziz and Former PRC's President Jiang Zemin.

The hotel is known for its dedicated conference centre, the Sultan Salahuddin Abdul Aziz Shah Conference Centre, located in its very own private wing. Palace of the Golden Horses has the conference space of 15 meeting rooms equipped with state-of-the-art facilities, individual lighting control, audio-visual equipment, teleconferencing and internet broadband access. There are two ballrooms, namely the Royal Ballroom and Unity Room. The Royal Ballroom boasts a maximum seating capacity of up to 2,000. Another unique feature is the Theatrette with 300 seats which can accommodate theatrical acts or corporate presentations.





Palace of the Golden Horses has been the venue for many high profile events including the 1998 Commonwealth Games, Asia Pacific Economic Cooperation (APEC), World Cup Golf, Inaugural Women's World Cup Golf, Brazilian World Cup Team, the Non-Aligned Movement Summit (NAM), FEL World Cup Horse Jumping Final, Gourmand World Media Awards, Global Indian Film Awards (GIFA), Manchester United & Chelsea Asia Tour, CIMB Asia Pacific Classic PGA Tour 2010, Mercedes-Benz 125th Anniversary, Manchester City Asia Tour 2012 as well as Prestige Top 40 Under 40; to name a few. In addition to this, the hotel is the preferred choice among the Indian film industry with Kabali in the list; led by superstar Rajinikanth.

The hotel beckons travellers and offers 472 exquisite guestrooms and suites of which 20 are designed for Heads of States, one Host Nation Suite and one luxurious Golden Suite. There are also three restaurants, a lounge and a cafe, a business centre, a swimming pool, a fully-equipped gym and Dignitaries Club Floor.

In hospitality industry, the hotel has to be constantly rejuvenated to be in line with new trends and focus will be given on refurbishment of the hotel's rooms and function rooms (MICE). In 2018, the revenue is expected to be improved once the refurbishment completed.

The hotel continues to implement green policies and energy saving to reduce energy consumption significantly.

To attract more tourists Middle East, India and China markets; the hotel emphasises on collaborations and strategic partnerships with international event managements and agents to organise for more events such as wedding exhibitions, international awards and beauty pageants. The hotel is also the preferred choice among the film industry such as Kabali and hosted Edison Awards as well as local film industry. Palace of the Golden Horses is participating in international and local MICE and Tourist exhibitions to market the brand aggressively and working very closely with Tourism Malaysia in marketing and promoting the brand.

Focus are also given on training programmes for highly skilled and competitive workforce. In 2017, Palace of the Golden Horses is a proud recipient for Malaysia Best Employer Brand Award 2016-2017 by Employer Branding Institute of India.

For more information, visit www.palaceofthegoldenhorses.com.my.



PHILEA MINES BEACH RESORT

We'll Take Care of You

Nestled amidst the concrete jungle of Kuala Lumpur, Philea MINES Beach Resort is an unexpected haven offering a full experience of sophisticated style, comfort, privacy and tranquillity.

Dubbed the only 'beach in the city', it is also the perfect choice not only for health retreats or weekend getaways, but also for garden weddings, beach barbeques, family days, team building events and other leisure or corporate activities. A delightful 120-room wellness hotel with a tropical design overlooking a scenic 150-acre lake, Philea MINES Beach Resort provides the perfect escape from the hectic city life, just 15 minutes away from the Kuala Lumpur City Centre. It is a place where you look for a little piece of serene nature within the city. The hotel logo which has a representation of two leaves is derived from a Chinese word, 'Tao'. In Mandarin, the word 'Tao' means a path; to us, a way of living. It strengthens the hotel's concept of a unique way of living; focusing on giving our guests the best in hospitality and health standards. The leaf of Philea MINES Beach Resort sprouts from ground and spans its leaves while growing towards the sunlight, withering its leaves as season changes and provides fertiliser to the ground - giving back to where it came from.

In line with the restructuring in the hospitality division, MINES Wellness Hotel was leased out effective from 1 August 2015 and has been rebranded as Philea Mines Beach Resort. The resort is managed by Philea Group.



BORNEO HIGHLANDS HORNBILL GOLF AND JUNGLE CLUB

BACK TO NATURE, BACK TO BASICS

Located just an hour's drive from Kuching International Airport, Borneo Highlands Resort is one of the most unique and exclusive Eco-friendly resort developments in the region. The 5,000-acre resort nestles majestically at 1,000 metres above sea level within the oldest and second-largest tropical rainforest in the world. The Hornbill Golf & Jungle Club is a golfers' heaven with a beautiful 18-hole course which provides players with utmost serenity and calmness.

Borneo Highlands Resort is surrounded by the lush rainforest with a refreshing year-round spring temperature of 18 to 28 degree Celsius. The botanical paradise is home to astonishing varieties of flora and fauna, with fresh air, cool mountain breezes and spectacular highland scenery. Nature lovers can enjoy the wonders of the plateau and there are activities for everyone. Visitors get to participate in a myriad of eco-tourism activities and revel in the wonder of nature through night trail adventure, music therapy, nature cleansing walk, waterfall bath, long house visit, orang-utan tours, stone painting, tree planting, star gazing and horse riding. The resort uses chemical-free cleaning supplies, provides employment to the local community and maintains a pollution free environment with clean air and clean water. Even the maintenance of the Hornbill Golf Course strictly adheres to the environmental conservation guidelines.

For more information, log on to www.borneohighlands.com.my.

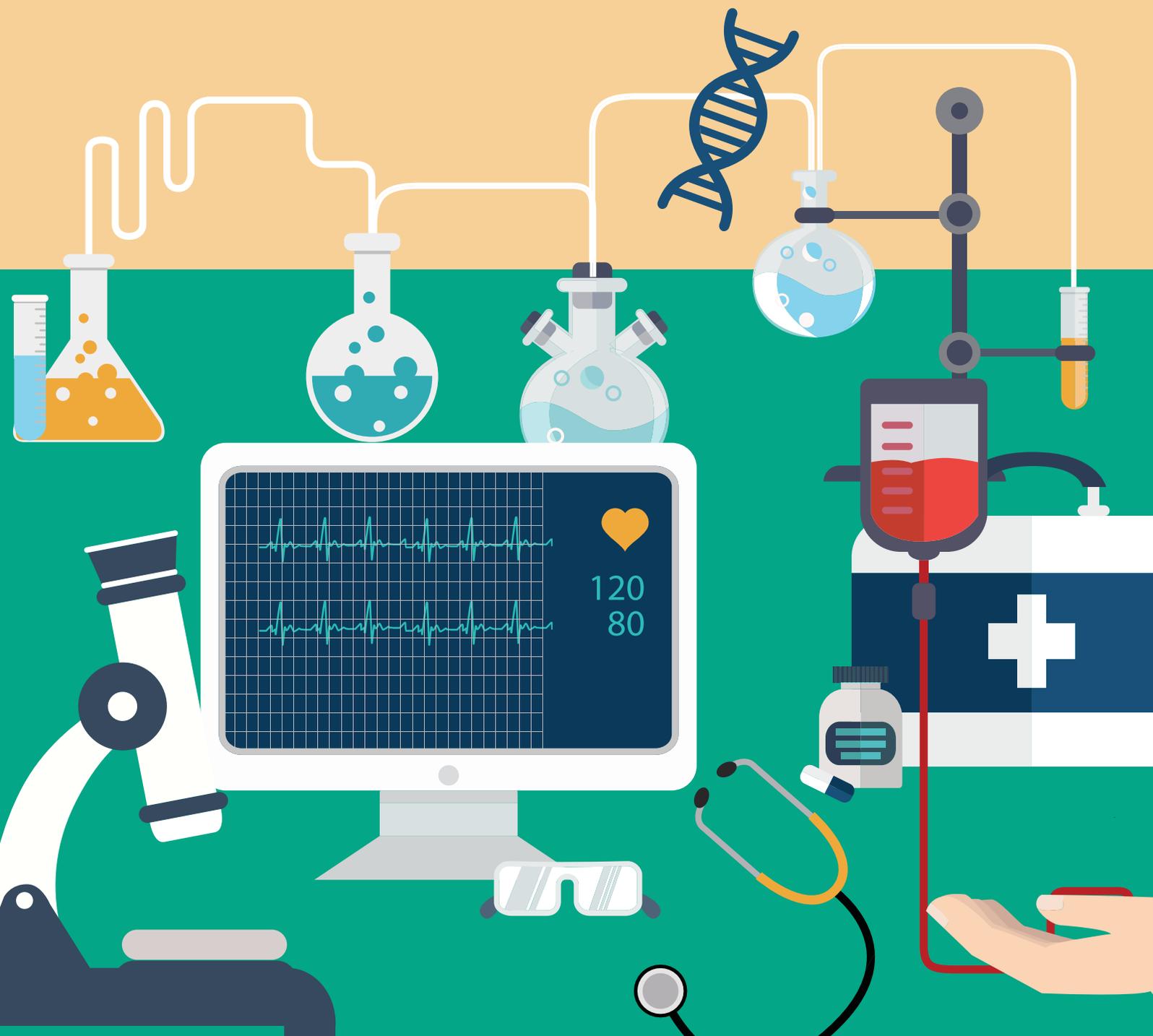


HEALTH

GHHS HEALTHCARE AND CHINESE MEDICAL CENTRE

GHHS Healthcare strongly advocates that “Prevention Is Always Better Than Cure”, and integrates Western Medical Technology with Traditional Eastern Therapy to implement this philosophy.

The 5-star award winning hotel, Palace of the Golden Horses, GHHS Healthcare and Chinese Medical Centre are the first in Malaysia to offer a one stop centre for medical tourism and a comprehensive preventive healthcare approach amidst an idyllic resort setting.





GHHS HEALTHCARE: TRADITIONAL CHINESE MEDICINE

GHHS Healthcare advocates "Prevention Is Always Better than Cure", and integrates Western Medical Technology with Traditional Eastern Therapy to implement this philosophy. Located in the 5-star Palace of the Golden Horses at the MINES Wellness City, GHHS Health Screening and Chinese Medical Centre are the first in Malaysia to offer a one stop centre for medical tourism and a comprehensive preventive healthcare approach amidst an idyllic resort setting. With a dedicated healthcare personnel and highly sophisticated diagnostic equipment, we are able to provide our members with the best care.

GHHS Healthcare believes that early detection helps in minimizing the potential health issues that will lower the risks for surgery or more extensive medical care in the future. GHHS Healthcare provides health screening to the genetic level that screens genes, cells and organs to determine your current health status and risk factors. These results are interpreted to provide you with the best diagnosis and medical plans. Our lifestyle modification plans empower with the knowledge and tools to keep your health at its peak. The achievements of GHHS Healthcare are remarkable, have conducted over 110,000 screening packages and 1.2 million medical tests as of 2017 and have over 20,000 active members.



HEALTH SCREENING AND PREVENTIVE SCREENING SERVICES

The facilities at the Health Screening Centre are upgraded regularly. State-of-the-art imaging systems which include technology for full field digital mammography, digital radiography, web-based reporting and robotics archival retrieval solution, as well as DEXA bone mineral density measurement, are all available at the centre. GHHS Healthcare is the first centre in a private setting to own the cutting-edge Architect ci8200 PLUS. This machine is an integrated chemistry and immunoassay platform that delivers high throughput and fast turnaround times for improved lab workflow and maximum operator productivity. The professional team of doctors, nurses, radiologists, dietician and nutritionist provide consultation to all patrons on how to improve their health status by giving them personalized remedies and solutions based on their screening results. The report with major test results is provided within 5 hours on the same day.

Services at GHHS Healthcare's Health Screening Centre:

- Comprehensive Blood Profile Screening
- Ultrasound Screening
- X-ray Screening
- DEXA Bone Density Screening
- Mammogram Screening
- Food Intolerance
- Allergy Screening
- Treadmill Stress Test
- Cardiac CT Angiography
- Calcium Scoring CT
- Urea Breath Test
- Bio-Identical Hormone Replacement Therapy (BHRT)
- Genetic Screening
- Gastroscopy & Colonoscopy
- ENT screening

CHINESE MEDICAL CENTRE

To integrate Western medicine and Eastern diagnostics, we also provide health restoration and body wellness programme that is non-invasive and traditional alternative therapies, including Traditional Chinese Medicine (TCM), complementary healthcare services and much more. GHHS Healthcare' Chinese Medical Centre offers a comprehensive range of alternative treatments of Traditional Chinese Medicine therapies. Traditional and alternative therapies are designed to bring one's body back to its natural state of wellness and balance with minimal invasion. Within an elegant and relaxing ambience, patrons will get to explore medical knowledge that dates back to 5,000 years ago and experience professional TCM therapies, which include treatments such as Chinese Medical Consultation (traditional pulse reading) and diagnosis, TCM Health Assessment (blood and Qi screening), Herbal Medicine Treatment, Acupuncture, Cupping, Moxibustion and Gua Sha (scrapping) Treatment, Chinese Chiropractic Treatment - Spine and Bone Adjustment, Tuina Therapy, TCM Herbal Footbath as well as health Qigong sessions. A TCM Pharmacy is also available where trained consultants dispense herbal prescriptions to promote the restoration of harmony in the body. GHHS Healthcare's Chinese Medical Centre Chinese Physician Specialise & Treatments:

- Scoliosis & Chiropractic Treatment
- Infertility Treatment
- Post Stroke Treatment and Rehabilitation
- Gynecology
- Andrology
- Pediatric Care
- Metabolic Syndrome
- Reproductive Disorder
- Respiratory Disorder
- Digestive Disorder
- Dermatology
- Post Natal and Confinement Care
- Herbal & Health Supplement Dispensary

WELLNESS & REJUVENATION

GHHS Wellness & Rejuvenation is one of the divisions under GHHS Healthcare Centre. Authentic fusion of Asian Therapeutic Remedies helps to nurture body and soul and enhanced with accredited specialists and therapists, natural and botanically derived products. Wellness Centre is dedicated to restore inner balance through a highly personalized experience and it is set in a luscious green environment.

Services at GHHS Healthcare's Wellness & Rejuvenation:

- Yunohana Antioxidant Slimming & Detox Program
- Stem Cell
- ECP (External Counter Pulsation)
- CO2 Treatment
- Pre/Postnatal Massage
- Traditional Chinese Body Tuina
- Lymphatic Detox Massage
- Foot Reflexology





HEALTH STORE & PHARMACY

GHHS Healthcare's Bio Herbs Health Store offers premium quality supplements and health related equipment. Health Store products had categorized into 4 main sections: Western Medicine, Herbal Medicine, Naturopathy and Biomedicine. The products variety ranging from medication, supplements, traditional, natural, organic and functional food, health gadget, wholesome food, healthy snacks, anti-aging, personal care products and etc.

The traditional products such as herbal remedies are formulated by GHHS Healthcare's resident Chinese Physician who has more than 30 years of medical experience. The dietary and nutritional consultations are available in health store for customized dietary plan including herbal, supplements, health products and meal.

To provide better convenience to the public, products of GHHS Healthcare's Bio Herbs Health Store is also available for purchase online.

To find out more, log onto <http://store.ghhs.com.my>

GHHS Milestone Year 2017

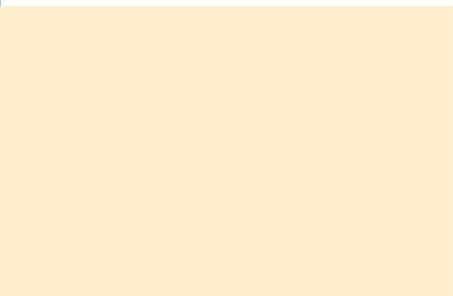
1. GHHS Chinese Medical Centre is relocated and centralised into one stop centre at GHHS Healthcare with the combination of Eastern Treatment and Western Diagnostic.
2. GHHS Wellness Centre has been established as a new division with a full range of wellness and rejuvenation services.
3. A Memorandum of Understanding (MOU) was signed between GHHS Healthcare and Tours Wealth in August 2017 for promotion of health tourism from China market.
4. Collaboration programme with UPM CaRE and organised "Caring beyond Cancer Programme" for cancer survivors organised in GHHS Healthcare Screening Centre.
5. Scoliosis Treatment was introduced at GHHS Chinese Medical Centre with the aim to help those in scoliosis issue, postural imbalance and structural misalignment.
6. Cardiac CT Angiography and Calcium Scoring CT are introduced through collaboration with University Putra Malaysia (UPM).
7. Introduction of Stem Cell Therapy programme to GHHS Wellness Centre as a new anti-aging solution for the members.
8. Slimming and Detox programme is introduced through Yunohana Japanese Antioxidant Hot Bed and with the combination of Chinese medical therapy.
9. Mines Wellness Discovery Privilege Membership is launched with RM399 as a short-term membership that valid for one-year duration
10. GHHS Chinese Medical Centre has introduced the pre-packed daily Confinement Herbal Tonic soup to eliminate blood stasis, remove lochia, promote uterus contraction and recovery, expelling wind and restoring mummy's post-natal health.
11. Inclusion of new health programmes; ECP (External Counter Pulsation) and CO2 Treatment through a tie-up with MY-Life Centre.
12. Bio-Oats Purple Mixed, a home brand product of GHHS Bio Herb, helps to regulate blood cholesterol, blood sugar level and functional as antioxidant, immune system booster has successfully obtained halal certification.

To find out more, log onto www.ghhs.com.my

MEMBERSHIP & TOURISM

Membership & Tourism Division will continue to uphold our brand for the Vacation by striving to provide more value-added services for our members. With the enhanced leisure products and services, we can further reach out to a wider market through our sustained branding and hospitality.







PALACE VACATION CLUB

PALACE VACATION CLUB
Celebrating 19 years of Excellence

Palace Vacation Club is a membership designed to provide its members the opportunities to enjoy vacations, creating priceless memories at places beyond the regular destinations with freedom of choices available only with a timeshare network. The membership ensures and maintains the affordability and flexibility of family vacations resorts - both at local and international destinations.

- One of the leading timesharing membership programmes with over 8,500 members and a choice of over 100 internal and direct affiliation resorts.
- Affiliation resorts destination includes China, India, Indonesia, Thailand, Philippines, Australia, Spain, United Kingdom and USA.
- Newly affiliation resorts in China destinations at Xian, Beijing, Hangzhou, Li Jiang and Huangshan.
- Through our affiliation with RCI, the world's largest resort exchange company, members can access to 4,500 resorts in over 100 countries
- Member Services team has successfully processed 10,096 reservations for the year of 2017
- Benefits for members include:
 - Exchange entitlement for medical health screening and TCM treatment packages
 - Use entitlement for hotel suites in Palace of the Golden Horses
 - Enjoy 20% discounts at Plaza Premium Lounge in KLIA
 - Special rate of RM30 to Sky Lounge in Subang Sultan Abdul Aziz Shah Airport
 - Discounts of up to 50% at PGH food and beverages outlets
- PVC will target outstation market for upcoming year and is in the pipeline of rolling out online reservation system for members in early 2018

Looking ahead, we are focusing on accelerating the execution of our growth strategy by identifying and selling to new markets, forging marketing partnerships to deliver more value for our members while continuing to build on the strength of our brand through innovation and our commitment in delivering excellence services to our members.





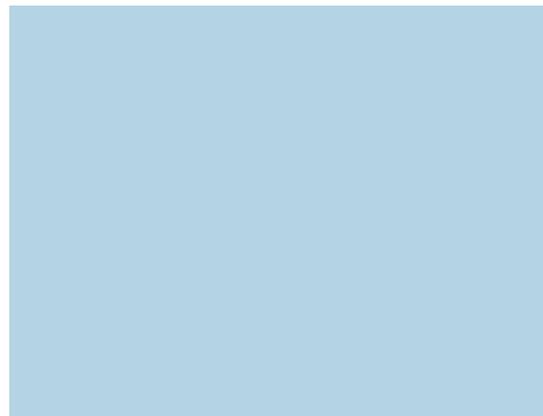
MINES GLOBAL HOLIDAYS

MINES Global Holidays (MGH) is an Inbound Travel Agency that focuses on promoting Malaysia as a top travel destination especially for local and foreign tourists with preferences of green sanctuary who seek to enhance their physical and mental health in a holistic environment such as at MINES Wellness City.

As the exclusive agent of Country Heights Holdings Berhad (CHHB), MGH specialises in Medical Tourism, Golf Tourism, MICE, Corporate Incentives, Leisure Holiday Packages, English Camp, Internship Programs and Professional Development Courses.

With a strong and solid foundation, MGH not only has an extensive range of ground transportation and service providers to cater to regular tours and travel arrangements, but is also able to combine and customize the services of all components of CHHB as well as other external service providers to provide various first class services and wonderful tour experiences to its customers.

MINES Global Holidays is always in tune with new tourism trends and demands to continuously provide quality holidays for customer's enjoyment.



The Board of the Directors of Country Heights Holdings Berhad (“CHHB” or “the Company”) recognises the importance of practicing good corporate governance and is committed to ensuring that high standards of corporate governance are practiced throughout the Company and its subsidiaries (“the Group”), with integrity, transparency and professionalism which contribute towards the successful achievement of corporate goals and enhance stakeholders’ value.

The Malaysian Code of Corporate Governance 2017 (“the Code”) came into force on 26 April 2017 and superseded its earlier 2012 edition. The Board of Directors of CHHB (“the Board”) fully supports the recommendations set out in the Code. The Code is based on the following three (3) principles which are:

- (i) Board leadership and effectiveness;
- (ii) Effective audit and risk management; and
- (iii) Integrity in corporate reporting and meaningful relationship with stakeholders.

This Statement sets out the commitment of the Board to ethical behavior and transparency in business strategy, operations and corporate culture in deriving the intended outcomes of the principles and practices of the Code and in applying the principles and practices of the Code to ensure long-term sustainability of the Group.

BOARD OF DIRECTORS

The Board

CHHB is led and controlled by an active and experienced Board with a mix of suitably qualified and experienced professionals in the fields of accountancy, banking and finance, property development and marketing, corporate finance and mergers and acquisitions.

Responsibilities and Duties

The Board is responsible for setting the strategic direction of CHHB and monitoring the implementation of that strategy by CHHB Management, including:-

- oversight of the CHHB Group, including its control and accountability systems;
- appointing and removing the Group CEO;
- appointing and removing the Company Secretary;
- Board and Executive Management development and succession planning;
- input into and final approval of corporate strategy;
- input into and final approval of the annual operating budget (including the capital management budget);
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions/divestment;
- monitoring compliance with all relevant legal, tax and regulatory obligations;
- reviewing and monitoring systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies;
- at least annually, reviewing the effectiveness of CHHB’s implementation of its risk management system and internal control framework;
- monitoring Executive Management’s performance and implementation of strategy and policies, including assessing whether appropriate resources are available;
- approving and monitoring financial and other reporting to the market, shareholders, employees and other stakeholders; and
- appointment, reappointment or replacement of the external auditor.

In discharging his/her duties, each Director must:-

- exercise care and diligence;
- act in good faith in the best interests of CHHB;
- not improperly use his/her position or misuse information of CHHB; and
- commit the time necessary to discharge effectively his/her role as a Director.

All Directors (including Executive Directors) are entitled to be heard at all Meetings and should bring an independent judgement to bear in decision-making.

Board Balance

The Board is of the opinion that its current composition fairly reflects a balance of executive and non-executive to ensure that the interest of not only the Company, but also that of the stakeholders and of the public in general are represented as each independent director brings invaluable judgment to bear on issues of strategy, performance, resource allocation, risk management and standard of conduct. The Board is also of the view that the minority shareholders are fairly represented by the presence of these highly competent and credible Independent Non-Executive Directors.

The composition and size of the Board are reviewed from time to time to ensure their appropriateness and effectiveness. The Board currently has nine (9) members, comprising four (4) Non-Executive Directors and five (5) Executive Directors. Of the four (4) Non-Executive Directors, three (3) are Independent, thus fulfilling the requirement that at least one-third of the Board comprise of Independent Directors. A brief profile of each Director is presented on pages 8 to 16 of this Annual Report.

The Board is led by a team of experienced members from different professional backgrounds, all of whom provide the Group with a wealth of professional expertise and experience which are conducive for efficient deliberations at Board meetings, giving rise to effective decision making and providing multi-faceted perspectives to the business operations of the Group.

The Board is supportive of gender diversity in the boardroom as recommended by the Code and has developed a Gender Diversity Policy to promote the representation of women in the composition of the Board. For the purpose of the Code, the Gender Diversity Policy will refer principally to gender diversity in the boardroom, but this approach however, in no means limits the Company's recognition and respect for the value of diversity at all levels of the organisation. A diverse boardroom and workplace include the skills and perspective that people bring to the organisation through, but not limited to, experience, gender, age, culture and beliefs.

The Gender Diversity Policy sets out the approach to diversity on the Board of Directors of CHHB and the Company's policy and the processes whereby the Company will address, to the extent practicable, the objectives set out in Practice 4.5 of the Code. Presently, there are two (2) female Directors, representing approximately 22% women participation on the Board.

All Board members participate fully in decisions on key issues involving the Group. The Executive Directors are responsible for implementing the policies and decisions of the Board and managing the Group's day-to-day operations. Together with the Independent Non-Executive Directors, they ensure that strategies are fully discussed and examined after taking into account the long term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business.

The Independent Non-Executive Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations to the exclusion of other relevant factors. They help to ensure that the interests of all shareholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board. They also ensure that the Board practices good governance in discharging its duties and responsibilities. The Board, as a whole, retains overall control of the Group. The Independent Directors fulfill the criteria of "Independence" as prescribed under Paragraph 1.01 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board is made aware that they should notify the Chairman before accepting any new directorship. The notification should include an indication of time that will be spent on the new appointment.

Board Meetings

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of CHHB. All the Directors have complied with the minimum requirements on attendance at Board Meetings as stipulated in the MMLR of Bursa Securities (minimum 50%).

During the financial year, the Board of Directors held six (6) meetings and details of Directors' attendances are set out below. Besides the Board Meetings, urgent decisions were approved via Directors' Circular Resolutions during the year.

Name of Director	No. of Meetings Attended
Tan Sri Lee Kim Tiong @ Lee Kim Yew (Executive Chairman)	3/6
Lee Cheng Wen (Deputy Chairman, Non-Independent Non-Executive Director)	5/6
Nik Hassan Bin Nik Mohd Amin (Independent Non-Executive Director)	6/6
Chew Chong Eu (Independent Non-Executive Director)	5/6
Ong Tee Chin (Independent Non-Executive Director) Appointed on 20 September 2017	1/1
Lee Thai Young Matahari (Executive Director)	5/6
Lee Sow Lin (Executive Director)	6/6
Yip Chun Mun (Executive Director)	6/6
Har Soon Thim (Executive Director)	6/6
Chua Hee Boon (Independent Non-Executive Director) Retired on 21 June 2017	4/4

At Board meetings, the Chairman encourages constructive, healthy debate, and the Directors are free to express their views. Any Director who has a direct and/or deemed interest in the subject matter to be deliberated shall abstain from deliberation and voting on the same during the meeting.

Executive Chairman and Executive Directors

The Founder of CHHB, Tan Sri Lee Kim Tiong @ Lee Kim Yew ("Tan Sri Lee"), is the Executive Chairman of the Company. He was previously the Non-Independent Non-Executive Deputy Chairman and was appointed as Non-Independent Non-Executive Chairman on 2 June 2016. On 1 October 2016, Tan Sri Lee was re-designated as the Executive Chairman of the Company.

As Executive Chairman and given his capability, leadership and entrepreneurship skills, business acumen and his vast experience in the industry, Tan Sri Lee undertakes to personally and passionately spearhead the CHHB Group to better performance in the near future together with the 4 Executive Directors, each having separate and clearly defined scope of responsibility and authority. The division of roles and responsibilities ensures that there is no excessive concentration of power in these positions.

Board Appointment Process

All nominees to the Board are first considered by the Nomination & Remuneration Committee, based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender before they are recommended to the Board. The Nomination & Remuneration Committee may also consider the use of external consultants in the identification of potential directors.

While the Board is responsible for the appointment of new Directors, the Nomination & Remuneration Committee is delegated the role of screening and conducting an initial selection before making a recommendation to the Board.

The annual assessment criteria of the Board and Board Committees have been updated to be aligned with the recommendations of the Code.

During 2017, there was an appointment of a new Director in place of the retirement of Mr. Chua Hee Boon, an Independent Non-Executive Director. The Nomination & Remuneration Committee had reviewed his background, knowledge, integrity, competency, experience, commitment (including time commitment), potential contributions to the CHHB Group and the independency of the proposed Director. The Board members, with the recommendation of the Nomination & Remuneration Committee, appointed a new Board member, namely Mr. Ong Tee Chin.

Board Effectiveness Evaluation

Performance indicators on which the Board's effectiveness is evaluated include the Board's composition, administration and process, conduct, responsibilities, accountability, interaction and communication with the Management and stakeholders. Performance indicators for individual Directors include their interactive contributions, understanding of their roles and quality of input.

The Board undertakes a process to assess the effectiveness of the Board as a whole and its Board Committees and the contribution of each Director for the financial year 2017. The evaluation involves the completion of questionnaires on the effectiveness of the Board of Directors as a whole, as well as that of the Board Committees. The structure, processes, accountability and responsibilities of the Committees are evaluated in assessing the effectiveness of the respective Committees.

The Board has analysed the gaps and put in place appropriate measures to ensure overall effectiveness of the Board and the CHHB Group.

Re-election/Re-appointment of Directors

The Constitution (Articles of Association) of the Company require a director appointed during a financial year to retire at the following annual general meeting. All directors are bound to retire at least once in every three years and re-election of directors takes place at each Annual General Meeting ("AGM"). All retiring directors shall be eligible for re-election/re-appointment.

The re-election/re-appointment of directors at the AGM are subject to prior assessment by the Nomination & Remuneration Committee and the recommendations thereafter are submitted to the Board and then for shareholders' approval.

The re-election/re-appointment of directors ensured that shareholders have a regular opportunity to reassess the composition of the Board.

Tenure of Independent Non-Executive Directors

Encik Nik Hassan Bin Nik Mohd Amin and Mr Chew Chong Eu were both appointed to the Board as Independent Non-Executive Directors of the Company on 29 April 2008 and have, therefore served for more than 9 years.

Notwithstanding their long tenure in office, the Board, based on the review and recommendations made by the Nomination & Remuneration Committee, is unanimous in its opinion that the independency of Encik Nik Hassan Bin Nik Mohd Amin and Mr Chew Chong Eu have not been compromised or impaired based on the following justifications:

- They continue to fulfill the criteria and definition of an Independent Director as set out under Paragraph 1.01 of the MMLR;
- They have been with the Company for more than nine (9) years and therefore, understand the Company's business operations which enable them to participate actively and contribute positively during deliberations or discussions at meetings of the Nomination & Remuneration Committee, the Audit & Risk Management Committee, and the Board; and
- They have contributed sufficient time and efforts at the meetings of the Nomination & Remuneration Committee, the Audit & Risk Management Committee, and the Board for informed and balanced decision making.

The Board therefore believes that Encik Nik Hassan Bin Nik Mohd Amin and Mr Chew Chong Eu should be retained as Independent Non-Executive Directors and accordingly, recommends them to be retained as Independent Non-Executive Directors. Ordinary resolutions for the aforesaid purpose will be tabled at the forthcoming AGM for shareholders' approval.

Directors' Remuneration

The policy and framework for the overall remuneration of the Executive and Non-Executive Directors are reviewed regularly against market practices by the Nomination & Remuneration Committee, following which recommendations are submitted to the Board for approval.

The Board as a whole determines the remuneration of the Non-Executive Directors and each individual Director abstains from the Board decision on his own remuneration. The remuneration of Non-Executive Directors is based on a standard fixed fee. In addition, allowances are also paid in accordance with the number of meetings attended during the year.

The Executive Directors are not entitled to the above Directors' fee nor are they entitled to receive any meeting allowance for Board or Board Committee meetings that he/she attends. Their remuneration is based on their Key Performance Indicators ("KPIs") which are appraised annually.

Disclosure of each Director's remuneration is set out under Practice 7.1 in the Corporate Governance Report.

The proposed Directors' fees for the financial year 2017 will be tabled at the forthcoming 34th AGM for shareholders' approval.

The aggregate remuneration of the Directors (including Mr Chua Hee Boon prior to his retirement) for the financial year ended 31 December 2017, categorised into the appropriate components, is as follows:

Description	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Salaries & Other emoluments	1,099	41	1,140
Benefit-in-kinds	32	-	32
EPF Contribution	145	-	145
Fees	-	41	41
Total	1,276	82	1,358

The number of Directors (including Mr Chua Hee Boon prior to his retirement) whose total remuneration falls into the respective bands is as follows:-

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-Executive
Up to RM100,000	2	5
RM100,001 to RM200,000	1	-
RM200,001 to RM300,000	-	-
RM300,001 to RM400,000	-	-
RM400,001 to RM500,000	-	-
RM500,001 to RM600,000	2	-

The Company has opted not to disclose each Director's remuneration as the Board considers the information to be sensitive and proprietary.

BOARD COMMITTEES

The Board has delegated specific responsibilities to two (2) board committees, being the Audit & Risk Management Committee and Nomination & Remuneration Committee. The delegation of certain responsibilities of the Board to its Committees is made in accordance with Article 88 of the Constitution (Articles of Association) of the Company. This is necessary as there is now greater reliance on the Board Committees in response to the complex challenges of the business.

These Committees have the authority to examine particular issues within their terms of reference and report back to the Board with their recommendations. The ultimate responsibility for the final decision on most matters remains with the entire Board.

All Board Committees have written terms of reference, operating procedures and authority delegated and approved by the Board, which are reviewed from time to time to ensure they are relevant and up-to-date.

The Chairpersons of the various Board Committees report the outcome of their meetings to the Board and relevant decisions are incorporated into the minutes of the meetings of the Board of Directors.

Audit & Risk Management Committee (“ARMC”)

The report of the ARMC is set out on pages 74 to 78 of this Annual Report.

Nomination & Remuneration Committee (“NRC”)

The NRC comprises wholly of Non-Executive Directors, majority of whom are independent.

Membership:

- Ong Tee Chin (Chairman of NRC);
- Nik Hassan Bin Nik Mohd Amin;
- Chew Chong Eu; and
- Lee Cheng Wen.

Objectives

The objectives of the NRC with regard to the *nomination* role are as follows:

- to identify and recommend new nominees to the Board as well as the Board Committees, however all decision as to who shall be appointed shall be the responsibility of the Board after considering the recommendations of the NRC;
- to assist the Board in reviewing the Board’s required mix of skills, experience and other qualities, including core competencies which both Executive and Non-Executive Directors should bring to the Board;
- to implement the process formulated by the Board designed to assess the effectiveness of the Board and the Board Committee as a whole;
- to develop policies, practice and recommend proposals appropriate to facilitate the recruitment, retention and removal of Executive Director as well as the length of service; and
- to review the Executive Directors’ objectives, goals and the assessment of performance.

The objectives of the NRC with regard to the *remuneration* role are as follows:

- to determine the level and make-up of Executive Directors’ remuneration so as to ensure that CHHB attracts and retains the Directors of the appropriate calibre, experience and quality needed to run the CHHB Group successfully. The level and make-up of the remuneration should be structured so as to link rewards with corporate and individual performance; and
- to determine the remuneration packages of Non-Executive Directors which shall be a decision of the Board as a whole.

Authority

The NRC is authorised by the Board:

- to seek assistance from the Company Secretary on matters related to the responsibilities of the NRC under the rules and regulations to which it is subject to and how those responsibilities should be discharged;
- to have full and unrestricted access to the Company’s records, properties and personnel; and
- to seek independent professional advice and expertise deemed necessary for the performance of its duties.

Responsibilities

The responsibilities in relation to nomination matters are as follows:

- to formulate the nomination, selection and succession policies for the Board and Board Committees as may be determined by the NRC from time to time;
- to make recommendations to the Board on new candidates for election/appointment, and re-election/re-appointment of the Directors to the Board;
- to make recommendations to the Board for appointment to fill casual vacancies;
- to conduct a review in determining whether a director can continue to be independent in character and judgement, and also to take into account the need for progressive refreshing of the Board; and
- to review the required mix skills, experience and other qualities of the Board annually.

The responsibilities in relation to *remuneration* matters are as follows:

- to formulate and/or review the remuneration policies and packages for the members of the Board and Board Committees and recommend to the Board for approval; and
- to approve the utilisation of the provision for annual salary increment, performance bonus and long term incentives (if any) in respect of each financial year.

The NRC shall consider any other matters referred by the Board to the NRC and, in discharging its duties, the NRC shall at all times be mindful of the provisions of all applicable laws, regulations and guidelines.

Meeting Attendance of the NRC:

The NRC met once during the financial year.

Main Activities of the NRC in 2017:

During the year, the NRC has fulfilled a number of key activities, as listed below:

- Evaluated and assessed the performance of the Independent Non-Executive Directors (self-assessment) for the year 2016.
- Evaluated and assessed the performance and effectiveness of the Board of Directors and Board Committees for the year 2016.
- Reviewed and recommended the re-election of Directors due for retirement pursuant to Articles 102 and 106 of the Constitution (Articles of Association) of the Company, at the 33rd Annual General Meeting.
- Reviewed and recommended the appointment of additional Director.
- Reviewed the fees and allowances of the Non-Executive Directors for the year 2017 and subsequently recommended to the Board for approval.

The NRC noted that the Board and its Committees had met the board structure criteria, as to its size, independence, desired skills and qualities of the Board members, as required by the regulations.

Directors' Training

All the Directors have attended the Mandatory Accreditation Program prescribed by Bursa Securities. Induction briefings will be organised for newly appointed Directors, if any.

The Directors are also encouraged to attend seminars/courses from time to time to equip themselves with the necessary knowledge to discharge their duties and responsibilities more effectively.

During the financial year, the Directors have attended, individually and/or collectively, various programmes and briefings, amongst others, as follows:

Name of Directors	Training Programmes
Tan Sri Lee Kim Tiong @ Lee Kim Yew	<ul style="list-style-type: none"> • World Chinese Economic Summit 2017
Lee Cheng Wen	<ul style="list-style-type: none"> • Audit Committee Institute Breakfast Roundtable 2017
Nik Hassan Bin Nik Mohd Amin	<ul style="list-style-type: none"> • Effective Internal Audit Function for Audit Committee (AC) Workshop • Audit Committee Institute Breakfast Roundtable 2017
Chew Chong Eu	<ul style="list-style-type: none"> • Debriefing on Cold Review Finding 2016 • Companies Act 2016 • Technical Analysis Series : Practical and Effective Trend Trading for Profitability • Mergers & Acquisitions : The Process and Marking Mergers Succeed
Ong Tee Chin	<ul style="list-style-type: none"> • Mandatory Accreditation Program
Lee Thai Young Matahari	<ul style="list-style-type: none"> • World Chinese Economic Summit 2017
Lee Sow Lin	<ul style="list-style-type: none"> • Advocacy Session on Corporate Disclosure for Directors and Principal Officers
Yip Chun Mun	<ul style="list-style-type: none"> • SSM National Interest Schemes Conference 2017
Har Soon Thim	<ul style="list-style-type: none"> • Leading Change @ The Brain • Integrating An Innovation Mindset with Effective Governance

The Company will continuously arrange further training for the Directors as part of their obligations to update and enhance their skills and knowledge which are important for carrying out an effective role as Directors. From time to time, the Board also receives updates and briefings, particularly on regulatory and legal developments relevant to the Company's business.

EFFECTIVE BOARD OPERATIONS AND INTERACTION**Board Meetings Schedule and Predetermined Agendas**

The calendar for the ensuing financial year for Board and Board Committee meetings and draft agendas are established before the end of the current financial year and synchronised with the Management's business planning cycle and quarterly financial results. This is to enable the Directors to plan ahead and allocate time in their respective schedules for the ensuing year's Board and Board Committee meetings.

The Board meeting agenda is structured to address priority strategic issues aligned with the Company's vision and mission which are consistent with the Board's key roles. The agenda for each board meeting is prepared by the Company Secretary together with the Chairman. Other Directors and key members of Management may also be consulted.

Company Secretary

The Board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures and advocate adoption of corporate governance best practices. The Company Secretary is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).

The Company Secretary is responsible for ensuring that Board procedures are followed, and the applicable rules and regulations for the conduct of the affairs of the Board are complied with. The Company Secretary is also responsible for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Company Secretary attends and ensures that all meetings of the Board, Board Committees and Shareholders are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory registers of the Company. The Board is regularly updated and apprised by the Company Secretary on new regulations issued by the regulatory authorities. The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares.

Supply of Information

The Directors have full and unrestricted access to complete information on a timely basis pertaining to the Group's business and affairs to enable them to discharge their duties. Board Meetings which are scheduled to be held are also presented with relevant reports to facilitate its decision-making process. The Board and its Committees are given the notice and agenda of meetings at least seven (7) days in advance and the meeting papers are delivered at least three (3) days prior to each meeting.

The Chairman of the ARMC will report to the Directors at the Board Meetings on any salient audit findings deliberated at the ARMC Meetings which require the Board's notice or direction that may be required to be taken by the Management.

The Directors have access to the advice and services of the Company Secretary. The Directors may seek advice from the Management on matters relating to their areas of responsibility. The Directors may also interact directly with, or request further explanation, information or updates on any aspects of the Company's operations or business concerns from the Management. The Directors may seek independent professional advice, at the Company's expenses, if required, in furtherance of their duties.

Prompt Communication of Board Decisions

All Board decisions are clearly recorded in the minutes, including the rationale for each decision, along with clear actions to be taken and the individuals responsible for their implementation. Relevant urgent Board decisions are communicated to the Management within one working day of the Board meeting and the minutes of Board Meetings are completed for comments by the Board members within seven (7) working days of the meeting dates. Relevant extracts of the minutes are distributed to the Management for action once the board minutes are completed, depending on the urgency of the matters.

Board and Management Interaction

The Board has direct access to the Management and has full and immediate access to information relating to the Group's business and affairs in the discharge of their duties. Towards building and maintaining trust in order to deliver significant and positive performance and shareholder value, both the Board and Management acknowledge the importance of positive interaction, dynamics and open communication between them.

Management members are invited to attend Board meetings to report to the Board on matters relating to their areas of responsibility, and also to brief and provide details to the Directors on recommendations submitted for the Board's consideration.

BOARD PROFESSIONALISM

Board Charter

Whilst Directors and Management of the Company are aware of their respective roles and responsibilities, including the limits of authority accorded, the Board recognises the need to formalise such demarcation of duties to provide clarity and guidance to Directors and Management.

Accordingly, the roles of the Board, Board Committees, Executive and Non-Executive Directors are specified in the Company's Board Charter. The Board Charter, which has been adopted by the Board, serves as a referencing point for Board's activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company. The Board Charter also includes a formal schedule of matters reserved to the Board for deliberation and decision so that the control and direction of the Company are in the Board's hands.

In line with Practice 2.1 of the Code, the Board Charter has been uploaded on the Company's website at www.countryheights.com. The Board will review the Board Charter of the Company periodically and will update the Board Charter where appropriate, from time to time.

Code of Ethics for Directors

The Code of Ethics for Directors which was adopted by the Board supports the Company's vision and core values by instilling, internalising and upholding the value of uncompromising integrity in the behaviour and conduct of the Directors.

The code is reviewed and updated regularly by the Board. The code has been uploaded on the Company's website at www.countryheights.com.

The Code of Ethics for Directors covers the following areas:

- Responsibilities of the Directors
- Dealings with shareholders, employees, creditors, business partners and stakeholder communities at large
- Dealings with respective governments
- Dealings with competitors
- Dealings in respect of Company assets
- Trading on insider information
- Conflict of interest
- Social responsibilities and the environment

Whistle Blower Programme

The Board recognises the importance of whistle blowing in light of the requirements stipulated in the Capital Markets and Services Act 2007, the Corporate Governance Guide and the Companies Act, 2016.

An internal whistle blowing programme has been introduced for the employees to channel concerns about illegal, unethical or improper business conduct affecting the Company and about business improvement opportunities.

If an employee has concerns about illegal or unethical conduct in the workplace, the concern may be reported to the designated email: group@countryheights.com.my or to the Chairman of the ARMC.

The Board and the Management gave their assurance that employees will not be at risk to any form of victimisation, retribution or retaliation from their superiors or any member of the Management provided they act in good faith in their reporting.

Gender Diversity Policy

The Gender Diversity Policy is to enable the Board to set measurable objectives to achieve gender diversity and to report the progress of these measurable objectives. Diversity is fundamentally an issue about building the most effective and forward-looking Board possible, and delivering quality governance in the broadest understanding of that term.

CHHB is committed to workplace diversity, with a particular focus on supporting the representation of women in the composition of the Board, in senior management and across the whole organisation.

The Board, assisted by Management, is responsible for developing strategies to meet the objectives of this Policy and to ensure its optimal implementation through the monitoring, evaluation and reporting mechanisms as listed in the Gender Diversity Policy.

To ensure the optimal implementation of the Gender Diversity Policy, the following measures will be followed:

- equal employment opportunities based on relative ability and potential for the best business performance outcomes;
- transparent selection processes and reviews;
- engage employment consultants, if appropriate, to identify and assess the best candidates available for positions;
- attract and retain a skilled and diverse workforce;
- succession planning and training opportunities; and
- linking achievement of measurable objectives to Board Key Performance Indicators, where appropriate.

Environmental & Sustainability Policy

The Board recognises the need to operate its business in a responsible and sustainable manner complying with all relevant legislative and regulatory requirements, to maintain its reputation, and to generate future business. CHHB combines its values of nature, love, quality, style and excellence, together with its vision of '*Ever Searching for Better Living*' and set its commitment to sustainable good practice in the context of environment, economic and social consideration.

The Company's commitment to environment sustainability is considered central to its business culture and as such is intended to form part of, and to support, all CHHB's activities. The Company believes that seeking to continuously improve its environmental performance is fundamental to its business success and that sustainability principles should be incorporated into CHHB's activities and decision making at all levels.

The Environmental & Sustainability Policy of the Company and the Group focuses on corporate sustainability in five main areas, being environment, health and safety, employees, business partners and local communities. The Company's and the Group's effort on environmental and social responsibility during the financial year are set out in the Sustainability Statement of this Annual Report.

Conflict of Interest and Related Party Transactions ("RPT")

The Directors are responsible at all times for determining whether they have a potential or actual conflict of interest in relation to any matter which comes before the Board.

The Directors recognise that they must declare any interest they may have in transactions with the Company and Group and abstain from deliberation and voting on the relevant resolutions at the Board or general meetings convened to consider the matter.

Trading on Insider Information

The Directors and employees of CHHB are not permitted to trade in securities or any other kind of property based on price sensitive information and knowledge which has not been publicly announced.

Notices on the closed period for trading in the Company's shares are sent to the Directors and principal officers on a quarterly basis specifying the timeframe during which the Directors and principal officers are prohibited from dealing in the Company's shares. The Directors are also prompted not to deal in the Company's shares at any point when price sensitive information is shared with them.

Directors' and Officers' Liability Insurance

The Company has in place a liability insurance policy for the Directors and officers in respect of liabilities arising from holding office in the Company. The insurance does not, however, provide coverage in the event that a Director or a member of the Management is proven to have acted negligently, fraudulently or dishonestly.

RELATIONSHIP AND COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

Dialogue between the Company, Shareholders and Investors

The Board values the support of its shareholders and investors. It also recognises the importance of effective communication with the shareholders and the investment community of material corporate and business matters of the Group.

Care is taken to ensure reporting to the shareholders is balanced and sufficiently comprehensive and objective to allow performance to be measured.

In complying with Paragraph 9.21(3) of the MMLR to improve investor relations between the Company and its stakeholders, CHHB ensures that its website contains the email address(es) of the designated person(s) and contact numbers to enable the public to forward queries to the Company. CHHB also post announcements made to Bursa Securities on its website immediately after such announcements are released on Bursa Securities' website.

Annual Report and Annual General Meeting (“AGM”)

In addition to quarterly financial reports, the Company communicates with the shareholders and investors through its Annual Report.

The Annual Report is an important medium of information for the shareholders and investors whereas the AGM provides a vital platform for both private and institutional shareholders to share their views and acquire information on issues relevant to the Group.

In an effort to save costs and encourage shareholders to benefit from Information and Communication Technology, CHHB continues to dispatch annual reports to the shareholders in electronic format (CD-ROM). However, shareholders are given the option to request for hard copies of the Annual Report.

Notice of AGM is sent out to the shareholders in the month of April with more than the required twenty eight (28) days' notice before the date of the AGM, which is usually held in June. This would enable the shareholders ample time to make the necessary arrangement to attend and participate in person or by corporate representatives, proxies or attorneys.

Shareholders and members of the public can access the website of the Company www.countryheights.com for the latest information on the Group.

At the AGM, the Chairman presents a comprehensive review of the Group's financial performance and value created for the shareholders as well as current developments of the Group. The AGM is the principal forum for dialogue with the shareholders. It provides shareholders and investors with an opportunity to seek clarification on the Group's business strategy, performance and major developments. All Directors of CHHB, including the Chairman of the ARMC and NRC, attend the AGM to provide meaningful response to questions addressed.

Poll Voting

In line with Paragraph 8.29A of the MMLR that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll, the Board shall table all the resolutions at the forthcoming AGM for voting by poll.

ACCOUNTABILITY AND AUDIT

Financial Reporting and Disclosure

In presenting the annual financial statements and quarterly announcements of unaudited consolidated results to shareholders, the Directors have taken reasonable steps to ensure a balanced and understandable assessment of the Group's financial position and prospects. The Board is assisted by the ARMC in overseeing the Group's financial reporting processes and the quality of its financial reporting.

Risk Management and Internal Controls

The Board recognises and affirms its overall responsibility for the Group's system of internal controls, which includes the establishment of an appropriate control environment and control framework as well as for reviewing its effectiveness, adequacy and integrity. The Board acknowledges that this system is designed to manage, rather than eliminate the risk of non-achievement of the Group's objectives.

The Board has overall responsibility for maintaining sound internal control systems that cover financial controls, operational and compliance controls and risk management to ensure shareholders' investments, customers' interest and the Group's assets are safeguarded.

The Statement on Risk Management and Internal Control as set out on pages 79 to 81 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with Auditors

The Board, by the establishment of the ARMC, maintains a formal and transparent relationship with the Group's auditors. The external auditors are invited to participate and brief the ARMC on specific issues at ARMC meetings. The roles of both the external and internal auditors are further described in the Audit & Risk Management Committee Report.

The Group has established an in-house Group Internal Audit Department, in addition to utilising the services of the external auditors, which reports significant findings directly to the ARMC with recommended corrective actions. The Management is responsible to ensure that corrective actions on reported weaknesses are undertaken within an appropriate timeframe.

The ARMC and the Board maintain great emphasis on the objectivity and independence of the Auditors, namely Messrs. Kreston John & Gan, in providing relevant and transparent reports to the shareholders. As a measure of ensuring full disclosure of matters, the Auditors are invited to attend the ARMC meetings for discussion with the ARMC without the presence of the Management, as well as the AGM.

COMPLIANCE STATEMENT

The Board is supportive of all the recommendations of the Code and has ensured that these recommendations as set out in the Code have been substantially implemented accordingly by the Group. The Board will take reasonable steps to review existing policies and procedures from time to time to ensure full compliance thereof.

ADDITIONAL COMPLIANCE INFORMATION**Material Contracts**

Material contracts of the Company and its subsidiaries involving Directors and substantial shareholders either subsisting at the end of the financial year or entered into since the end of the previous financial year are disclosed in Note 44 to the Financial Statements.

Contracts Relating To Loan

There were no contracts relating to any loan by the Company in respect of the above said item.

Recurrent Related Party Transactions

The existing shareholders' mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations shall expire at the conclusion of the forthcoming AGM and is subject to renewal by the shareholders at the said AGM.

Significant related party transactions of the Group are disclosed in Note 47 to the Financial Statements.

Audit And Non-Audit Fees

The amount of audit and non-audit fees incurred by the Company and the Group for the financial year ended 31 December 2017 is set out on Note 33 of this Annual Report.

Share Buy-Back

The existing authority for the Company to purchase up to 10% of its total number of issued shares capital shall expire at the conclusion of the forthcoming AGM and is subject to renewal by the shareholders at the said AGM.

There was no share buy-back during the financial year ended 31 December 2017.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

73
Annual Report
2017

Details of the shares purchased, as at to-date are set out below:-

Month	No. of shares purchased and retained as treasury shares	Lowest price paid per share (RM)	Highest price paid per share (RM)	Average price paid per share (RM)	Total consideration* (RM)
June 2014	100,000	1.44	1.50	1.47	147,430.08
June 2015	2,050,000	1.32	1.35	1.35	2,777,170.98

* Inclusive of transaction cost

All the shares purchased by the Company were retained as treasury shares as at 31 December 2017. There was no resale of any treasury share during the financial year.

Utilisation of Proceeds

The Company did not raise any proceeds from corporate proposals during the financial year ended 31 December 2017.

This Statement is made in accordance with the resolution of the Board of Directors duly passed on 19 April 2018.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The Audit & Risk Management Committee (“ARMC”) of Country Heights Holdings Berhad was established with the objective of assisting the Board of Directors in the areas of corporate governance, system of internal controls, risk management and financial reporting of the Group. Members of the ARMC are mindful of their dual roles which are clearly reflected and demarcated in the agendas of each meeting.

COMPOSITION

The Committee comprises four (4) members all of whom are Non-Executive Directors, with a majority of them being independent Directors. This meets the requirement of Paragraph 15.09(1)(2) of the Bursa Malaysia Listing Requirements (Listing Requirements).

The Committee consists of the following members:

Name of Director	Designation	Directorship
Nik Hassan Bin Nik Mohd Amin	Chairman	Independent Non-Executive Director
Chew Chong Eu	Member	Independent Non-Executive Director
Ong Tee Chin †	Member	Independent Non-Executive Director
Chua Hee Boon *	Member	Independent Non-Executive Director
Lee Cheng Wen	Member	Non-Independent Non-Executive Director

Note:

† Ong Tee Chin was appointed as a member of the Committee with effect from 20 September 2017.

* Chua Hee Boon has retired as an Independent Non-Executive Director of the Company at the conclusion of the Company's last Annual General Meeting held on 21 June 2017.

ATTENDANCE OF MEETING

During the financial year 2017, the Committee held a total of five (5) meetings. The details of attendance of the Committee members are as follows:

Name	Attendance	%
Nik Hassan Bin Nik Mohd Amin	5/5	100%
Chew Chong Eu	4/5	80%
Chua Hee Boon	3/3	100%
Lee Cheng Wen	4/5	80%
Ong Tee Chin	1/1	100%

The Executive Chairman, Executive Directors, Chief Financial Officer Group Finance, other Senior Management members and the external auditors attended these meetings upon invitation to brief the ARMC on specific issues.

Prior to some ARMC meetings, private sessions were held between the Chairman ARMC and external auditors without the Management's presence.

Minutes of meetings of the ARMC were circulated to all members and significant matters reserved for the Board's approval were tabled at the Board meetings. The Chairman of the ARMC provides a report on the decisions and recommendations of the ARMC to CHHB Board.

TERMS OF REFERENCE

The ARMC has reviewed and endorsed its Terms of Reference to be in line with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and best practices propagated by Bursa Securities Corporate Governance Guide; towards Boardroom Excellence.

Composition

The ARMC shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than 3 members of whom the majority shall be independent directors. All members of the ARMC shall be non-executive directors.

All members of the ARMC shall be financially literate and at least one member of the ARMC:-

- i) must be a member of the Malaysian Institute of Accountants; or
- ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three years working experience and;
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967;
 - (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - (c) Fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

No alternate Director shall be appointed as a member of the ARMC. The members of the ARMC shall elect a Chairman from among their members who shall be an independent non-executive director. In the absence of the Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

Appointments to the ARMC shall be for a period of up to three (3) years, which may be extended further periods of up to three (3) years, provided the director still meets the criteria for membership of the ARMC.

In the event of any vacancy in the ARMC resulting in the non-compliance with sub-paragraph 15.09(1) of the MMLR, the Company must fill the vacancy within three (3) months.

Quorum

The quorum shall not be less than 2, the majority of whom shall be independent directors.

Attendance & Frequency of Meetings

The ARMC shall meet as the Chairman deems necessary but not less than 4 times a year. The Chairman shall be entitled where deemed appropriate to invite any person(s) to meetings of the ARMC.

The ARMC shall meet with the external auditors, internal auditors or both, without executive board members and employees present at least twice a year.

Authority

The ARMC is authorized by the Board to:-

- i) Seek any information relevant to its activities from employees of the Company.
- ii) source for necessary resources required to carry out its duties.
- iii) obtain independent professional advice it considers necessary.
- iv) have full and unlimited access to any information and documents pertaining to the Company.
- v) investigate any matters within its terms of reference, with explicit authority.

Functions

i) Financial Statements, External Audit and Other Information

The duties of the ARMC shall be to:-

- (a) make appropriate recommendations to the Board on matters pertaining to the nomination, appointment and dismissal of external auditors and the fee thereof;
- (b) review and discuss with the external auditors and internal auditors before the commencement of audit, the nature and scope of the audit;
- (c) review the quarterly and year-end financial statements of the Group and Company prior to submission to the Board, focusing particularly on:-
 - public announcement of results and dividend payments;
 - any significant changes in accounting policies and practices;
 - significant adjustments and unusual events resulting from the audit;
 - the going concern assumption;
 - compliance with stock exchange, accounting standards and legal requirements.
- (d) discuss problems and reservations arising from the interim and final audits, and any other matters the external auditors may wish to discuss (in the absence of management where necessary);
- (e) review external auditors' letter to management (if any) and management's response;
- (f) review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (g) review the internal audit planning memorandum and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
- (h) review any appraisal or assessment of the performance of the Head of the internal audit function;
- (i) approve any appointment or dismissal of the Head of the internal audit function;
- (j) inform itself of resignation of the Head of internal audit and provide him/her an opportunity to submit reason(s) for resigning;
- (k) consider any related party transactions and conflict of interest situation that may arise within the Company or Group that may raise questions over management's integrity;
- (l) consider the findings of internal audit investigations and management's response;

ii) Risk Management, Internal Control and Information Systems

The ARMC will review and obtain reasonable assurance that the risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information. This includes the following:-

- (a) advise the board on the Group's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment drawing on financial stability assessments and other authoritative sources that may be relevant for the Group's risk policies;
- (b) champion and promote the Enterprise Risk Management and to ensure that the risk management process and culture are embedded throughout the Group;
- (c) provide routine monthly and quarterly reporting and update the Board on key risk management issues and Potential Loss Event;
- (d) review Risk Management Framework and Policy & Guide annually;
- (e) oversee and advise the board on the current risk exposures of the Group and future risk strategy to ensure development and growth of the Group on a sustainable basis;
- (f) in relation to risk assessment:-
 - keep under review the Group's overall risk assessment processes that inform the board's decision making, ensuring both qualitative and quantitative metrics are used;
 - review regularly and approve the parameters used in these measures and the methodology adopted;
 - set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance, and
 - consider whether the Group has effective management systems in place to identify, assess, monitor and manage its key risk areas.
- (g) review the Group's capability to identify and manage new risk types;
- (h) review reports on any material breaches of risk limits and the adequacy of proposed action;
- (i) follow-up on management action plans based on the status of implementation compiled by the management;
- (j) review the Business Risk Analysis & Evaluation and Mitigation Plans to be escalated to the Board on an annual basis and to report any major breach of Risk policies and tolerance limits and ensure Risk Mitigants are in place;
- (k) give a view on proposal/feasibility studies prepared by project sponsor or project consultants which meet the requisite threshold before recommending to the Board for final decision;

- (l) keep under review the effectiveness of the Group's internal financial controls and internal controls and risk management systems and review and approve the statements to be included in the annual report concerning internal controls and risk management;
- (m) review the Group's procedures for preventing fraud; and
- (n) consider and approve the remit of the risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.

The ARMC shall also ensure the function has adequate independence and is free from management or other restrictions.

Minutes

The Secretary shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the ARMC. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. Minutes of each meeting shall also be distributed to the members of the ARMC prior to each meeting.

Summary of Activities of the ARMC

During the financial year, the ARMC carried out its duties as set out in its Terms of Reference, including but not limited to:-

- i) review of audit plans prepared by both internal and external auditors;
- ii) review of unaudited quarterly financial statements during the financial year prior to submission to the Board for consideration and approval;
- iii) review and evaluate the policies for risk management and systems of internal control;
- iv) review of internal audit reports presented by internal auditors and consider the major findings by the internal auditors and management's responses thereto;
- v) review of the audited financial statements for the financial year ended 31 December 2017 and to discuss significant audit issues and findings with the external auditors;
- vi) review the procedures for identification of related party transactions for compliance with the Listing Requirements of Bursa Securities and the appropriateness of such transaction, if any, before recommending to the Board for approval; and
- vii) meet and discuss with the external auditors without the presence of the management staff.

External Audit

- a. The ARMC deliberated the External Auditors' Final Report at its meeting on 27 February 2017 with regard to the relevant disclosures in the annual audited financial statements for the year ended 2016. The ARMC also considered suggestions to improve the accounting procedures and internal control measures.
- b. On 11 April 2017, the External Auditor tabled the Final Report and the Audit Financial Statements for the year ended 31 December 2016.
- c. On 17 April 2017, the Group Finance tabled the proposal on the appointment of the new External Auditors Messrs. Kreston John & Gan of CHHB and its Group of companies in place of the retiring Auditors, Messrs. Deloitte PLT and BTL & Co Chartered Accountants.
- d. On 24 August 2017 ARMC Chairman held a private session with the newly appointed External Auditors Messrs. Kreston John & Gan without the presence of the Management.
- e. On 23 November 2017, the ARMC reviewed the External Auditors' Professional Services Planning Memorandum for the financial year ending 31 December 2017 outlining their scope of work and proposed fees of RM250,000 for the statutory audit and review of the Statement on Internal Control for 2017. The ARMC further resolved to recommend the proposed fees to the Board for approval.
- f. The new standard in the By-Laws (On Professional Ethics, Conduct and Practice) for Professional Accountants requires External Auditors to communicate in writing to the ARMC all breaches of independence requirements of the IEBSA Code of Ethics.

Summary of Activities of the Internal Audit Function

The ARMC is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal controls.

The internal audit function is undertaken by an in-house internal audit department. The internal audit function reports independently to the ARMC and its role encompasses the examination and evaluation of the adequacy and effectiveness of the Group's system of internal controls to provide reasonable assurance to the members of the ARMC. During the financial year under review the GIAD operated with the total manpower of 2 staff and both of them were also free from any relationship or conflicts of interest.

The internal audit function performs internal audits with strict adherence to the Professional Practices Framework of The Institute of Internal Auditors, USA ("IIA") and conformance with the IIA's International Standards for The Professional Practice of Internal Auditing ("Standards") in meeting the responsibilities of internal auditors and the internal audit activity.

The purpose of the Standards is to:

1. Delineate basic principles that represent the practice of internal auditing.
2. Provide a framework for performing and promoting a broad range of value-added internal auditing.
3. Establish the basis for the evaluation of internal audit performance.
4. Foster improved organisational processes and operations.

The Standards are principles-focused, mandatory requirements consisting of:

- Statements of basic requirements for the professional practice of internal auditing and for evaluating the effectiveness of performance, which are internationally applicable at organisational and individual levels.
- Interpretations, which clarify terms or concepts within the Statements.

The structure of the Standards is divided between Attribute and Performance Standards. Attribute Standards address the attributes of organisations and individuals performing internal auditing. The Performance Standards describe the nature of internal auditing and provide quality criteria against which the performance of these services can be measured. The Attribute and Performance Standards are also provided to apply to all internal audit services.

The internal audit activities carried out, under a risk-based approach, for the financial year include, inter alia, the following:-

- i) formulated annual risk-based audit plan and reviewed the resource requirements for audit executions;
- ii) executed internal audit reviews in accordance with the approved annual audit plan;
- iii) issued reports on the internal audit findings identifying weaknesses and highlighting recommendations for improvements on a periodic basis;
- iv) followed-up on the implementation of corrective action plans or best practices agreed with management; and
- v) attended ARMC meetings to table and discuss the audit reports and followed up on matters raised.

The internal audit reviews conducted did not reveal weaknesses that have resulted in material losses, contingencies or uncertainties that would require separate disclosure in the annual report.

The total cost incurred for the internal audit function of the Group for the financial year ended 31 December 2017 was RM160,806.

This Statement is made in accordance with the Board's resolution dated 19 April 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

79
Annual Report
2017

Responsibility and Accountability

The Board of Country Heights Holdings Berhad affirms its overall responsibility for the Group's system of internal controls to safeguard shareholders' investments and the assets of the Group as well as reviewing the adequacy, integrity and effectiveness of the system. Internal control systems are primarily designed to cater for the business needs and manage the potential business risks of the Group.

However, such systems are designed to manage, rather than to eliminate the risk of failure to achieve the Group's corporate objectives. In pursuing these objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement, operational failures and fraudulent activities.

The Board is assisted by the Management to implement approved policies and procedures on risk and control. Management identifies and evaluates the risks faced by the Group and designs, implements and monitors an appropriate system of internal controls in line with policies approved by the Board.

KEY FEATURE OF THE GROUP'S INTERNAL CONTROL SYSTEM

Key elements of the Group's internal control system that have been established to facilitate the proper conduct of the Group's businesses are described below.

1. Control Environment

- **Organisation Structure & Authorisation Procedures**

The Group maintains a formal organisation structure with well-defined delegation of responsibilities and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures in order to enhance the internal control system of the Company's various operations.

Key functions such as finance, tax, treasury, corporate, legal matters and contract awarding are controlled centrally.

- **Monitoring and Reporting Procedures**

The Executive Chairman / Executive Director meets on a regular basis with all divisional heads to consider the Group's financial performance, business developments, management and corporate issues.

The Divisional Heads and Business Unit Heads are responsible for the Standard Operating Procedures which include policies and procedures are continuously reviewed and update if required.

The Divisional Heads and Business Unit Heads are responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls.

- **Human Resource Policy**

Comprehensive and rigorous guidelines on are in place, to ensure that the Company has a team of employees who are equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively. Corporate values, which emphasize ethical behaviors, are set out in the Group's HR Portal.

- **Annual Budget**

The Company has a comprehensive budgeting system established to meet the annual business plan. The annual business plan and budget are approved by the Board. Budgetary control is in place for every operations of the Company, where actual performance is closely monitored against budgets to identify and to address significant variances.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

2. Risk Management

The Board acknowledges that all areas of the Group's business activities involve some degree of risk. The Group is committed to ensuring that there is an effective risk management framework which allows management to manage risks within defined parameters and standards, and promotes profitability of the Group's operations in order to enhance shareholder value.

The Board with the assistance of the Audit & Risk Management Committee continuously review the on-going process of identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the financial year under review.

The risk management process involves the senior management as well as the Executive Directors through direct participation in periodic management meetings. These meetings are held to assess and monitor the Group's risk as well as deliberate and consider the Group's financial performance, business development, management and corporate issue.

A risk assessment is performed bi-annually to assess the risks faced by the Group's business units. The results of these risk assessments are presented to the ARMC. Risk factors that can affect the Group include strategic, operational, compliance, reputational, financial and fraud risks.

The Board determines the Company's level of risk tolerance and actively identify, assess, and monitor key business risks to safeguard shareholders' investments and company's assets.

The Company Officer responsible for managing internal controls and legal and regulatory compliance at the company is the Head of Group Finance.

3. Internal Audit Function

The Group has an in-house Group Internal Audit Department to carry out its internal audit function. The internal audit function has undertaken detailed assessments of the risks and reviews of the internal control systems of CHHB's operating environment. The areas of assessments and reviews were set out in an internal audit plan which has been approved by the Audit & Risk Management Committee.

The Group Internal Audit Department reports directly to the Audit & Risk Management Committee. Periodic testing of the effectiveness and efficiency of the internal control procedures and processes are conducted to ensure that the system is viable and robust. For 2017, all the internal audits were performed by the in-house Group Internal Audit Department. Arising from these assessments and reviews, the Group Internal Audit Department presented their reports to the Audit & Risk Management Committee on their findings, recommendations for improvements and the response from management for the Committee's deliberation and consideration.

The internal audit function performs internal audits with strict adherence to the Professional Practices Framework of The Institute of Internal Auditors, USA ("IIA") and conformance with the IIA's International Standards for The Professional Practice of Internal Auditing ("Standards") in meeting the responsibilities of internal auditors and the internal audit activity.

A summary of internal audit activities that were undertaken during the financial year ended 31 December 2017 is as follows:

i. Property Investment

- Reviewed the accounts receivable, collections and debtors monitoring process and compliance to policies and procedures.
- Reviewed of leasing and marketing activities to ensure continuous revenue assurance to the group.

ii. Property Development

- Reviewed on the warranty claim for the main access road and the maintenance schedule for the main access road and reports.
- Reviewed on the unresolved insurance claims and unresolved issues at the project site.
- Understanding on the project and a general overview of the procedures and practices
- Reviewed the Progress Billings and to ensure that amount are promptly billed and collected.
- Reviewed the agent commissions paid out and to ensure that properly recorded and being updated promptly.
- Reviewed the rebates given out to the purchasers and to ensure that properly approved, recorded and being updated promptly.
- To ensure that the company's policies and procedures were complied with and the existing controls functioned as intended.
- Reviewed on the overall sales achieved to date vs the total project cost.

iii. Property Division - Risk Profile

- This update covers risk and governance of various areas with the aim to provide an independent and objective assurance to improve and add value to CHHB's Property division activities.

4. Information and Communication

Information critical to the achievement of the Company's business objectives are communicated through established reporting lines across the Company. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

A whistleblowing policy has been established together with the detailed processes of the policy. The policy is made known to all employees on the Group's website, with a dedicated channel being formed where whistleblowers may direct their grouses and complaints directly to the - Chairman of the ARMC or Group Human Resources.

5. Review & Monitoring Process

Regular management meetings are held to discuss and monitor the Group's operations and performance, including meetings to discuss deviation of results against performance targets, with significant variances explained for and corrective management action formulated, where necessary. In addition to the above, schedule and ad-hoc meetings are held at operational and management levels to identify, discuss and resolve business and operational issues as and when necessary.

CONCLUSION

The Group's system of internal controls does not apply to associate companies, which the Group does not have full management control.

The Board is of the view that the system of internal controls was generally satisfactory. There were no material losses incurred during the financial year as a result of weaknesses in the system of internal controls that would require disclosure in the annual report.

Nevertheless, the Group will continue to take measures to strengthen the internal control environment.

This statement is made in accordance with the Board's resolution dated 19 April 2018.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible for ensuring that the financial statements of the Group and of the Company have been drawn up in accordance with applicable approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards issued by International Accounting Standards Board, the provision of the Companies Act, 2016, and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible for ensuring that the financial statements provide a give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

The Board is satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2017, the Group has adopted the appropriate accounting policies and applied them consistently, and that all applicable approved accounting standards have been followed.



FINANCIAL STATEMENTS

84	Directors' Report	96	Consolidated Statement Of Changes In Equity	101	Statement Of Changes In Equity
88	Independent Auditors' Report	97	Consolidated Statement Of Cash Flows	102	Statement Of Cash Flows
93	Consolidated Statement Of Financial Position	99	Statement Of Financial Position	103	Notes to the Financial Statements
95	Consolidated Statement Of Profit Or Loss And Other Comprehensive Income	100	Statement Of Profit Or Loss And Other Comprehensive Income	181	Statement by Directors
				181	Statutory Declaration

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31st December 2017.

Principal activities

The Company is principally engaged in investment and property holding, whilst the principal activities of the subsidiary companies are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit/(Loss) after taxation attributable to :-		
Equity holders of the Company	(2,624)	(1,048)
Non-controlling interests	272	-
	<hr style="border-top: 1px solid black;"/> (2,352)	<hr style="border-top: 1px solid black;"/> (1,048)

Dividends

No dividend has been paid, declared or proposed since the end of the previous financial year.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year other than those as disclosed in the financial statements.

Treasury shares

As at 31st December 2017, the Company held as treasury shares a total of 2,150,000 out of its 275,707,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM2,914,000. Relevant details on the treasury shares are disclosed in Note 18 to the financial statements.

Bad and doubtful debts

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the Group or in the Company inadequate to any substantial extent.

Current assets

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Valuation methods

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Contingent and other liabilities

At the date of this report, there does not exist : -

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or of the Company to meet its obligations as and when they fall due.

Change of circumstances

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, that would render any amount stated in the financial statements misleading.

Items of an unusual nature

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or of the Company for the current financial year.

Shares and debentures

The Company did not issue any shares or debentures during the financial year.

Directors of the Company

The directors of the Company in office at any time during the financial year and since the end of the financial year are : -

Tan Sri Lee Kim Tiong @ Lee Kim Yew
Lee Cheng Wen
Nik Hassan bin Nik Mohd Amin
Chew Chong Eu
Lee Thai Young Matahari
Lee Sow Lin
Har Soon Thim
Yip Chun Mun
Ong Tee Chin - Appointed on 20/9/2017
Chua Hee Boon - Retired on 21/6/2017

The directors who hold office in the subsidiary companies (excluding directors who are also directors of the Company) during the financial year until the date of this report are : -

Datuk Wan Abdul Kadir @ Wan Ali Bin Wan Yubi @ Tuanku Yubi
Datuk Sudarsono Osman
Datuk Dr Haji Sulaiman Bin Haji Husaini - Resigned on 01/7/2017
Zaidi bin Mahdi - Appointed on 01/11/2017
Datu Sajeli Bin Kipli
Wong Sook Ping
Ooi Ghee Kiong
Dr Rozi Binti Mahmud
Ng Cheng Sinn
Kang Kian Keong (Alternate Director to Ng Cheng Sinn)

Directors' interests

The interests and deemed interest in the ordinary shares of the Company of those who are Directors at year end (including the interests of the spouses or children of the Directors) as recorded in the Register of Directors' Shareholdings are as follows : -

	Number of ordinary shares			As at 31/12/2017
	As at 1/1/2017	Bought	Sold	
<u>Direct interest</u>				
Tan Sri Lee Kim Tiong @ Lee Kim Yew	89,600,000	-	-	89,600,000
Lee Cheng Wen	14,978,831	-	-	14,978,831
Yip Chun Mun	11,000	-	-	11,000
Lee Sow Lin	10,000	-	-	10,000
<u>Indirect interest</u>				
Tan Sri Lee Kim Tiong @ Lee Kim Yew	85,686,641	-	-	85,686,641
Shares in a subsidiary company, Golden Horses Palace Berhad				
<u>Direct interest</u>				
Tan Sri Lee Kim Tiong @ Lee Kim Yew	50,000,000	-	-	50,000,000
Yip Chun Mun	30,000	-	-	30,000

By virtue of Section 8 of the Companies Act, 2016, the abovementioned directors are also deemed to have an interest in shares of the subsidiary companies during the financial year to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related corporation during or at the beginning and end of the financial year.

Directors' remuneration

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 35 to the financial statements.

None of the directors or past directors of the company have received any other benefits otherwise than in cash from the company during the financial year.

No payment has been paid to or payable to any third party in respect of the services provided to the company by the directors or past directors of the company during the financial year.

Indemnifying Directors, Officers or Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company.

Directors' benefits

Since the end of the previous financial year, none of the directors of the Company have received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 47 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company or its subsidiary companies is a party, which had the object of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Significant event

Details of significant event is disclosed in Note 45 to the financial statements.

Auditors

- a) Details of the auditors' remuneration for the Group and the Company are disclosed in Note 33 to the financial statements.
- b) The auditors, Kreston John & Gan, Chartered Accountants, are retiring and not seeking re-appointment.

Signed on behalf of the Board of Directors in accordance
with a resolution of the directors

Lee Cheng Wen**Lee Thai Young Matahari**

Selangor,
Date : 24 April 2018

**INDEPENDENT
AUDITORS' REPORT**

TO MEMBERS OF COUNTRY HEIGHTS HOLDINGS BERHAD

Report on the Audit of the Financial Statements*Opinion*

We have audited the financial statements of Country Heights Holdings Berhad, which comprise the statements of financial position as at 31st December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 93 to 180.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

No.	Key audit matter	Our audit performed and responses thereon
1	<p>Liquidity risk</p> <p>As of 31st December 2017, the Group and the Company have incurred a net loss of RM2,352,000 and RM1,048,000 respectively.</p> <p>The Group has net current assets of RM98,889,000 as of 31st December 2017. The current assets of the Group mainly comprise property development costs of RM127,325,000 and inventories of RM72,236,000, which are not readily convertible to cash. The Group required the funding support from a major shareholder of the Company, Tan Sri Lee Kim Tiong @ Lee Kim Yew which is an unsecured non-current term loan payable to the major shareholder of RM111,137,000.</p> <p>The directors believe that the Group will be able to meet its short-term obligation as and when they fall due dependent upon the successful implementation of the Group's initiatives.</p>	<p>Our audit procedures included as following : -</p> <ul style="list-style-type: none"> a) Read the management's plan to monetize and unlock the value of the Group's assets in order to generate cash flows; b) Reviewed the cash flow projections of the Group over the next 12 months based on the assumptions of cash inflows from operating; c) Assessed the reasonableness of management's sensitivity analysis for any potential change in the assumptions and the resultant impact on available funds; <p>We also considered the adequacy of the disclosure in the financial statements.</p>

TO MEMBERS OF COUNTRY HEIGHTS HOLDINGS BERHAD

Key Audit Matters (Cont'd.)

No.	Key audit matter	Our audit performed and responses thereon
2	<p>Revenue recognition on the sale of properties under development</p> <p>Revenue from the sale of properties under development is accounted for using the percentage of completion method where the outcome of development can be reliably estimated and is in respect of sales where the agreements have been finalised by the end of the reporting period. The percentage of completion is measured by reference to the cost incurred to date compared to the estimated total cost of the development.</p> <p>Significant judgement is required in determining the percentage of completion, the extent of the property development costs incurred, the estimated total property development costs, as well as the outcome of the development projects. In making the judgement, the Group evaluates past experiences and relies on the work of specialists.</p> <p>The Group has made disclosure relating to sales of properties under development on Note 2(d)(ii)(a) to the financial statements.</p>	<p>Our audit procedures included as following : -</p> <ul style="list-style-type: none"> a) Evaluated property development revenue recognition in accordance with FRS 201 Property Development Activities; b) Assessed the reasonableness of the management-prepared budgets for property development projects and challenged management assumptions used in the preparation of the respective budget; c) Checked actual development costs incurred to determine their appropriateness and that they have been recorded in the correct accounting period; d) Checked sales and purchase agreements entered into between the Group and the property purchasers to determine that they had been recorded in the correct accounting period; and e) Evaluated the accounting treatment for the borrowing costs incurred on property development projects in accordance with the requirements of FRS 201 Property Development Activities.
3	<p>Revenue recognition for initial membership fees</p> <p>The Group recognises revenue from initial healthcare membership fees when the membership agreement is signed and a significant amount of the contracted membership fees is received.</p> <p>Whilst, for timeshare, a significant portion of initial membership fees is recognised as revenue when the membership agreement is signed and a significant amount of contracted membership fees is received. The revenue from the remaining initial membership fees is deferred and recorded as deferred income and amortised on a straight line basis over the remaining membership period.</p> <p>When determining the point of revenue recognition, the Group has exercised significant judgement in evaluating whether normal revenue recognition criteria have been met. In making their judgement, the Group's management considered the detailed revenue recognition criteria and, in particular, whether it is probable that the economic benefits associated with the transactions will flow to the Group.</p> <p>The Group has made disclosure relating to revenue recognition of sales of membership fees on note 2(d)(i)(c) to the financial statements.</p>	<p>Our audit procedures included as following : -</p> <ul style="list-style-type: none"> a) Selecting samples and checking whether the membership agreement had already been signed and also checking whether 30% of the membership fees had been received. b) Assessing the reasonableness of the management's assumption that when 30% of the membership fees are received, the collectability of the remaining contract sum is reasonably assured and the recognition of the membership fees as revenue is appropriate, through checking : - <ul style="list-style-type: none"> i) payment of rejoining fees for continuation of the membership; ii) history of membership sales; iii) historical rate of default on the instalment payments by customers; and iv) the possibility of such transaction being terminated due to non-payment. c) For timeshare membership fees, we assessed the reasonableness of the basis of allocation of a significant portion of initial membership fees is recognised as revenue in the year the membership agreement is signed and the remaining portion is deferred and amortised over the remaining membership period, through assessment of the reasonableness of the following : - <ul style="list-style-type: none"> i) cost structure, including upfront and recurrent cost; ii) whether the annual rejoining fee and amortisation of deferred revenue are enough to cover the recurrent cost incurred at reasonable margin; and iii) appropriateness of the discount rate used to present value the deferred revenue.

**INDEPENDENT
AUDITORS' REPORT**

TO MEMBERS OF COUNTRY HEIGHTS HOLDINGS BERHAD

Key Audit Matters (Cont'd.)

No.	Key audit matter	Our audit performed and responses thereon
4	<p>Impairment of property, plant and equipment</p> <p>The Group assesses whether there are any indicators of impairment for its property, plant and equipment at the end of each reporting period. Impairment is tested when there are indicators that the carrying amount of an asset is lower than the recoverable amount which is greater of its net selling price or its value in use. In determining the value in use, the Group determines the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining the future cash flows and the discount rate.</p> <p>The key sources of estimation uncertainty relating to the impairment of property, plant and equipment have been disclosed in Note 2(d)(ii)(e) to the financial statements.</p>	<p>We challenged the assumptions used by management in their impairment assessment by comparing the projected growth rates, discount rates and forecast cash flows against historical trend achieved in the business.</p> <p>We have assessed the competence, capabilities and objectivity of the valuer, and verified their qualifications, and challenged the variables and assumptions used by the valuer to determine the value of the properties.</p> <p>We performed a physical inspection of selecting samples of the assets to ensure the existence and the condition of the said assets.</p>
5	<p>Valuation of investment properties</p> <p>Valuation of investment properties is a key audit matter because significant judgement is required in determining the carrying amount of the investment properties. As at 31st December 2017, the carrying amount of investment properties is RM150,721,000.</p> <p>The valuation of the investment properties is inherently subjective due to, among other factors, the individual nature of each property, the location and the expected future income for that particular property.</p>	<p>Our audit procedures included as following : -</p> <p>a) Evaluated the reasonableness of the methods and assumptions used by management to estimate the fair values and if management's methods and assumptions are reasonable ;</p> <p>b) Evaluated the valuer's competencies, capabilities, and objectivity by checking the valuer' qualifications and their registration to the Board of Valuers, Appraisers and Estate Agents Malaysia website ;</p> <p>c) Inquiry the valuer's scope of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work.</p>
6	<p>Allowance for doubtful debts</p> <p>Significant management judgement is required in determining the appropriate level of allowance to be made in respect of irrecoverable trade receivables.</p> <p>The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable is impaired, by considering the factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments; and expectations of future cash flows arising from the receivable.</p> <p>The key sources of estimation uncertainty relating to impairment of trade receivables are disclosed in Note 2(d)(ii)(f) to the financial statements.</p>	<p>We have evaluated management's assumptions used in calculating the allowance for doubtful debts and checked the calculations supporting the allowance, testing the accuracy and completeness of the ageing reports used as basis to calculate the allowance.</p> <p>In order to assess the reasonableness of the allowance, we reviewed the ageing of receivables in comparison to previous years, reviewed the level of bad debt write offs in the current and prior years as well as checking the recoverability of outstanding receivables through examination of subsequent collections.</p> <p>In addition, we also reviewed legal files and obtained confirmation from the solicitors so as to determine the adequacy and appropriateness of allowance for doubtful debts for the receivables undergoing legal actions.</p>

TO MEMBERS OF COUNTRY HEIGHTS HOLDINGS BERHAD

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report of the Group, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and of the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also :-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as going concern.

**INDEPENDENT
AUDITORS' REPORT**

TO MEMBERS OF COUNTRY HEIGHTS HOLDINGS BERHAD

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Matters

The financial statements of the Group and the Company for the financial year 31st December 2016 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 11th April 2017.

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Kreston John & Gan
(AF 0113)
Chartered Accountants

Kuala Lumpur,
Date : 24 April 2018

Lim Chiam Kay
Approval No: 1285/03/2019(J)
Chartered Accountant

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

93

Annual Report
2017

31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment	4	320,403	323,820
Investment properties	5	150,721	151,595
Prepaid lease payments	6	301,212	303,988
Land held for property development	7	213,785	194,189
Other investments	10	2,734	2,734
Trade receivables - non-current portion	13	7,427	6,473
Deferred tax assets	27	6,090	4,947
Total Non-current Assets		1,002,372	987,746
Current Assets			
Property development costs	11	127,325	139,072
Inventories	12	72,236	88,776
Trade receivables	13	30,092	16,018
Other receivables, deposits and prepayments	14	21,863	26,551
Current tax assets		4,053	3,904
Deposits with licensed banks	16	2,650	2,834
Cash and bank balances		13,517	10,022
Assets classified as held for sale	17	271,736	287,177
		-	400
Total Current Assets		271,736	287,577
Total Assets		1,274,108	1,275,323
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	18	352,006	275,707
Share premium	18	-	57,251
Capital redemption reserve	18	-	19,048
Treasury shares	18	(2,914)	(2,914)
Reserves	19	423,814	427,889
Non-controlling interests		772,906	776,981
		20,542	20,114
Total Equity		793,448	797,095

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000
Non-current Liabilities			
Borrowings	20	190,290	169,162
Deferred income - non-current portion	25	40,101	35,626
Other payables - non-current portion	26	-	3,399
Deferred tax liabilities	27	77,422	78,699
Total Non-current Liabilities		307,813	286,886
Current Liabilities			
Trade payables	28	34,714	37,083
Other payables and accruals	29	87,871	78,702
Deferred income	25	1,692	1,345
Borrowings	20	38,973	44,667
Current tax liabilities		9,597	29,270
		172,847	191,067
Liabilities classified as held for sales	17	-	275
Total Current Liabilities		172,847	191,342
Total Liabilities		480,660	478,228
Total Equity and Liabilities		1,274,108	1,275,323

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

95

Annual Report
2017

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000
Revenue	30	93,575	87,358
Cost of sales	30	(22,211)	(32,843)
Gross profit		71,364	54,515
Other income	31	10,337	10,458
Selling and marketing expenses		(6,299)	(6,816)
Administrative expenses		(17,893)	(25,255)
Other expenses		(46,995)	(75,012)
Profit /(Loss) from operations		10,514	(42,110)
Finance costs	32	(10,101)	(11,645)
Profit /(Loss) before taxation	33	413	(53,755)
Income tax (expense)/credit	36	(2,765)	561
Loss for the year from continuing operations		(2,352)	(53,194)
Loss from discontinued operations, net of tax	17	-	(1,380)
Loss for the year		(2,352)	(54,574)
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to profit or loss			
Exchange differences		2,379	(121)
Total comprehensive income/(loss)		27	(54,695)
Profit /(Loss) for the year attributable to : -			
Equity holders of the Company		(2,624)	(48,521)
Non-controlling interests		272	(6,053)
		(2,352)	(54,574)
Total comprehensive income /(loss) for the year attributable to : -			
Equity holders of the Company		(245)	(48,642)
Non-controlling interests		272	(6,053)
		27	(54,695)
Basic earnings per share (sen)	37	(0.95)	(17.74)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

**CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Attributable to equity holders of the Company				Distributable		Total equity RM'000		
	Share capital RM'000	Share premium RM'000	Share redemption reserve RM'000	Capital Treasury shares RM'000	Other reserves RM'000	Retained profits RM'000		Total RM'000	Non- controlling interests RM'000
Balance at 1st January 2016	275,707	57,251	19,048	(2,914)	136,991	339,540	825,623	25,857	851,480
Comprehensive income :	-	-	-	-	-	(48,521)	(48,521)	(6,053)	(54,574)
Net loss for the financial year	-	-	-	-	-	-	-	-	-
Other comprehensive income :	-	-	-	-	(121)	-	(121)	-	(121)
Other comprehensive loss	-	-	-	-	(121)	(48,521)	(48,642)	(6,053)	(54,695)
Total comprehensive loss for the year	-	-	-	-	(3,067)	3,067	-	-	-
Transfer to retained profits upon depreciation of revalued assets	-	-	-	-	(3,067)	3,067	-	-	-
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	-	-	310	310
Balance at 31st December 2016	275,707	57,251	19,048	(2,914)	133,803	294,086	776,981	20,114	797,095
Balance at 1st January 2017	275,707	57,251	19,048	(2,914)	133,803	294,086	776,981	20,114	797,095
Transfer arising from "no par value" regime	76,299	(57,251)	(19,048)	-	-	-	-	-	-
Comprehensive income :	-	-	-	-	-	(2,624)	(2,624)	272	(2,352)
Net loss for the financial year	-	-	-	-	-	-	-	-	-
Changes in ownership interest in a subsidiary	-	-	-	-	-	-	-	156	156
Other comprehensive income :	-	-	-	-	2,379	-	2,379	-	2,379
Other comprehensive loss	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the year	-	-	-	-	2,379	(2,624)	(245)	428	183
Realisation of revaluation reserve	-	-	-	-	(3,830)	-	(3,830)	-	(3,830)
Transfer to retained profits upon depreciation of revalued assets	-	-	-	-	(1,663)	1,663	-	-	-
Balance at 31st December 2017	352,006	-	-	(2,914)	130,689	293,125	772,906	20,542	793,498

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

97

Annual Report
2017

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM	2016 RM
Cash flows from operating activities			
Profit /(Loss) before taxation			
- Continuing operations		413	(53,755)
- Discontinued operations		-	(1,380)
Adjustments for : -			
Allowance for doubtful debts no longer required for trade receivables		(400)	(959)
Amortisation of debt issuance costs		159	502
Amortisation of deferred income		(1,164)	(1,474)
Amortisation of prepaid lease payments		4,024	4,131
Bad debts recovered		(379)	-
Bad debts written off		375	2,243
Depreciation of property, plant and equipment		9,037	9,486
Fair value adjustment of long term receivables		(159)	-
Gain on disposal of property, plant and equipment		-	(11)
(Gain) /Loss on disposal of subsidiary companies		1,137	(53)
Impairment losses of other investment no longer required		-	(157)
Allowance for doubtful debts for trade and other receivables		618	13,971
Interest expenses		10,101	11,645
Interest income		(475)	(227)
Inventories written down		-	683
Loss on disposal of other investments		-	124
Net realised gain on foreign exchange		(62)	(128)
Plant and equipment written off		543	167
Provision for termination and compensation cost		-	4,750
Waiver of tax penalty expense		-	(2,302)
Operating profit /(loss) before working capital changes		23,768	(12,744)
Decrease in inventories		11,493	550
Increase in property development costs		(9,099)	(14,690)
(Increase) /Decrease in receivables		(10,108)	49,442
Decrease in deferred income		4,439	3,197
Increase /(Decrease) in payables		5,935	(21,147)
Cash generated from operations		26,428	4,608
Interest paid		(9,942)	(11,645)
Tax paid		(23,927)	(16,156)
Tax refund		65	121
Net cash used in operating activities carried forward		(7,376)	(23,072)

**CONSOLIDATED STATEMENT
OF CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM	2016 RM
Net cash used in operating activities brought forward		(7,376)	(23,072)
Cash flows from investing activities			
Interest received		475	227
Non-controlling interests arising from acquisition of a subsidiary company		-	310
Payment for land held for property development		-	(989)
Proceeds from disposal of property, plant and equipment		7	343
Proceeds from disposal of subsidiary companies		44	30
Proceeds from disposal of other investments		-	115
Purchase of plant and equipment	39	(5,024)	(2,057)
Net cash used in investing activities		(4,498)	(2,021)
		(11,874)	(25,093)
Cash flows from financing activities			
Drawdown of term loans		36,003	-
Increase /(Drawdown) in bank overdrafts		(1,589)	27
Proceeds from term loans		-	42,417
Repayment of finance lease liabilities		(329)	(28)
Repayment of revolving credits		(800)	(2,200)
Repayment of term loans		(18,011)	(21,816)
Net cash from financing activities		15,274	18,400
Net increase /(decrease) in cash and cash equivalents		3,400	(6,693)
Effects of foreign exchange rate changes		(89)	(1,257)
Cash and cash equivalents at the beginning of the year		12,856	20,806
Cash and cash equivalents at the end of the year	40	16,167	12,856

STATEMENT OF FINANCIAL POSITION

99

Annual Report
2017

31 DECEMBER 2017

	Note	2017 RM	2016 RM
ASSETS			
Non-current Assets			
Plant and equipment	4	177	-
Investment in subsidiary companies	8	616,751	617,015
Investment in an associate	9	-	-
Other investments	10	718	718
Total Non-current Assets		617,646	617,733
Current Assets			
Other receivables, deposits and prepayments	14	473	1,654
Amount due from subsidiary companies	15	80,223	79,236
Current tax assets		3,714	3,714
Cash and bank balances		17	24
Total Current Assets		84,427	84,628
Total Assets		702,073	702,361
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	18	352,006	275,707
Share premium	18	-	57,251
Capital redemption reserve	18	-	19,048
Treasury shares	18	(2,914)	(2,914)
Reserves	19	75,320	76,368
Total Equity		424,412	425,460
Non-current Liabilities			
Borrowings	20	111,137	82,023
Current Liabilities			
Other payables and accruals	28	12,315	15,042
Amount due to subsidiary companies	15	135,715	154,497
Borrowings	20	18,494	25,339
Total Current Liabilities		166,524	194,878
Total Liabilities		277,661	276,901
Total Equity and Liabilities		702,073	702,361

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000
Revenue	30	241	638
Cost of sales & services	30	(42)	(516)
Gross profit		199	122
Other income	31	736	3
Selling and marketing expenses		(5)	(4)
Administrative expenses		(350)	(377)
Other expenses		(1,651)	(9,594)
Loss from operations		(1,071)	(9,850)
Finance costs	32	23	(1,900)
Loss before taxation	33	(1,048)	(11,750)
Income tax expense	36	-	-
Loss for the year, representing total comprehensive loss for the year		(1,048)	(11,750)

STATEMENT OF CHANGES IN EQUITY

101
Annual Report
2017

FOR THE YEAR ENDED 31 DECEMBER 2017

	← Non-Distributable Capital →			Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	redemption reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	
Balance at 1st January 2016	275,707	57,251	19,048	(2,914)	88,118	437,210
Total comprehensive loss for the year	-	-	-	-	(11,750)	(11,750)
Balance at 31st December 2016	275,707	57,251	19,048	(2,914)	76,368	425,460
Transfer arising from "no par value" regime	76,299	(57,251)	(19,048)	-	-	-
Total comprehensive loss for the year	-	-	-	-	(1,048)	(1,048)
Balance at 31st December 2017	352,006	-	-	(2,914)	75,320	424,412

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

**STATEMENT
OF CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000
Cash flows from operating activities			
Loss before taxation		(1,048)	(11,750)
Adjustments for : -			
Allowance for impairment losses in investment in subsidiaries		-	6,930
Bad debts written off		94	-
Depreciation		22	-
Interest expense		9	1,900
Interest income		(31)	-
Loss on disposal of subsidiary company		850	2,585
Reversal of impairment loss on investment in subsidiary		(736)	-
Operating loss before working capital changes		(840)	(335)
(Increase) /Decrease in receivables		99	(296)
Increase /(Decrease) in payables		(21,508)	2,746
Increase in subsidiary companies		-	2,514
Cash generated /(used in) operations		(22,249)	4,629
Interest paid		(9)	(1,900)
Net cash generated /(used in) operations		(22,258)	2,729
Cash flows from investing activities			
Interest received		31	-
Payment for acquisition of subsidiary		-	(690)
Purchase of plant and equipment		(199)	-
Proceed from disposal of subsidiary company		150	15
Net cash from /(used in) investing activities		(18)	(675)
		(22,276)	2,054
Cash flows from financing activities			
Decrease in bank overdraft		(250)	-
Proceeds from term loans		-	2,400
Drawdown of /(Repayment to) term loan		22,519	(5,880)
		22,269	(3,480)
Net decrease in cash and cash equivalents		(7)	(1,426)
Cash and cash equivalents at the beginning of the year		24	1,450
Cash and cash equivalents at the end of the year	40	17	24

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

103
Annual Report
2017

FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Country Heights Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows : -

Principal place of business : 8th Floor, Block A, Mines Waterfront Business Park, No. 3, Jalan Tasik, Mines Resort City,
and Registered office 43300 Seri Kembangan, Selangor Darul Ehsan.

The consolidated financial statements of the Company as at and for the financial year ended 31st December 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the year ended 31st December 2017 do not include other entities.

The Company is principally engaged in investment and property holding. The principal activities of the subsidiary companies are set out in Note 8 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 24 April 2018.

2. Basis of preparation of financial statements

a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company.

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- FRS 9, Financial Instruments (2014)
- Amendments to FRS 1, First - Time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)
- Amendments to FRS 2, Share-based Payment - Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 4, Insurance Contracts - Applying FRS 9, Financial Instruments with FRS 4, Insurance Contracts
- Amendments to FRS 128, Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)
- Amendments to FRS 140, Investment Property - Transfers of Investment Property
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- IC Interpretation 23, Uncertainty Over Income Tax Treatments

FRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to FRS 10, Consolidated Financial Statements and FRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations : -

- from the annual period beginning on 1st January 2018 for those accounting standards, amendments or interpretations that are applicable to the Group and the Company and effective for annual periods beginning on or after 1st January 2018; and
- from the annual period beginning on 1st January 2019 for those accounting standards, amendments or interpretations that are applicable to the Group and the Company and effective for annual periods beginning on or after 1st January 2019.

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Basis of preparation of financial statements (Cont'd.)

a) Statement of compliance (Cont'd.)

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below : -

FRS 9, Financial Instruments

FRS 9 replaces the guidance in FRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities and on hedge accounting.

Amendments to FRS 10, Consolidated Financial Statements and FRS 128, Investments in Associated and Joint Ventures - Investment Entities: Applying the Consolidation Exception.

The amendments to FRS 10 and FRS 128 require an investment entity parent to fair value a subsidiary providing investment-related services that is itself an investment entity, an intermediate parent owned by an investment entity group can be exempted from preparing consolidated financial statements and non-investment entity investor can retain the fair value accounting applied by its investment entity associate or joint venture.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of FRS 9 and amendments to FRS 10 and FRS 128.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19th November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1st January 2012, with the exception of Transitioning Entities ("TEs").

TEs, being entities within the scope of MFRS 141 Agriculture and /or IC Interpretation 15: Agreements for the Construction of Real Estate, including its parents, significant investors and ventures were allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On 2nd September 2014, with the issuance of MFRS 15 Revenue from Contracts with Customers and Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants, the MASB announced that TEs which have chosen to continue with FRS Framework is now required to adopt the MFRS Framework latest by 1st January 2017.

On 8th September 2015, the MASB confirmed that the effective date of MFRS 15 will be deferred to annual periods beginning on or after 1st January 2018. However, early application of MFRS 15 is still permitted.

The Group and the Company fall within the scope definition of TEs and have availed themselves of this transitional arrangement and will continue to apply FRSS in the preparation of their financial statements. Accordingly, the Group and the Company will be required to apply MFRS 1 First-time Adoption of MFRS in their financial statements for the financial year ending 31st December 2018, being the first set of financial statements prepared in accordance with the new MFRS Framework.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31st December 2018. In presenting its first financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Basis of preparation of financial statements (Cont'd.)

a) Statement of compliance (Cont'd.)

Malaysian Financial Reporting Standards (MFRS Framework) (Cont'd.)

The Group has established a project team to plan and manage the adoption of the MFRS Framework. This project consists of the following phases : -

a) Assessment and planning phase

This phase involves the following : -

- i) High level identification of the key differences between Financial Reporting Standards and accounting standards under the MFRS Framework and disclosures that are expected to arise from the adoption of MFRS Framework;
- ii) Evaluation of any training requirements; and
- iii) Preparation of a conversion plan.

The Group considers the assessment and planning phase to be complete as at the date of these financial statements.

b) Implementation and review phase

This phase aims to : -

- i) Develop training programs for the staff;
- ii) Formulate new and /or revised accounting policies and procedures for compliance with the MFRS Framework;
- iii) Identify potential financial effects as at the date of transition, arising from the adoption of the MFRS Framework; and
- iv) Develop disclosures required by the MFRS Framework.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31st December 2017 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31st December 2018.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3.

c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which represents the functional currency of the Group and Company and all financial information presented in RM are rounded to the nearest thousand ("RM'000"), unless otherwise stated.

d) Critical accounting judgements and key sources of estimation uncertainty

Judgement and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i) Critical judgements in applying the Group's accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in financial statements : -

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Basis of preparation of financial statements (Cont'd.)

d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd.)

i) Critical judgements in applying the Group's accounting policies (Cont'd.)

a) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately.

If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

b) Operating lease commitments - The Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases.

c) Revenue recognition

The Group recognised revenue from the sale of membership relating to Golden Horses Health Sanctuary Programme ("GHHS"), Traditional Chinese Medicine Programme ("TCM") and Palace Vacation Club ("PVC"). GHHS, TCM and PVC are membership programmes involving the provision of vacation and preventive healthcare services to its members. The memberships are valid for a duration ranging from 5 to 37 years.

The membership fees comprise participation and rejoining fees. Participation fees represent upfront payment (which are allowed to be settled by customers by interest-free instalments) upon execution of membership agreements whereas rejoining fees are due and payable on a yearly basis (except for the first year where no rejoining fees are charged) pursuant to the membership agreements. The Group recognises revenue from participation fee, or a portion thereof, upon signing of membership agreement and collectability of the contract sum is reasonably assured. When a significant amount of the contracted participation fee has been collected, and the collectability of the remaining amount is reasonably assured, the Group records the participation fee, or a portion thereof, as revenue and any unsettled sum is recognised as trade receivables.

When determining the point of revenue recognition, the Group exercised significant judgement in evaluating whether revenue recognition criteria were met. In making their judgement, the Group considered the detailed revenue recognition criteria and, in particular, whether it is probable that the economic benefits associated with the transactions will flow to the Group. Following the consideration of the terms and conditions underlying the membership agreements, the facts that all other services in subsequent years are paid for separately through rejoining fees, the limitation on the members' abilities for refund of the participation fees, the requirement for the payment of the rejoining fees for continuation of the membership, the history of membership sales, the historical rate of default on the instalment payments by customers and the possibility of such transaction being terminated due to non-payment, the Group satisfied that when 30% of the participation fees are received, the collectability of the remaining contract sum is reasonably assured and the recognition of the participation fees, or a portion thereof, as revenue is appropriate.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Basis of preparation of financial statements (Cont'd.)

d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd.)

ii) Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below : -

a) Property development

The Company recognises property development revenue and expenses in profit or loss by using the stage of completion method. The percentage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the percentage of completion, the extent of the property development costs incurred, the estimated total property development costs, as well as the outcome of the development projects. In making the judgement, the Company evaluates past experiences and relies on the work of specialists.

b) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the unused tax losses and unabsorbed capital allowances can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

c) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

d) Estimated useful lives of property, plant and equipment

The Group reviews the estimated useful lives of certain property, plant and equipment at the end of the reporting period. Fixed assets are depreciated over their useful economic lives. The amount of estimated useful lives is a matter of judgement based on the experience of the Group, taking into account factors such as technological progress, changes in market demand, expected usage and physical wear and tear. Useful lives are periodically reviewed for continued appropriateness. Due to long lives of assets, changes to the estimates used can result in variations in their carrying value.

e) Impairment of property, plant and equipment

The Group regularly reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of an asset is lower than the recoverable amount which is the greater of its net selling price or its value in use. In determining the value in use, the Group assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining the future cash flows and the discount rate.

f) Allowance for doubtful debts

The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Basis of preparation of financial statements (Cont'd.)

- d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd.)
- ii) Key sources of estimation uncertainty (Cont'd.)
- g) Fair value of investment properties

The fair value of the Group's investment properties as of 31st December 2017 has been arrived at on the basis of a valuation carried out by an independent valuer not related to the Group, in accordance with Malaysia Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

The fair value was determined based on independent professional valuations with reference to direct comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusted for location, accessibility, visibility, time, terrain, size, present market trends and other differences, investment method, being the projected net income and other benefits that the subject property can generate over the life of the property capitalised at market derived yields to arrive at the present value of the property and cost method of valuation, being assumed to have a direct relationship with its cost of construction, is then adjusted to allow for cost of finance, profit and demand to reflect its profitable present market value.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

- a) Basis of consolidation
- i) Subsidiaries

The consolidation financial statement incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company :-

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including :-

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. Significant accounting policies (Cont'd.)

a) Basis of consolidation (Cont'd.)

i) Subsidiaries (Cont'd.)

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted at the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Where the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

ii) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

When applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant FRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3 (revised) are recognised at their fair value at the acquisition date, except that :

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with FRS 112 Income Taxes and FRS 119 Employee Benefits, respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. Significant accounting policies (Cont'd.)

a) Basis of consolidation (Cont'd.)

ii) Business combinations (Cont'd.)

If the initial accounting for a business combination is incomplete by end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

iii) Investment in subsidiaries

Investment in subsidiaries, which is eliminated on consolidation, is stated at cost less any accumulated impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

iv) Investment in an associate and a joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of an associate or a joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 136 to the extent that the recoverable amount of the investment subsequently increases.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. Significant accounting policies (Cont'd.)

a) Basis of consolidation (Cont'd.)

iv) Investment in an associate and a joint venture

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is recognised as its fair value on initial recognition in accordance with FRS 139. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of the Group's interest in the associate or joint venture that is not related to the Group.

b) Foreign currencies

i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when their fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operations, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operations, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. Significant accounting policies (Cont'd.)

b) Foreign currencies (Cont'd.)

ii) Foreign currency transactions (Cont'd.)

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gain and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows : -

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the end of the reporting period;
- Income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January, 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

c) Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Financial assets

When the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories : financial assets 'at fair value through profit or loss' ("FVTPL"), 'held to maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. Significant accounting policies (Cont'd.)

c) Financial instruments (Cont'd.)

Financial assets (Cont'd.)

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

i) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if :

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if :

- Such designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategies, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and FRS 139 Financial instruments : Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item in the statements of profit or loss and other comprehensive income.

ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

iii) AFS financial assets

AFS financial assets are non-derivatives that either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investment or financial assets at fair value through profit or loss. All AFS assets are measured at fair value at the end of the reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of the reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. Significant accounting policies (Cont'd.)

c) Financial instruments (Cont'd.)

Financial assets (Cont'd.)

iii) AFS financial assets (Cont'd.)

The fair value of AFS monetary assets denominated in foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

iv) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

v) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been affected.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include :

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. Significant accounting policies (Cont'd.)

c) Financial instruments (Cont'd.)

Financial assets (Cont'd.)

vi) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retained substantially all the risk and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated equity is recognised in profit or loss.

Financial Liabilities and Equity Instruments issued by the Group

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

ii) Financial liabilities

Financial liabilities are initially measured at fair value, net of transactions costs. It is subsequently measured at amortised cost using the effective interest method, with the interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period to the net carrying amount on initial recognition.

iii) Financial liabilities at FVTPL

Financial liabilities are classified as FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if :

- it has been acquired principally for the purpose of repurchasing in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FRTPL upon initial recognition if :

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 139 Financial Instruments : Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. Significant accounting policies (Cont'd.)

c) Financial instruments (Cont'd.)

Financial Liabilities and Equity Instruments issued by the Group (Cont'd.)

iii) Financial liabilities at FVTPL (Cont'd.)

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statements of profit or loss and other comprehensive income.

iv) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

v) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

d) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for hotel properties, exhibition centre and showroom are stated at cost less accumulated depreciation and any accumulated impairment losses.

Hotel properties, exhibition centre and showroom

Hotel properties, exhibition centre and showroom consists of hotels, an exhibition centre and showroom building. The land on which the properties are situated is leasehold and is classified as prepaid land lease payments. The properties are stated at their deemed cost, which is the revalued amount at the date of the revaluation less accumulated depreciation and any accumulated impairment losses. They, together with certain freehold land and buildings were revalued based on independent valuations on an open market value basis in 1994 and have not been revalued since then. The directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of International Accounting Standard 16 (Revised), Property, Plant and Equipment, as approved by the Malaysian Accounting Standards Board, these assets continued to be stated on the basis of their 1994 valuations less accumulated depreciation and any accumulated impairment.

Depreciation of hotel properties, exhibition centre and showroom is provided over the leasehold period of the land of 77 years.

Other properties, plant and equipment

Freehold land and freehold golf courses included in golf clubs and courses and boat clubs have unlimited useful lives and are therefore not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. Significant accounting policies (Cont'd.)

d) Property, plant and equipment (Cont'd.)

Other properties, plant and equipment (Cont'd.)

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates :

	Rate %
Freehold buildings	2
Leasehold buildings, other than hotel properties, exhibition centre and showroom	2 - 10
Golf clubhouse	
- Freehold	2 - 10
- Leasehold	2 - 10
Irrigation system and equipment included in golf courses and boat clubs	10
Office furniture and fittings, office equipment and renovation	10 - 20
Plant, machinery and equipment	10 - 33.3
Motor vehicles	10 - 20

The estimated residual values, useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An annual transfer from the asset revaluation reserve presented as other reserve to retained earnings is made for the difference between the depreciation based on the revalued carrying amount of the assets and the depreciation based on the assets' original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

e) Leases

i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions :

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

ii) Finance leases - the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. Significant accounting policies (Cont'd.)

e) Leases (Cont'd.)

ii) Finance leases - the Group as lessee (Cont'd.)

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment.

iii) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and building elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

iv) Operating leases - the Group as lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

f) Goodwill on consolidation

Goodwill arising on the acquisition of subsidiary represents the excess of cost of the acquisition over the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities, and is initially recognised as an asset at cost and subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

g) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value costs to sell.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. Significant accounting policies (Cont'd.)

h) Prepaid lease payments

Leasehold land that has an indefinite economic life and title is not expected to pass to the Group by the end of the lease period is classified as operating lease. The upfront payments for the right to use the leasehold land over a predetermined period are accounted for as prepaid lease payments and are stated at cost less amount amortised. The prepaid lease payments are amortised on a straight-line basis over the remaining lease terms ranging from 73 to 177 years (2016 - 74 to 178 years).

i) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

An investment property is derecognised upon disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the period in which they arise.

j) Land held for property development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as a non-current asset and is stated at cost less accumulated impairment losses, if any.

Land held for property development is transferred to property development costs when development activities have commenced and when the development activities can be completed within the normal operating cycle.

k) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the percentage of completion method. The percentage of completion is determined by the proportion of the property development costs incurred for work performed to date bears to the estimated total property development costs.

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that are probable of recovery, and property development costs on properties sold are recognised as an expense in the period in which they are incurred. Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings and included in trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings under trade payables.

3. Significant accounting policies (Cont'd.)

l) Inventories

Inventories, which comprise completed properties held for sales, are measured at the carrying amount of the property at the date of reclassification from properties under development and are stated at the lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Completed property units for sale are valued at the lower of cost and net realisable value. Cost is determined using the "specific identification" method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

m) Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that the Group and the Company will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at the end of the each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

n) Statements of cash flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents are short-term, highly liquid investments and are readily convertible to cash with insignificant risks of changes in value.

o) Impairment of assets excluding goodwill

At the end of each reporting period, the Group and the Company review the carrying amounts of their tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. Significant accounting policies (Cont'd.)

p) Employee benefits

i) Short-term benefits

Wages, salaries, paid annual leave, bonuses and social contributions are recognised in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contributions, if any, if the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

q) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and to the Company and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

The following specific recognition criteria must also be met before revenue is recognised :

i) Sale of properties

Revenue from sale of properties under development is accounted for using the percentage of completion method where the outcome of development can be reliably estimated and is in respect of sales where agreements have been finalised by the end of the reporting period. The percentage of completion is measured by reference to the cost incurred to date compared to the estimated total cost of the development.

Revenue from the sale of completed properties is measured at the fair value of the consideration received or receivable and is recognised when the Group has transferred the significant risks and rewards of ownership of the properties, and when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably.

ii) Revenue from hotel operations

Revenue from rental of hotel rooms, sale of food and beverage and other related income are recognised on an accrual basis.

iii) Management fees

Management fees are recognised when services are rendered.

iv) Initial membership fees

Healthcare

Revenue from initial membership fees (participation fees) is recognised when the membership agreement is signed and a significant amount of the contracted membership fees is received.

Timeshare

A significant portion of initial membership fees (participation fees) is recognised as revenue when the membership agreement is signed and a significant amount of the contracted membership fees is received. The revenue from the remaining initial membership fees is deferred and recorded as deferred income and amortised on a straight-line basis over the remaining membership period.

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. Significant accounting policies (Cont'd.)

q) Revenue recognition (Cont'd.)

v) Subscription fees

Subscription fees are recognised as revenue when due and payable pursuant to membership agreements.

vi) Annual maintenance fees

Annual maintenance fees (rejoining fees) are recognised on an accrual basis based on fees chargeable to members upon execution and renewal of the membership agreements, unless recoverability is in doubt, in which case, they are recognised on receipt basis.

vii) Rental income

Rental income is recognised on a straight-line basis over the term of the lease and includes service charges on general maintenance services rendered to the tenants.

viii) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

ix) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

x) Revenue from rental of promotion space

Revenue from rental of promotion spaces is recognised on an accrual basis.

xi) Dividend income

Dividend income is recognised when the right to receive payment is established.

xii) Deferred income

The portion of the membership fees from timeshare membership sales disclosed under Note 3 (iv) Revenue Recognition above, which is deferred and recorded as deferred income, is recognised over the membership period.

r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

s) Taxation

Income tax expense for the year comprise current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantially enacted at the end of the reporting period.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. Significant accounting policies (Cont'd.)

s) Taxation (Cont'd.)

Deferred tax is provided for, using the "liability" method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period. Deferred tax (if any) is recognised in profit or loss except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and liabilities on net basis.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value method, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed by the chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

u) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and /or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within scope of FRS 117 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 102 or value-in-use in FRS136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows : -

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4. Property, plant and equipment

	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Hotel properties, exhibition centre and showroom	251,217	254,617	-	-
Other property, plant and equipment	69,186	69,203	177	-
	320,403	323,820	177	-

Hotel properties, exhibition centre and showroom

Group 2017	Hotel properties RM'000	Exhibition centre and showroom RM'000	Total RM'000
<u>At Cost</u>			
Balance at 1/1/17	243,135	134,840	377,975
Additions	-	-	-
Balance at 31/12/17	243,135	134,840	377,975
<u>Accumulated Depreciation</u>			
Balance at 1/1/17	28,275	9,376	37,651
Charge for the year	2,546	854	3,400
Balance at 31/12/17	30,821	10,230	41,051
<u>Accumulated Impairment Losses</u>			
Balance at 1/1/17	24,162	61,545	85,707
Charge for the year	-	-	-
Balance at 31/12/17	24,162	61,545	85,707
<u>Net Book Value</u>			
Balance at 31/12/2017	188,152	63,065	251,217

NOTES TO THE FINANCIAL STATEMENTS

125
Annual Report
2017

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4. Property, plant and equipment (Cont'd.)

Hotel properties, exhibition centre and showroom (Cont'd.)

Group 2016	Hotel properties RM'000	Exhibition centre and showroom RM'000	Total RM'000
<u>At cost</u>			
Balance at 1/1/16	243,135	134,840	377,975
Revaluation reserve	-	-	-
Transfer to investment properties	-	-	-
Balance at 31/12/16	243,135	134,840	377,975
<u>Accumulated depreciation</u>			
Balance at 1/1/16	25,729	8,523	34,252
Charge for the year	2,546	853	3,399
Transfer to investment properties	-	-	-
Balance at 31/12/16	28,275	9,376	37,651
<u>Accumulated impairment losses</u>			
Balance at 1/1/16	24,162	61,545	85,707
Charge for the year	-	-	-
Balance at 31/12/16	24,162	61,545	85,707
<u>Net Book Value</u>			
Balance at 31/12/16	190,698	63,919	254,617

The hotel properties, exhibition centre and showroom with an aggregate net carrying amount of RM251,218,000 (2016 - RM254,617,000) were pledged as security for borrowings as disclosed in Notes 22 (v) and 22 (vi).

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4. Property, plant and equipment (Cont'd.)

Other property, plant and equipment (Cont'd.)

Group 2017	Freehold land and buildings RM'000	Leasehold buildings RM'000	Office furniture and fittings RM'000	Plant, machinery and equipment RM'000	Golf clubs, courses and boat clubs RM'000	Motor vehicles RM'000	Total RM'000
<i>At Cost</i>							
Balance at 1/1/17	2,134	11,865	112,477	76,343	51,860	6,046	260,725
Additions	-	2,760	1,908	348	8	-	5,024
Transfer from investment properties	-	874	-	-	-	-	874
Disposals	-	-	(487)	-	(447)	-	(934)
Write-offs	-	-	(545)	-	-	-	(545)
Exchange differences	-	-	-	-	355	-	355
Balance at 31/12/17	2,134	15,499	113,353	76,691	51,776	6,046	265,499
<i>Accumulated Depreciation</i>							
Balance at 1/1/17	232	4,278	95,595	73,493	12,296	5,628	191,522
Charge for the year	42	556	3,685	751	386	218	5,638
Disposals	-	-	(462)	-	(465)	-	(927)
Write-offs	-	-	(2)	-	-	-	(2)
Exchange differences	-	-	-	-	82	-	82
Balance at 31/12/17	274	4,834	98,816	74,244	12,299	5,846	196,313
Net Book Value	1,860	10,665	14,537	2,447	39,477	200	69,186

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4. Property, plant and equipment (Cont'd.)

Other property, plant and equipment (Cont'd.)

Group 2016	Freehold land and buildings RM'000	Leasehold buildings RM'000	Office furniture and fittings RM'000	Plant, machinery and equipment RM'000	Golf clubs, courses and boat clubs RM'000	Motor vehicles RM'000	Total RM'000
<u>At Cost</u>							
Balance at 1/1/16	2,134	11,865	114,965	77,290	50,492	6,633	263,379
Additions	-	-	1,342	930	11	-	2,283
Transfer to assets held for sale	-	-	(1,945)	-	-	(81)	(2,026)
Disposals	-	-	(325)	(1,795)	-	(816)	(2,936)
Write-offs	-	-	(1,614)	(82)	-	310	(1,386)
Exchange differences	-	-	54	-	1,357	-	1,411
Balance at 31/12/16	2,134	11,865	112,477	76,343	51,860	6,046	260,725
<u>Accumulated Depreciation</u>							
Balance at 1/1/16	191	3,863	94,859	74,431	11,512	5,905	190,761
Charge for the year	41	415	3,837	987	508	299	6,087
Transfer to assets held for sale	-	-	(1,695)	-	-	(81)	(1,776)
Disposals	-	-	(89)	(1,795)	-	(720)	(2,604)
Write-offs	-	-	(1,369)	(130)	55	225	(1,219)
Exchange differences	-	-	52	-	221	-	273
Balance at 31/12/16	232	4,278	95,595	73,493	12,296	5,628	191,522
Net Book Value	1,902	7,587	16,882	2,850	39,564	418	69,203

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4. Property, plant and equipment (Cont'd.)

	Company	
	2017	2016
	RM'000	RM'000
2017		
<u>At Cost</u>		
Balance at 1/1/17	-	-
Additions	199	-
Balance at 31/12/17	199	-
<u>Accumulated Depreciation</u>		
Balance at 1/1/17	-	-
Charge for the year	22	-
Balance at 31/12/17	22	-
Net Book Value	177	-

- i) Certain subsidiaries are in the process of obtaining the strata titles for certain apartment units included in freehold buildings from the respective developers. The net book value of those apartment units amounted to RM1,774,000 (2016 - RM1,815,000).
- ii) The carrying amounts of properties charged to licensed banks as securities for borrowings granted to the Group as at the reporting date are as follows :-

	Group	
	2017	2016
	RM'000	RM'000
Hotel properties, exhibition centre and showroom	251,217	254,617
Other properties, plant and equipment	69,816	69,203
	320,403	323,820

- iii) The gross carrying amounts of fully depreciated plant and equipment of the Group are as follows :-

	Group	
	2017	2016
	RM'000	RM'000
Office, furniture and fittings	90,934	95,357
Plant, machinery and equipment	37,532	54,438
Motor vehicles	6,655	4,805
	135,121	154,600

- iv) The carrying amount of other property, plant and equipment of the Group held under finance lease arrangements at the end of the reporting period is RM411,000 (2016 - RM739,000).

NOTES TO THE FINANCIAL STATEMENTS

129
Annual Report
2017

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5. Investment properties

Group 2017	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
<u>At fair value</u>				
Balance at 1/1/17	29,730	74,135	47,730	151,595
Transfer to property, plant and equipment	-	-	(874)	(874)
Balance at 31/12/17	29,730	74,135	46,856	150,721
2016				
<u>At fair value</u>				
Balance at 1/1/16	29,730	74,135	47,730	151,595
Fair value adjustment, net	-	-	-	-
Balance at 31/12/16	29,730	74,135	47,730	151,595

The long term leasehold land and buildings of the Group have unexpired lease periods range from 76 to 88 years.

Rental income earned by the Group amounted to RM7,711,000 (2016 - RM8,771,000) is recognised in profit or loss in respect of the investment properties.

The investment properties of the Company at carrying amount of RM57,652,000 (2016 - RM56,778,000) are charged to a licensed bank as security for borrowing granted to the Group.

Fair value information

The fair values of investment properties of the Group is categorised as follows : -

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2017				
Investment properties	-	150,721	-	150,721
2016				
Investment properties	-	-	151,595	151,595

Fair value is determined based on comparison method of valuation using significant observable inputs (Level 2 inputs). Changes in fair value are recognised in the profit or loss during the period in which they are reviewed.

Investment properties are stated at fair value based on valuation performed by independent professional valuer, who holds a recognised relevant professional qualification and has recent experience in the locations and categories of investment properties valued.

Level 2 fair value freehold land and building has been generally derived using the open market value approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

The Group does not have non-financial assets measured at Level 1 and Level 3 hierarchy during the current financial year.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5. Investment properties (Cont'd.)

No valuation was carried out by independent valuers in the financial year 2016. The Group determines the fair values of its investment properties by reference to the selling price of recent transactions and asking prices of similar properties of in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences. The directors believe that assessment made by management is appropriate in determining the fair value of the Group's investment properties as there has been no significant change to the market value of the Group's investment properties during the financial year 2016.

The fair values of investment properties of the Group as at 31st December 2016 were classified as Level 3 of fair value hierarchy and determined to be approximately RM151,595,000.

6. Prepaid lease payments

Group	Long term leasehold land RM'000
2017	
<u>At cost</u>	
Balance at 1/1/17	312,242
Additions	240
Transfer from property development	1,014
Balance at 31/12/17	313,496
<u>Accumulated amortisation</u>	
Balance at 1/1/17	8,254
Charge for the year	4,030
Balance at 31/12/17	12,284
Carrying amount	301,212
2016	
<u>At cost</u>	
Balance at 1/1/16	312,242
Additions	-
Balance at 31/12/16	312,242
<u>Accumulated amortisation</u>	
Balance at 1/1/16	4,123
Charge for the year	4,131
Balance at 31/12/16	8,254
Carrying amount	303,988

The long term leasehold land have unexpired lease periods are within the range from 72 to 176 years (2016 - 73 to 177 years).

The long term leasehold land of the Group at carrying amount of RM4,784,000 (2016 - RM127,485,000) are charged to a licensed bank as security for borrowing granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

131
Annual Report
2017

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7. Land held for property development

Group 2017	Freehold land RM'000	Leasehold land RM'000	Total RM'000
<u>At cost</u>			
Balance at 1/1/17	107,216	86,973	194,189
Additions	410	5,344	5,754
Transfer from property development costs	6,477	7,365	13,842
Balance at 31/12/17	114,103	99,682	213,785
2016			
<u>At cost</u>			
Balance at 1/1/16	91,583	86,973	178,556
Additions	989	-	989
Transfer from property development costs	14,644	-	14,644
Balance at 31/12/16	107,216	86,973	194,189

Included in land held for property development are certain parcels of land with an aggregate carrying value of RM29,812,000 (2016 - RM29,422,000) for which the Group is in the process of obtaining registration of land titles from the relevant authorities.

Land held for development of the Group at carrying amount of RM42,302,000 (2016 - RM42,302,000) are charged to a licensed bank as security for borrowing granted to the Group.

8. Investment in subsidiary companies

	Company	
	2017 RM'000	2016 RM'000
<u>At cost</u>		
Unquoted shares	220,202	221,202
Redeemable cumulative preference shares	407,282	414,053
	627,484	635,255
Less : Accumulated impairment losses	(10,733)	(18,240)
	616,751	617,015

Movement in the accumulated impairment losses is as follows : -

	Company	
	2017 RM'000	2016 RM'000
At beginning year	18,240	11,310
Impairment loss recognised	(7,507)	6,930
At end of year	10,733	18,240

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8. Investment in subsidiary companies (Cont'd.)

The principal activities of the subsidiaries in the Group, all of which are incorporated and domiciled in Malaysia, and the interest of Country Heights Holdings Berhad are as follows :-

Name of subsidiary	Place of incorporation	Principal activities	Effective ownership interest	
			2017 %	2016 %
Country Heights Sdn. Bhd.	Malaysia	Property development	100	100
College Heights Utara Sdn. Bhd.	Malaysia	Property development	100	100
Borneo Heights Sdn. Bhd.	Malaysia	Property development and property investment	70	70
Tindak Murni Sdn. Bhd.	Malaysia	Property development	100	100
Country Heights Industries Sdn. Bhd.	Malaysia	Property development and investment holding	100	100
Country Heights W.T.C Sdn. Bhd.	Malaysia	Investment holding	100	100
Country Heights Properties Sdn. Bhd.	Malaysia	Property management and holding investment	100	100
East Vision Leisure Group Sdn. Bhd.	Malaysia	Investment holding	100	100
Mines Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
Country Heights Global Ltd. (##)	Labuan	Dormant	100	100
Walum Enterprise Sdn. Bhd.	Malaysia	Ownership of land held for property development	100	100
Hasil Cermat Sdn. Bhd.	Malaysia	Ownership of land held for property development	100	100
Country Heights Development Sdn. Bhd.	Malaysia	Property investment	100	100
Country Heights eMarketing Services Sdn. Bhd.	Malaysia	Provision of marketing services	100	100
Versatile Champion Sdn. Bhd.	Malaysia	Property trading	100	100
Golden Horse Palace Berhad	Malaysia	Ownership and operation of a hotel and provision of health programs and timeshare membership	81	81
Country Heights Commercial Development Sdn. Bhd.	Malaysia	Investment holding and resort and hotel management	100	100
Country Heights Resorts & Leisure Sdn. Bhd.	Malaysia	Resort management and investment holding	100	100
Magnitude Knight (M) Sdn. Bhd.	Malaysia	Investment holding	100	100
Tadika Sri Moral Sdn. Bhd.	Malaysia	Provision of education and related services	70	70

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8. Investment in subsidiary companies (Cont'd.)

The principal activities of the subsidiaries in the Group, all of which are incorporated and domiciled in Malaysia, and the interest of Country Heights Holdings Berhad are as follows :- (Cont'd.)

Name of subsidiary	Place of incorporation	Principal activities	Effective ownership interest	
			2017 %	2016 %
Country Heights Resources Management (M) Sdn. Bhd.	Malaysia	Provision of management services	100	100
Country Heights Property Development Berhad	Malaysia	Dormant	100	100
Country Heights Sea Resort Sdn. Bhd.	Malaysia	Dormant	100	100
Country Heights Education Sdn. Bhd. (+)	Malaysia	Provision of educational related services	-	70
Malaysia Trade & Distribution Centre (Rotterdam) Sdn. Bhd.	Malaysia	Dormant	100	100
Mines Global Holidays & Travel Sdn. Bhd.	Malaysia	Dormant.	60	60
Stallion Management Sdn. Bhd.	Malaysia	Provision of management services	69	69
<u>Subsidiary of Borneo Heights Sdn. Bhd.</u>				
Borneo Highlands Hornbill Golf & Jungle Club Berhad	Malaysia	Ownership & operation of a golf course and club hotel	100	100
<u>Subsidiaries of Country Heights Properties Sdn. Bhd.</u>				
Country Heights Development Melaka Sdn. Bhd.	Malaysia	Investment holding and property development	100	100
Mega Palm Sdn. Bhd.	Malaysia	Property development	100	100
Country Heights Pangsa Rakyat Sdn. Bhd.	Malaysia	Property investment	100	100
<u>Subsidiary of Country Heights Development Melaka Sdn. Bhd.</u>				
Country Heights Facility Management Sdn. Bhd.	Malaysia	Dormant	100	100
<u>Subsidiaries of Mines Holdings Sdn. Bhd.</u>				
Kin No Uma Sdn. Bhd.	Malaysia	Dormant	100	100
KHU Property Management Sdn. Bhd.	Malaysia	Dormant	100	100
Country Heights Health Tourism Sdn. Bhd.	Malaysia	Provision of private medical care facilities and services and medical related facilities and services to the public	70	70

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8. Investment in subsidiary companies (Cont'd.)

The principal activities of the subsidiaries in the Group, all of which are incorporated and domiciled in Malaysia, and the interest of Country Heights Holdings Berhad are as follows :- (Cont'd.)

Name of subsidiary	Place of incorporation	Principal activities	Effective ownership interest	
			2017 %	2016 %
<u>Subsidiaries of Mines Holdings Sdn. Bhd. (Cont'd.)</u>				
Mines Wellness Hotel Berhad	Malaysia	Ownership & operator of a hotel and also in the business of selling private healthcare memberships	100	100
WIEXPO Sdn. Bhd.	Malaysia	Dormant	100	100
<u>Subsidiaries of East Vision Leisure Group Sdn. Bhd.</u>				
Mines Shopping Fair Sdn. Bhd.	Malaysia	Letting of promotion space	100	100
Mines Waterfront Business Park Sdn. Bhd.	Malaysia	Letting of office space	100	100
Mines International Exhibition Centre Sdn. Bhd.	Malaysia	Investment holding, manager of exhibition centre and conventions provision of catering services	100	100
<u>Subsidiary of Mines International Exhibition Centre Sdn. Bhd.</u>				
Mines Events Sdn. Bhd.	Malaysia	Provision of exhibition space	100	100
<u>Subsidiary of Country Heights Resorts & Leisure Sdn. Bhd.</u>				
Mines Premium Sdn. Bhd.	Malaysia	Solutions provider and promotion activities	100	100
<u>Subsidiary of Golden Horse Palace Berhad</u>				
Mines Marketing Sdn. Bhd.	Malaysia	Marketer in all aspects of health screening, timeshare memberships and palm oil memberships	100	100
<u>Subsidiary of Mines Marketing Sdn. Bhd.</u>				
Mines Global Holidays Sdn. Bhd.	Malaysia	Travel agents and tour operators and to provide facilities in travelling and touring to travellers and tourist	50	50
<u>Subsidiary of Country Heights Health Tourism Sdn. Bhd.</u>				
GHHS Wellness Sdn. Bhd.	Malaysia	Dormant	100	100
<u>Subsidiaries of Country Heights Property Development Berhad</u>				
Profound Concept Sdn. Bhd.	Malaysia	Property investment	100	100
Endless Gain Sdn. Bhd.	Malaysia	Ownership of property held for rental purposes	100	100

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8. Investment in subsidiary companies (Cont'd.)

The principal activities of the subsidiaries in the Group, all of which are incorporated and domiciled in Malaysia, and the interest of Country Heights Holdings Berhad are as follows :- (Cont'd.)

Name of subsidiary	Place of incorporation	Principal activities	Effective ownership interest	
			2017 %	2016 %
<u>Subsidiary of Endless Gain Sdn. Bhd.</u>				
Natural Circle (M) Sdn. Bhd.	Malaysia	Ownership of property held for rental purposes	99.98	99.98
<u>Subsidiaries of Magnitude Knight (M) Sdn. Bhd.</u>				
Country Heights Pecanwood Golf & Country Club (Pty) Ltd (**)	South Africa	Ownership and operators of golf estate club	100	100
Country Heights Pecanwood Boat Club (Pty) Ltd (**)	South Africa	Ownership and operator of boat club	100	100

(##) No auditors are required to be appointed for these dormant company.

(**) The financial statements of the subsidiary company were audited by a firm other than Kreston John & Gan.

(+) These subsidiary company was disposed of during the financial year.

The auditors' report of certain subsidiary companies were subject to the following material uncertainty related to going concern, however, the auditors' opinion is not modified in respect of this matter :-

a) Mines Events Sdn. Bhd.

The auditors draw attention to Note 2(e) in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred accumulated losses of RM576,156 as at 31st December 2017, and as of that date, the Company's current liabilities exceeded its current asset by RM576,154, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on continuous financial support from its holding companies in order to enable it to meet its obligations and liabilities as and when they fall due.

b) GHHS Wellness Sdn. Bhd.

The auditors draw attention to Note 2(e) in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred accumulated losses of RM324,545 as at 31st December 2017, and as of that date, the Company's current liabilities exceeded its current asset by RM324,543, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on continuous financial support from its holding companies in order to enable it to meet its obligations and liabilities as and when they fall due.

c) Natural Circle (M) Sdn. Bhd.

The auditors draw attention to Note 2 (e) in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred accumulated losses of RM845,179 as at 31st December 2017, and as of that date, the Company's current liabilities exceeded its current assets by RM19,469,054, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on continuous financial support from the holding company in order to enable it to meet its obligations and liabilities as and when they fall due.

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8. Investment in subsidiary companies (Cont'd.)

The auditors' report of certain subsidiary companies were subject to the following material uncertainty related to going concern, however, the auditors' opinion is not modified in respect of this matter :- (Cont'd.)

d) Tadika Sri Moral Sdn. Bhd.

The auditors draw attention to Note 2(e) in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred accumulated losses of RM790,034 as at 31st December 2017, and as of that date, the Company's current liabilities exceeded its current asset by RM780,034, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on continuous financial support from its holding company and related companies in order to enable it to meet its obligations and liabilities as and when they fall due.

e) Mines Global Holidays Sdn. Bhd.

The auditors draw attention to Note 2(e) in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred accumulated losses of RM871,827 as at 31st December 2017, and as of that date, the Company's current liabilities exceeded its current asset by RM281,003, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on continuous financial support from its holding companies and related companies in order to enable it to meet its obligations and liabilities as and when they fall due.

f) Malaysia Trade & Distribution Centre (Rotterdam) Sdn. Bhd.

The auditors draw attention to Note 2 (e) in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred accumulated losses of RM2,509,451 as at 31st December 2017, and as of that date, the Company's current liabilities exceeded its current assets by RM9,450, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on continuous financial support from the holding company in order to enable it to meet its obligations and liabilities as and when they fall due.

g) Mines Premium Sdn. Bhd.

The auditors draw attention to Note 2(e) in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred accumulated losses of RM161,154 as at 31st December 2017, and as of that date, the Company's current liabilities exceeded its current assets by RM161,152, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on continuous financial support from its related companies in order to enable it to meet its obligations and liabilities as and when they fall due.

h) Country Heights Sea Resort Sdn. Bhd.

The auditors draw attention to Note 2(e) in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred accumulated losses of RM9,864,351 as at 31st December 2017, and as of that date, the Company's current liabilities exceeded its current asset by RM371,671, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on continuous financial support from holding company and its related companies in order to enable it to meet its obligations and liabilities as and when they fall due.

i) Country Heights Resources Management (M) Sdn. Bhd.

The auditors draw attention to Note 2(e) in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred accumulated losses of RM1,679,526 as at 31st December 2017, and as of that date, the Company's current liabilities exceeded its current assets by RM1,739,891, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on continuous financial support from its holding company and related companies in order to enable it to meet its obligations and liabilities as and when they fall due.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8. Investment in subsidiary companies (Cont'd.)

The auditors' report of certain subsidiary companies were subject to the following material uncertainty related to going concern, however, the auditors' opinion is not modified in respect of this matter :- (Cont'd.)

j) Borneo Heights Sdn. Bhd.

The auditors draw attention to Note 2 (e) in the financial statements which discloses the premise upon which the Group and the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Group and the Company incurred accumulated losses of RM67,987,768 and RM32,189,768 respectively as at 31st December 2017, and as of that date, the Group's and the Company's current liabilities exceeded its current assets by RM97,349,890 and RM36,595,421 respectively, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The ability of the Group and of the Company to continue as a going concern is dependent on continuous financial support from the holding company and related companies in order to enable it to meet their obligations and liabilities as and when they fall due.

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows :-

Principal activities	Place of incorporation	Number of wholly-owned subsidiaries		Number of non-wholly-owned subsidiaries	
		2017	2016	2017	2016
Property development, management and investment and investment holding	Malaysia	14	14	1	1
Ownership and operation of resort, hotel, golf and boat clubs and investment holding	Malaysia	4	4	2	2
	South Africa	2	2	-	-
Ownership of property, letting of property, office and exhibition spaces	Malaysia	5	5	1	1
Provision of marketing and promotion services	Malaysia	3	3	-	-
Provision of preschool education and education related services	Malaysia	-	-	1	2
Ownership of land held for property development	Malaysia	2	2	-	-
Provision of private medical care facilities and services and medical related facilities and services to the public	Malaysia	1	1	1	1
Property trading	Malaysia	1	1	-	-
Travel agents and tours operator	Malaysia	-	-	1	1
Dormant	Malaysia	8	8	1	1
	Labuan	1	1	-	-
		41	41	8	9

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8. Investment in subsidiary companies (Cont'd.)*Non-controlling interest in subsidiary company*

The Group's subsidiary companies that have material non-controlling interest ("NCI") are as follows : -

2017	NCI percentage of ownership interest and voting interest %	(Loss) /Profit allocated to NCI RM'000	Carrying amount of NCI RM'000
Golden Horse Palace Berhad	19.1	(416)	32,460
Borneo Highlands Hornbill Golf & Jungle Club Berhad	30.0	-	(10,264)
Mines Marketing Sdn. Bhd.	19.1	(224)	(1,073)
Stallion Management Sdn. Bhd.	31.0	(57)	249
Individually immaterial subsidiaries with non-controlling interest		1,125	(830)
		428	20,542
2016			
Golden Horse Palace Berhad	19.1	(4,362)	32,876
Borneo Highlands Hornbill Golf & Jungle Club Berhad	30.0	(625)	(10,264)
Mines Marketing Sdn. Bhd.	19.1	(41)	(849)
Stallion Management Sdn. Bhd.	31.0	(4)	306
Individually immaterial subsidiaries with non-controlling interest		(1,021)	(1,955)
		(6,053)	20,114

9. Investment in an associate

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
In Malaysia :				
Unquoted shares, at cost	247	247	247	247
Share of post-acquisition reserves	-	-	-	-
	247	247	247	247
Accumulated impairment losses	(247)	(247)	(247)	(247)
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

139
Annual Report
2017

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

9. Investment in an associate (Cont'd.)

The associated company is as follows : -

Name of companies	Place of incorporation	Principal activities	Effective ownership interest	
			2017 %	2016 %
Simplex Design Sdn. Bhd. ** #	Malaysia	Interior designing, renovation, construction and other related services.	47.5	47.5

** Audited by a firm other than Kreston John & Gan.

Simplex Design Sdn. Bhd. has a financial year end of 30th June. For the purpose of applying the equity method of accounting, the audited financial statements of Simplex Design Sdn. Bhd. for the year ended 30th June 2017 have been used and appropriate adjustments have been made for the effects of significant transactions between 1st July 2017 and 31st December 2017.

The following table summarises the information of the Group's associated company and reconciles the information to the carrying amount of the Group's interest in the associated company.

	Simplex Design Sdn. Bhd.	
	2017	2016
Percentage of ownership interest and voting interest	47.5%	47.5%
Summarised financial information :-	RM'000	RM'000
<u>As at 31st December</u>		
Non-current assets	45	75
Current assets	1,325	1,378
Current liabilities	(1,024)	(2,403)
Total assets	346	(950)
<u>Year ended 31st December</u>		
Profit/(Loss) from continuing operations	372	(212)
Other comprehensive income	-	-
	372	(212)

10. Other investments

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<u>At cost</u>				
Unquoted shares in Malaysia	2,000	2,000	-	-
Memberships	734	734	718	718
	2,734	2,734	718	718
Accumulated impairment losses	-	-	-	-
	2,734	2,734	718	718

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

11. Property development costs

	Group	
	2017 RM'000	2016 RM'000
<u>Cumulative property development costs</u>		
At 1st January : -		
Freehold land - at cost	128,860	128,860
Leasehold land - at cost	1,177	1,177
Development expenditure	481,996	466,858
	612,033	596,895
Costs incurred during the year :		
Development expenditure	7,709	15,138
	7,709	15,138
At 31st December : -		
Freehold land - at cost	128,860	128,860
Leasehold land - at cost	1,177	1,177
Development costs	489,705	481,996
	619,742	612,033
<u>Cumulative costs recognised in profit or loss</u>		
At 1st January	(454,063)	(453,615)
Recognised during the year	(224)	(5,589)
Reversal of development project due to termination of the sales of a project	-	5,141
At 31st December	(454,287)	(454,063)
Transfer from /(to) :		
Land held for property development	(13,842)	(14,644)
Prepaid lease payments	(1,014)	(4,254)
Inventories	(23,274)	-
	(38,130)	(18,898)
Property development costs at 31st December	127,325	139,072

Included in development expenditure incurred is interest capitalised of RM NIL (2016 - RM252,162).

Property development costs of the Group at carrying amount of RM42,302,000 (2016 - RM42,302,000) are charged to a licensed bank as security for borrowing granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

141
Annual Report
2017

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

12. Inventories

	Group	
	2017	2016
	RM'000	RM'000
<i>At cost :-</i>		
Building materials	1,186	-
Completed property units held for sale	39,055	52,260
Consumable materials	757	4,615
	40,998	56,875
At net realisable value	31,238	31,901
	72,236	88,776

The cost of inventories recognised as an expense during the financial year in the Group includes RM NIL (2016 - RM683,000) in respect of write downs of inventories to net realisable value.

Inventories of the Group at carrying amount of RM1,498,000 (2016 - RM8,353,000) are charged to a licensed bank as security for borrowing granted to the Group.

13. Trade receivables

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<i>Non-current asset</i>				
Trade receivables	7,427	6,473	-	-
<i>Current asset</i>				
Trade receivables	52,188	41,403	-	-
Less : Allowance account	(22,096)	(25,385)	-	-
	30,092	16,018	-	-

The reconciliation of the allowance account is as follows :-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	25,385	22,102	-	-
Impairment losses recognised	-	11,943	-	-
Amounts written off	(2,889)	(7,701)	-	-
Amounts recovered and reversed	(400)	(959)	-	-
At the end of the financial year	22,096	25,385	-	-

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

13. Trade receivables (Cont'd.)

The normal credit term of trade receivables range from 14 days to 90 days. Other terms are assessed and approved on a case-by-case basis.

Included in trade receivables : -

i) Trade receivables - current

Trade receivables, which are non-interest bearing, are due within one year except for those relating to the instalment scheme mentioned in trade receivables - non current.

ii) Trade receivables - non-current

Trade receivables - non-current represent amounts that are expected to be collected after twelve months from the end of the reporting period, pursuant to instalment plans of 12 months to 60 months granted in respect of timeshare program memberships and health program memberships.

The foreign currency exposures of trade receivables of the Group are as follows :-

	2017 RM'000	2016 RM'000
South Africa Rand	1,233	249

14. Other receivables, deposits and prepayments

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Other receivables	17,233	22,962	824	1,830
Less : Allowance account	(2,799)	(3,864)	(364)	(364)
	14,434	19,098	460	1,466
Other deposits	5,413	4,527	13	13
Prepayments	2,016	2,926	-	132
	21,863	26,551	473	1,611

The reconciliation of the allowance account is as follows :-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At beginning of the financial year	3,864	1,856	364	364
Impairment loss	618	2,028	-	-
Amount written off	(1,683)	(20)	-	-
At end of the financial year	2,799	3,864	364	364

The foreign currency exposures of other receivables of the Group are as follows :-

	2017 RM'000	2016 RM'000
South Africa Rand	31	51

NOTES TO THE FINANCIAL STATEMENTS

143
Annual Report
2017

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

15. Amounts due from /(to) subsidiary companies

	Company	
	2017	2016
	RM'000	RM'000
Amount due from subsidiary companies : -		
Trade		
- Borneo Highlands Hornbill Golf & Jungle Club Berhad	31	31
- Country Heights Facility Management Sdn. Bhd.	6	6
- Country Heights Health Tourism Sdn. Bhd.	196	151
- Country Heights Resorts & Leisure Sdn. Bhd.	24	24
- Country Heights Resources Management (M) Sdn. Bhd.	41	41
- Country Heights Sdn. Bhd.	47	8
- College Heights Utara Sdn. Bhd.	21	21
- Golden Horse Palace Berhad	235	232
- Mines International Exhibition Centre Sdn. Bhd.	16	16
- Mega Palm Sdn. Bhd.	8	8
- Mines Waterfront Business Park Sdn. Bhd.	18	19
- Mines Wellness Hotel Berhad	27	27
- Tindak Murni Sdn. Bhd.	33	24
Non-trade		
- Borneo Heights Sdn. Bhd.	51,825	51,613
- Borneo Highlands Hornbill Golf & Jungle Club Berhad	2,815	2,035
- Country Heights Facility Management Sdn. Bhd.	453	180
- Country Heights Health Tourism Sdn. Bhd.	102	103
- Country Heights Resorts & Leisure Sdn. Bhd.	479	460
- Country Heights Resources Management (M) Sdn. Bhd.	2,275	5,256
- Country Heights Sea Resort Sdn. Bhd.	37	43
- College Heights Utara Sdn. Bhd.	776	515
- East Vision Leisure Group Sdn. Bhd.	6	*
- Endless Gain Sdn. Bhd.	1	1
- GHHS Wellness Sdn. Bhd.	41	41
- Golden Horse Palace Berhad	4,423	158
- Kin No Uma Sdn. Bhd.	8	7
- Magnitude Knight (M) Sdn. Bhd.	333	309
- Malaysia Trade & Distribution Centre (Rotterdam) Sdn. Bhd.	1	-
- Mines Global Holidays & Travel Sdn. Bhd.	14	14
- Mines Waterfront Business Park Sdn. Bhd.	10,356	8,632
- Profound Concept Sdn. Bhd.	205	196
- Tadika Sri Moral Sdn. Bhd.	19	15
- Tindak Murni Sdn. Bhd.	5,189	9,035
- WIEXPO Sdn. Bhd.	39	34
Balance carried forward	80,100	79,255

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

15. Amounts due from /(to) subsidiary companies (Cont'd.)

	Company	
	2017	2016
	RM'000	RM'000
Amount due from subsidiary companies : -		
Balance carried forward	80,100	79,255
- Country Heights Global Ltd.	50	-
- Country Heights Pangsa Rakyat Sdn. Bhd.	1	-
- KHU Property Management Sdn. Bhd.	90	-
Mines Events Sdn. Bhd.	1	-
	80,242	79,255
Less : Allowance account	(19)	(19)
	80,223	79,236

	Company	
	2017	2016
	RM'000	RM'000
Amount due to subsidiary companies		
Non-trade		
- Country Heights Commercial Development Sdn. Bhd.	(11)	-
- Country Heights Development Sdn. Bhd.	(454)	(429)
- Country Heights eMarketing Services Sdn. Bhd.	(1,746)	(1,746)
- Country Heights Health Tourism Sdn. Bhd.	(1,475)	(1,444)
- Country Heights Industries Sdn. Bhd.	(1,670)	(1,675)
- Country Heights Property Development Berhad	(5,347)	(6,250)
- Country Heights Properties Sdn. Bhd.	(4,744)	(4,734)
- Country Heights Sdn. Bhd.	(16,950)	(53,001)
- Country Heights W.T.C. Sdn. Bhd.	(499)	(499)
- Hasil Cermat Sdn. Bhd.	(40)	(41)
- Mega Palm Sdn. Bhd.	(79,024)	(74,491)
- Mines Global Holidays Sdn. Bhd.	(4)	(30)
- Mines Holdings Sdn. Bhd.	(562)	(549)
- Mines International Exhibition Centre Sdn. Bhd.	(1,900)	(1,462)
- Mines Marketing Sdn. Bhd.	(122)	(122)
- Mines Premium Sdn. Bhd.	(139)	(141)
- Mines Shopping Fair Sdn. Bhd.	(337)	(334)
- Mines Wellness Hotel Berhad	(1,464)	(448)
- Versatile Champion Sdn. Bhd.	(51)	(52)
- Walum Enterprise Sdn. Bhd.	(19,176)	(7,049)
	(135,715)	(154,497)

The reconciliation of the allowance account is as follows : -

	Company	
	2017	2016
	RM'000	RM'000
At beginning of the financial year	19	19
Impairment losses recognised	-	-
At the end of the financial year	19	19

Non-trade balances due from /(to) subsidiary companies are in respect of advances and payments made on behalf, which are unsecured, interest free and repayable on demand.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

16. Deposits with licensed banks

Group

Included in deposits with licensed banks are as follows : -

- i) an amount of RM1,689,000 (2016 - RM1,861,000) pledged as security for bank guarantee facilities granted to certain subsidiary companies.
- ii) an amount of Nil (2016 - RM420,000) held under a trust account pursuant to a trust deed in relation to a timeshare membership scheme of a subsidiary.

The interest rates of fixed deposits with licensed banks that are effective during the financial year is 3.20% (2016 - 3.15%) per annum.

The maturity period of deposits as at the end of the reporting period are range from 30 days to 365 days (2016 - 30 days to 365 days).

17. Discontinued operations

Educational related services business

On 8th February 2017, the Company entered into a share sale agreement with CUCMS Education Sdn. Bhd. ("CESB") to dispose of 1,000,000 ordinary shares of RM1.00 each in Country Heights Education Sdn. Bhd. ("CHESB"), representing 70% of the ordinary shares in CHESB, and 6,771,000 cumulative preference shares of RM0.01 each in CHESB, for a total cash consideration of RM105,001.

On 7th March 2017, the Company entered into a Deed of Termination with CESB whereby both parties agreed to rescind the said share sale agreement. Notwithstanding the termination of the agreement, the directors expect that the carrying amount of the disposal group relating to CHESB will be recovered principally through a sale transaction in 2017.

In view of the above, the assets and liabilities of CHESB have been classified and accounted for at 31st December 2016 as a disposal group held for sale and the current financial year results of the Group relating to the abovementioned businesses have been presented as discontinued operations.

Accordingly, the comparative statements of profit or loss and other comprehensive income of the Group have been re-presented to include those operations classified as discontinued in the current financial year.

	Group	
	2017	2016
	RM'000	RM'000
Loss for the year from discontinued operations		
Revenue	-	1,569
Expenses	-	(2,951)
<hr/>		
Loss before tax	-	(1,382)
Income tax credit	-	2
<hr/>		
	-	(1,380)
<hr/>		

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

17. Discontinued operations (Cont'd.)

	Group 2016 RM'000
Assets classified as held for sale	
Property, plant and equipment	250
Inventories	5
Trade and other receivables	127
Cash and bank balances	18
	400
Liabilities classified as held for sale	
Trade and other payables	165
Deferred income	110
	275
Net assets of the disposal group	125

No impairment losses in respect of the disposal group relating to CHESB have been recognized by the Group at the end of the reporting period as the directors expect its net assets will be fully recovered through its disposal in 2017.

The carrying value of property, plant and equipment is the same as its carrying value before it was reclassified to current asset.

Property, plant and equipment held for sale comprise as following :-

	Group 2016 RM'000
Cost	2,026
Accumulated depreciation	(1,776)
	250

18. Share capital

	Group and Company			2016 RM'000
	2017 Number of shares'000	2016 RM'000	2017 RM'000	
Authorised :				
Ordinary shares of RM1.00 each	N/A	5,050,000	N/A	5,050,000
Issued and fully paid :				
Ordinary shares with no par value (2016: par value of RM1.00 each)	352,006	275,707	352,006	275,707

NOTES TO THE FINANCIAL STATEMENTS

147
Annual Report
2017

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

18. Share capital (Cont'd.)

	Share capital (Issued and fully paid) RM
Balance as at 1st January 2017	275,707
Transfer in accordance with Companies Act, 2016	
- Share premium	57,251
- Capital redemption reserve	19,048
Balance as at 31st December 2017	352,006

The new Companies Act, 2016 ("New Act"), which came into operation on 31st January 2017, abolished the concept of authorised share capital and introduced "no par value shares" regime. Consequently, the amount standing to the credit of the share premium account and capital redemption reserve become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the New Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

Capital redemption reserve

The capital redemption reserve arose from the redemption of 190,478,000 Redeemable Cumulative Preference Shares ("RCPS I") of RM0.10 each issued by the Company in prior years.

Pursuant to the Asset Based Settlement Exercise, the RCPS I was redeemed on 23rd June 2005. A total of RM19,047,800 constituting the nominal value of the RCPS I redeemed was transferred from the Company's retained earnings to the capital redemption reserve. This amount would otherwise have been available for distribution as dividend.

The capital redemption reserve may be applied in paying up unissued shares of the Company as fully paid bonus shares.

Treasury shares

	Group and Company	
	2017	2016
	RM'000	RM'000
<u>Treasury shares</u>		
As at 1st January /31st December	2,914	2,914

Treasury shares represent ordinary shares of the Company that are held by the Company. The amount consists of the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

19. Other reserves

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<u>Non-distributable</u>				
Share premium	57,251	57,251	57,251	57,251
Revaluation reserve	140,624	146,117	-	-
Foreign currency translation reserve	(9,992)	(12,371)	-	-
Capital redemption reserve	19,048	19,048	19,048	19,048
Investment revaluation reserve	57	57	-	-
	206,988	210,102	76,299	76,299
Transfer arising from "no par value" regime				
- Share premium	(57,251)	-	(57,251)	-
- Capital redemption reserve	(19,048)	-	(19,048)	-
	130,689	210,102	-	76,299
<u>Distributable</u>				
Retained profits	293,125	294,086	75,320	76,368
	423,814	504,188	75,320	152,667

Share premium

During the current financial year, the amount has been classified to share capital in accordance with Section 618 of the Companies Act, 2016.

Revaluation reserves

The revaluation reserves of the Group represents surplus on revaluation of leasehold land and buildings of subsidiary companies.

Foreign currency translation reserves

The foreign currency translation reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations.

Investment revaluation reserves

Investment revaluation reserve represents fair value gain on revaluation of available-for-sale financial assets.

Retained profits

The Company is currently under the single-tier tax system. The entire retained profits are available for distribution as single-tier dividend under the single-tier tax system.

20. Borrowings

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current Liabilities				
<u>Secured</u>				
Term loans	78,897	93,189	-	6,595
	78,897	93,189	-	6,595
<u>Unsecured</u>				
Term loans	111,137	75,428	111,137	75,428
Finance lease liabilities	256	545	-	-
	111,393	75,973	111,137	75,428
	190,290	169,162	111,137	82,023

NOTES TO THE FINANCIAL STATEMENTS

149
Annual Report
2017

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

20. Borrowings (Cont'd.)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current Liabilities				
<u>Secured</u>				
Bank overdrafts	29,644	30,939	18,494	18,744
Term loans	9,174	12,733	-	6,595
	38,818	43,672	18,494	25,339
<u>Unsecured</u>				
Revolving credits	-	800	-	-
Finance lease liabilities	155	195	-	-
	155	995	-	-
	38,973	44,667	18,494	25,339
Total borrowing				
Bank overdrafts (Note 21)	29,644	30,939	18,494	18,744
Term loans (Note 22)	199,208	181,350	111,137	88,618
Revolving credits (Note 23)	-	800	-	-
Finance lease liabilities (Note 24)	411	740	-	-
	229,263	213,829	129,631	107,362

Effective interest rates per annum on the borrowings of the Group and of the Company are as follows : -

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Bank overdrafts	7.10-8.60	7.30	8.60	8.60
Term loans	4.60-8.25	5.50	-	8.25
Revolving credits	-	6.60	-	-
Finance lease liabilities	2.38-7.18	3.45 - 4.95	-	-

21. Bank overdrafts

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<u>Secured</u>				
RM2,000,000 facility	1,645	2,290	-	-
RM10,000,000 facility	9,505	9,905	-	-
RM20,000,000 facility	18,494	18,744	18,494	18,744
	29,644	30,939	18,494	18,744

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

21. Bank overdrafts (Cont'd.)Group and Company

Salient features of the bank overdrafts granted to subsidiaries are as follows : -

- i) Overdraft facility of RM2,000,000 granted to a subsidiary, Country Heights W.T.C. Sdn. Bhd. was secured by the following:-
- A lien-holder's caveat over other property, plant and equipment with a carrying value of RM5,884,000 (2016 - RM5,970,000) held by Country Heights W.T.C. Sdn. Bhd.;
 - A lien-holder's caveat over prepaid land lease payments with a carrying value of RM3,534,000 (2016 - RM3,584,000) held by Country Heights W.T.C. Sdn. Bhd.;
 - Deposit of the original clubhouse title held under Lot. 24731 Pajakan Negeri 7211, HSD 22918, Mukim of Kajang, District of Ulu Langat, Selangor Darul Ehsan; and
 - Corporate guarantee by the Company.
- ii) Overdraft facility of RM10,000,000 granted to a subsidiary, Mega Palm Sdn. Bhd. ("MPSB"), was secured by the following:-
- First party legal charge over a parcel of residential land located at Mukim of Batu, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur, with carrying value of RM42,302,000 (2016 - RM42,302,000), as disclosed in Note 7; and
 - Corporate guarantee by the Company.
- iii) Overdraft facility of RM18,500,000 (2016 - RM20,000,000) granted to the Company, was secured by a third party legal charge over 18 parcels of freehold land located at Mukim Kajang Daerah Hulu Langat, Negeri Selangor held by a subsidiary company, Country Heights Sdn. Bhd. with carrying value of RM1,498,000 (2016 - RM1,498,000), as disclosed in Note 12.

22. Term loans

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current Liabilities				
<u>Secured</u>				
RM20,000,000 facility	-	6,595	-	6,595
RM1,733,000 facility	104	99	-	-
RM15,000,000 facility	2,381	1,780	-	-
RM15,000,000 facility	3,223	3,194	-	-
RM100,000,000 facility	3,466	1,065	-	-
	9,174	12,733	-	6,595

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current Liabilities				
<u>Secured</u>				
RM20,000,000 facility	-	6,595	-	6,595
RM1,733,000 facility	1,015	1,133	-	-
RM15,000,000 facility	-	1,864	-	-
RM15,000,000 facility	2,877	5,564	-	-
RM100,000,000 facility	75,005	78,033	-	-
	78,897	93,189	-	6,595

<u>Unsecured</u>				
RM84,452,000 facility	111,137	75,428	111,137	75,428
Total term loans	199,208	181,350	111,137	88,618

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

22. Term loans (Cont'd.)

Group and Company

Salient features of the term loans granted to the Company and its subsidiaries are as follows : -

- i) Islamic financing facility of RM20,000,000 granted to the Company on 23rd March 2015. The facility was secured by : -
 - First party first legal charge over 15 units of Country Villas bungalow lots with carrying value of RM NIL (2016 - RM2,724,000), held by a subsidiary, Country Heights W.T.C. Sdn. Bhd., located at Country Heights, Kajang held in the Mukim of Kajang in District of Hulu Langat in the State of Selangor, as disclosed in Note 12.
 - First party second legal charge over 16 units of Mines Resort bungalow lots with carrying value of RM NIL (2016 - RM4,131,000) held by a subsidiary, Walum Enterprise Sdn. Bhd., as disclosed in Note 12.
- ii) Tan Sri Lee Kim Tiong @ Lee Kim Yew granted to the Company a short term interest-free of RM84,451,795, of which RM75,000,000 was used to partially redeem RM150,000,000 3% to 8% Redeemable Secured Bonds, which were redeemed on 31st December 2010.
- iii) A term loan facility of RM1,733,000 granted to a subsidiary, Golden Horse Palace Berhad, is secured by a first party charge over a property in London, England known as (Plot 4.03) Flat 41, Bezier Apartment , 91 City Road, London EC1Y 1AF held under Title Number NGL886853, with carrying value of RM1,983,000 (2016 - RM2,029,000) as disclosed in Note 4.

Principal and interest are repayable by 180 equal monthly instalments of RM13,592 (2016 - RM13,592) each commencing from 31st May 2011 until 30th April 2026.

- iv) A term loan facility of RM15,000,000 granted to MPSB is secured by the following : -
 - First party legal charge over a parcel of residential land with a total land area of 54,211 square metres (583,522 square feet) held under title no. GRN 72272, Lot 65630 located within Country Heights Damansara , Mukim of Batu, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur as disclosed in Note 7; and
 - Corporate guarantee by the Company
- v) A term loan facility of RM15,000,000 granted to a subsidiary, Golden Horse Palace Bhd. ("GHPB"), is secured by the following:-
 - First party first legal charge over 20 units of Country Villas located at Country Heights, Kajang held in the Mukim of Kajang in the District of Hulu Langat in the State of Selangor, with carrying value of RM3,413,000 (2016 - RM3,495,000) as disclosed in Note 4;
 - First party second legal charge over land and building known as Palace of the Golden Horses ("PGH") held under PT 16713, HS(D) 59885 Mukim and District of Petaling, State of Selangor, with carrying value of RM1,129,000 and RM188,376,000 (2016 - RM1,140,000 and RM190,923,000) as disclosed in Notes 4 and 5;
 - Debeture incorporating first fixed and floating charges over all the assets of GHPB, both movable and immovable;
 - An assignment over GHPB's all rights, interest and benefits under:-
 - a) All agreements in relation to the refurbishment works of PGH ("project")
 - b) Insurance policies in respect of the project; and
 - c) Debt service reserve account /project account (if any).
 - Deed of subordination created by the Company in favour of the bank in respect of all advances made to GHPB in a form of substance satisfactory to the bank;
 - Letter of undertaking from the Company to provide cash injection to cover cost-overflow during construction /refurbishment period and /or cash flow deficit during operational period; and
 - Corporate guarantee by the Company.

The term loan shall repayable within 72 months including grace period of 12 months, from the first disbursement on 16th November 2014. The term loan bears interest fixed at 4.60% per annum.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

22. Term loans (Cont'd.)

vi) An Islamic term financing of RM82,700,000 and an Islamic bridging financing of RM17,300,000 granted to a subsidiary, Mines Waterfront Business Park Sdn. Bhd. ("MWBP"), is secured by the following:-

- First party legal charge over a leasehold land located in Mukim and District Petaling and State of Selangor ("the Project Land") together with the unsold portion of 5 office blocks in Phase 1, 2 blocks of partially completed podium parking together with retail area and vacant commercial land all forming part of the Project Land, with carrying value of RM7,481,000, RM57,652,000 and RM80,652,000 (2016 - RM7,481,000, RM56,778,000 and RM74,492,000) as disclosed in Notes 4, 5 and 11; and
- Third party first legal charge over a leasehold land and building known as Malaysia Internation Exhibition & Convention Centre, held under title HSD 59893, P.T. No 16721, Mukim of Petaling, District of Petaling, Selangor, with carrying value of RM63,920,000 and RM121,124,000 (2016 - RM63,919,000 and RM122,761,000) as disclosed in Notes 4 and 6.

The principal payment for the 11 months period from February 2017 to December 2017 was deferred and full repayment with principal and profit shall be made effective from January 2018 until full settlement of term financing.

The foreign currency exposures of borrowings of the Group are as follows : -

	2017 RM'000	2016 RM'000
South Africa Rand	1,508	3,398

23. Revolving credits

	Group	
	2017 RM'000	2016 RM'000
<u>Unsecured</u>		
RM15,000,000 facility	-	800

The unsecured revolving credit facility of RM15,000,000 granted to a subsidiary, Country Heights Sdn. Bhd., has the following guarantees and pledges : -

- Negative pledge over the assets of Country Heights Sdn, Bhd., except for certain bungalow lots adjacent to the existing development undertaken by the Group in Kajang; and
- Corporate guarantee by the Company

24. Finance lease liabilities

	Group	
	2017 RM'000	2016 RM'000
Minimum lease payments : -		
- not later than one year	118	156
- later than one year and not later than two years	217	585
- later than two years and not later than five years	100	61
	435	802
Less : Future interest charges	(24)	(62)
Present value of finance lease liabilities	411	740

NOTES TO THE FINANCIAL STATEMENTS

153
Annual Report
2017

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

24. Finance lease liabilities (Cont'd)

	Group	
	2017	2016
	RM'000	RM'000
Repayable as follows : -		
Non-current liabilities		
- later than one year and not later than two years	208	367
- later than two years and not later than five years	51	126
- later than five years	-	52
	259	545
Current liabilities		
- not later than one year	152	195
	411	740

The Group obtains finance lease facilities to finance its purchase of motor vehicles. The remaining finance lease terms are in the range from 1 to 5 years as at 31st December 2017. Implicit interest rates of the finance lease are fixed at the inception of the finance lease arrangements, and the finance lease instalments are fixed throughout the finance lease period. The Group has the option to purchase the assets at the end of the agreements. There are no significant restriction clauses imposed on the finance lease arrangements.

25. Deferred income

Deferred income represents the deferred portion of membership fees of a timeshare scheme operated by the Group which is recognised over the membership period of the scheme.

26. Other payables - non-current portion

Other payables represent loans that are granted by members of a golf club operated by the Group. The loans are unsecured, interest-free and repayable at the earlier of 25 years from registration as member or upon members' resignation from the golf and country club.

27. Deferred tax liabilities /(assets)

The following are the deferred tax balances in the statement of financial position : -

	Group	
	2017	2016
	RM'000	RM'000
Deferred tax assets	(6,090)	(4,947)
Deferred tax liabilities	77,422	78,699
	71,332	73,752
	73,752	75,052
Recognised in profit or loss (Note 36)	(1,275)	(1,302)
Transfer from revaluation reserve	(1,278)	-
Exchange differences	133	2
	71,332	73,752

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

27. Deferred tax liabilities /(assets) (Cont'd)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:-

Group 2017	As at 1st January RM'000	Recognised in profit or loss RM'000	Exchange differences RM'000	As at 31st December RM'000
<u>Deferred tax assets</u>				
Property development costs	(4,733)	(1,143)	-	(5,876)
Others	(182)	-	-	(182)
Unabsorbed tax losses	(32)	-	-	(32)
	(4,947)	(1,143)	-	(6,090)
<u>Deferred tax liabilities</u>				
Investment properties	481	-	-	481
Revaluation on land and building	77,114	(1,277)	-	75,837
Land held for property development	1,028	-	-	1,028
Unabsorbed capital allowances	76	-	-	76
	78,699	(1,277)	-	77,422

27. Deferred tax liabilities /(assets) (Cont'd)

Group 2016	As at 1st January RM'000	Recognised in profit or loss RM'000	Exchange differences RM'000	As at 31st December RM'000
<u>Deferred tax assets</u>				
Property development costs	(4,415)	(318)	-	(4,733)
Others	(154)	(28)	-	(182)
Unabsorbed tax losses	(64)	32	-	(32)
	(4,633)	(314)	-	(4,947)
<u>Deferred tax liabilities</u>				
Investment properties	481	-	-	481
Revaluation on land and building	78,100	(986)	-	77,114
Land held for property development	1,028	-	-	1,028
Unabsorbed capital allowances	76	-	-	76
	79,685	(986)	-	78,699

28. Trade payablesGroup

The credit terms of trade payables are from 30 to 45 days. However, the terms may vary upon negotiation with the trade payables.

Included in trade payables are as follows : -

- i) an amount of a retention sum of RM5,902,000 (2016 - RM7,050,000).
- ii) an amount of RM3,186,000 (2016 - RM3,156,000) due to companies in which certain directors have interest

NOTES TO THE FINANCIAL STATEMENTS

155
Annual Report
2017

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28. Trade payables (Cont'd)

The foreign currency exposures of trade payables of the Group are as follows : -

	2017 RM'000	2016 RM'000
South Africa Rand	1,691	1,970

29. Other payables and accruals

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Other payables	57,465	49,819	12,094	12,035
Accruals	20,217	15,457	221	276
Other deposits	10,189	13,426	-	2,731
	87,871	78,702	12,315	15,042

29. Other payables and accruals (Cont'd.)

Included in other payables is an amount of RM22,899,000 (2016 - RM18,371,000) due to companies in which certain directors have interest are as follows : -

- i) Cash payment portion of the purchase consideration amounting to RM11,214,000 (2016 - RM11,214,000) constituting a tax retention sum payable by the Company directly to the Inland Revenue Board pursuant to the terms of acquisition of various property and leisure related interests and assets from companies in which Tan Sri Lee Kim Tiong @ Lee Kim Yew, a director of the Company, has controlling interest;
- ii) An amount of RM590,000 (2016 - RM590,000) due to Tan Sri Lee Kim Tiong @ Lee Kim Yew and Puan Sri Tan Bee Hong, spouse of a director of the Company, Tan Sri Lee Kim Tiong @ Lee Kim Yew.

The foreign currency exposures of trade payables of the Group are as follows : -

	2017 RM'000	2016 RM'000
South Africa Rand	590	772

30. Revenue and cost of sales

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue				
Property development and of completed properties	25,460	17,952	-	-
Property investment	17,950	22,032	-	-
Hospitality and health	49,985	47,344	-	-
Others	180	30	-	-
Lease rental receivable from subsidiaries	-	-	43	638
Service charged receivable from subsidiaries	-	-	198	-
	93,575	87,358	241	638
Cost of sales				
Property development	2,932	7,574	-	-
Cost of inventories sold	1,198	1,374	-	-
Cost of services rendered	18,081	23,895	42	516
	22,211	32,843	42	516

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31. Other income

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Administrative charges	157	178	-	-
Allowance for doubtful debts no longer required for trade receivables	400	959	-	-
Bad debts recovered	379	-	-	-
Check-up costs written off	83	347	-	-
Dividend income received from quoted shares	150	-	-	-
Fair value adjustment	-	1,170	-	-
Forfeited income	3,561	418	-	-
Gain on foreign exchange				
- Realised	71	136	-	-
- Unrealised	-	1,736	-	-
Gain on disposal of property, plant and equipment	-	55	-	-
Interest income : -				
- Short-term deposits	172	223	31	3
- Others	303	4	-	-
Maintenance	131	7	-	-
Others	1,499	2,644	-	-
Rental income	2,087	433	-	-
Reversal of provision dimunition other investment	-	158	-	-
Reversal of provision dimunition investment in subsidiary company	-	-	705	-
Utility	1,344	1,990	-	-
	10,337	10,458	736	3

32. Finance costs

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Bank overdraft interest	222	1,494	428	1,022
Finance lease interest	34	51	-	-
Term loan interest	9,627	9,880	-	878
Revolving credit	28	150	(442)	-
Others	190	70	(9)	-
	10,101	11,645	(23)	1,900

NOTES TO THE FINANCIAL STATEMENTS

157
Annual Report
2017

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

33. Profit /(Loss) before taxation

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit /(Loss) before taxation is arrived at after charging : -				
Allowance for impairment losses in investment in subsidiary companies	-	-	-	6,930
Amortisation of debt issuance costs	159	502	-	-
Amortisation of prepaid lease payments	4,024	4,131	-	-
Auditors' remuneration : -	-	-	-	-
- Statutory audit	250	447	51	71
- Non-audit services	-	43	-	5
Bad debts written off	375	2,243	94	-
Depreciation of property, plant and equipment	9,037	9,486	22	-
Employee benefits expense (Note 34)	32,641	35,546	167	28
Executive directors' remuneration	1,438	2,120	-	-
Finance costs : -	-	-	-	-
- Bank overdraft interest	222	1,494	428	1,022
- Finance lease interest	34	51	-	-
- Revolving credit	28	150	-	-
- Term loan interest	9,627	9,880	(442)	878
- Others	190	69	(9)	-
Impairment loss on trade and other receivables	618	13,971	-	-
Inventories written down	-	683	-	-
Lease rental expense	285	755	57	516
Loss on disposal of available-for-sale financial assets	-	124	-	-
Loss on disposal of subsidiaries	1,137	-	850	2,585
Non-executive director remuneration	82	-	82	-
Plant and equipment written off	543	167	-	-
Rental of premises	-	760	-	-
Rental of equipment	291	168	-	-
Provision for termination and compensation cost	-	6,899	-	-
Allowance for doubtful debts no longer required for trade receivables	400	959	-	-
Impairment losses of available-for-sale financial assets no longer required	-	157	-	-
Amortisation of deferred income	1,164	1,474	-	-
Bad debt recovered	379	-	-	-
Fair value adjustment of long term receivables	159	-	-	-
Gain on disposal of property, plant and equipment	-	11	-	-
Gain on disposal of subsidiaries	-	53	-	-
Interest income : -	-	-	-	-
- Short-term deposits	172	223	31	3
- Other	303	4	-	-
Net realised gain on foreign exchange	62	128	-	-
Rental income	2,087	433	-	-
Reversal of impairment loss on investment in subsidiary company	-	-	736	-
Waiver of tax penalty expense	1,136	2,302	-	-

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

34. Employee benefits expense

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries, allowances and bonus	25,785	27,923	82	4
Employees Provident Fund	3,092	319	-	-
Social security costs	326	3,202	-	-
Other staff related expenses	3,438	4,102	85	24
	32,641	35,546	167	28

Included in employee benefits expense of the Group is executive directors' remuneration excluding benefits-in-kind, amounting to RM1,438,000 (2016 - RM2,120,000) as disclosed in Note 33.

35. Directors' remuneration

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<u>Directors of the Company</u>				
Non-executive directors				
- Fees	82	121	82	121
- Other emoluments	19	5	19	5
	101	126	101	126
Total excluding benefits-in-kind	101	126	101	126
<u>Directors of subsidiary companies</u>				
Executive directors				
- Other emoluments	1,406	1,894	-	-
- Benefits-in-kind	31	31	-	-
- Employees Provident Fund	32	226	-	-
	1,469	2,151	-	-
Total excluding benefits-in-kind	1,438	2,120	-	-

NOTES TO THE FINANCIAL STATEMENTS

159
Annual Report
2017

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

36. Income tax expense

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Income tax				
Continuing operations				
- current year provision	2,904	-	-	-
- underprovision in previous year	1,136	743	-	-
	4,040	743	-	-
Discontinued operations				
- overprovision in previous year	-	(2)	-	-
	4,040	741	-	-
Deferred taxation (Note 27)	(1,275)	(1,302)	-	-
	2,765	(561)	-	-

The Malaysian income tax is calculated at the statutory rate of 24% of the estimated taxable profits for the year of assessment 2017. Accordingly, the applicable tax rates to be used for the measurement of any applicable deferred tax for entities in Malaysia will be expected rates.

Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. The income tax rate applicable to the subsidiaries in South Africa, which were making losses, is 28%.

A reconciliation of income tax expense applicable to profit /(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows : -

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit /(Loss) before tax	413	(53,755)	(1,048)	(11,750)
Tax credit at statutory rate of 24%	99	(13,233)	(251)	(2,820)
Tax effects of :				
- expenses not deductible for tax purposes	2,045	3,504	251	2,794
- underprovision of taxation in previous year	947	741	-	-
- underprovision of deferred tax in previous year	(351)	(377)	-	-
- deferred tax assets not recognised	657	9,729	-	26
- reversal of deferred tax liabilities in respect of depreciation transfer on revalued hotel properties, exhibition centre and showroom	(632)	(925)	-	-
Income tax expense /(credit)	2,765	(561)	-	-

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

37. Earnings per share**Basic :**

Basic earnings per share is calculated by dividing the profit /(loss) for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2017	2016
	RM'000	RM'000
Loss for the year attributable to ordinary equity holders of the Company	(2,624)	(48,521)
Weighted average number of ordinary shares in issue	275,707	273,557
Basic earnings per share (sen)	(0.95)	(17.74)

Diluted :

The basic and diluted earnings per share are equal as the Company has no dilutive potential ordinary shares.

38. Disposal of subsidiary companies

On 14th April 2017, the Company entered into a new Share Sale Agreement to dispose 1,000,000 ordinary shares in Country Heights Education Sdn. Bhd., representing 70% of the ordinary shares and 6,771,000 cumulative preference shares, representing all the cumulative preference shares, for a total cash consideration of RM105,001 via management buyout exercise.

The effect of the disposal on the financial results of the Group during the financial year is minimal and no impact to the Group.

The effect of the disposal on the financial position of the Group is as follows : -

	2017
	RM'000
Country Heights Education Sdn. Bhd.	
Plant and equipment	396
Other payables and accrual	(262)
Non-controlling interests	(154)
	(20)

The effect of the disposal on the cash flows of the Group during the financial year is as follows : -

	2017
	RM'000
Assets	396
Liabilities	(262)
Non-controlling interest	(154)
Net liabilities disposed	(20)
Gain on disposal	137
Total cash consideration from disposal	117
Less : Cash and cash equivalent of subsidiaries	(73)
Proceeds from disposal, net of cash and cash equivalent	44

NOTES TO THE FINANCIAL STATEMENTS

161
Annual Report
2017

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

39. Purchase of plant and equipment

During the financial year, the Group and the Company made the following cash payments to purchase plant and equipment : -

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Purchase of plant and equipment (Note 4)	5,024	2,283	199	-
Financed by finance lease arrangements	-	(226)	-	-
Cash payments on purchase of plant and equipment	5,024	2,057	199	-

40. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts : -

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances				
- Housing Development Account	3,176	2,415	-	-
- Others	10,341	7,607	17	24
Deposits with licensed banks (Note 16)	2,650	2,834	-	-
	16,167	12,856	17	24

Housing Development Account represents monies deposited pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and the utilisation is in accordance with the Housing Developers (Housing Development Account) Regulations 1991. It is therefore restricted from use in other operations.

Included in cash and bank balances is an amount of RM2,635,000 (2016 - RM2,263,000) held under trust account pursuant to trust deeds in relation to a timeshare membership scheme of a subsidiary.

The foreign currency exposures of bank balances of the Group are as follows : -

	2017 RM'000	2016 RM'000
South Africa Rand	43	72

41. Segmental information

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different corporate and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports at the least on quarterly basis. The following summary describes the operations in each of the Group's reportable segments : -

- Property development
- Property investment
- Hospitality and health

The accounting policies of the reportable segments are the same as described in Note 3 to the financial statements.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

41. Segmental information (Cont'd.)

There are varying levels of integration among the reportable segments. This integration includes transfers of raw materials, shared managed services and financial resources. Inter-segment pricing is determined on negotiated basis in a manner similar to transactions with third parties.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by Group's Chief Executive Officer (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets and liabilities

The total of segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

Segment capital expenditure

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

a) Business segment

2017	Property development RM'000	Property investment RM'000	Hospitality & health RM'000	Others RM'000	Elimination RM'000	Total operations RM'000
Revenue						
External sales	25,460	17,950	49,985	180		93,575
Inter-segment revenue	-	103	8,108	241	(8,452)	-
Total revenue from continuing operations	25,460	18,053	58,093	421	(8,452)	93,575
Results						
Segment results from continuing operations	9,569	3,127	(3,118)	2,156	(1,220)	10,514
Loss from operations						10,514
Finance costs						(10,101)
Profit before taxation						413
Income tax expense						(2,765)
Loss for the year						(2,352)
Assets						
Segment assets	479,360	260,159	526,502	(2,054)	-	1,263,967
Current tax asset	338	-	-	3,713	-	4,051
Deferred tax assets	3,511	717	1,862	-	-	6,090
						1,274,108

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

41. Segmental information (Cont'd.)

a) Business segment (Cont'd.)

2016	Property development RM'000	Property investment RM'000	Hospitality & health RM'000	Others RM'000	Elimination RM'000	Total operations RM'000
Results						
Segment results from continuing operations	(17,504)	6,462	(24,795)	(56,418)	50,145	(42,110)
Loss from operations						(42,110)
Finance costs						(11,645)
Loss before taxation						(53,755)
Income tax expense						561
Loss for the year from continuing operations						(53,194)
Loss for the year from discontinued operations						(1,380)
Loss for the year						(54,574)
Assets						
Segment assets	473,318	260,477	527,613	5,064	-	1,266,472
Current tax asset	190	-	-	3,714	-	3,904
Deferred tax assets	3,645	358	944	-	-	4,947
						1,275,323
Liabilities						
Segment liabilities	83,386	88,128	73,023	125,722	-	370,259
Current tax liabilities	3,155	27,243	48,301	-	-	78,699
Deferred tax liabilities	29,070	(3)	203	-	-	29,270
						478,228
Other information						
Allowance for doubtful debts	2,600	-	11,371	-	-	13,971
Allowance for doubtful debts no longer required	-	-	(959)	-	-	(959)
Amortisation of deferred income	-	-	(1,474)	-	-	(1,474)
Amortisation of prepaid lease payments	-	-	4,131	-	-	4,131
Bad debts written off	-	-	2,243	-	-	2,243
Capital expenditure	8	566	1,671	38	-	2,283
Depreciation	427	3,535	5,306	218	-	9,486
Gain on disposal of investment in subsidiaries	-	-	-	(53)	-	(53)
Gain on disposal of property, plant and equipment	(11)	-	-	-	-	(11)
Impairment losses on other investment no longer required	-	(157)	-	-	-	(157)
Inventories written down	683	-	-	-	-	683
Loss on disposal of available- for-sale financial asset	-	124	-	-	-	124
Property, plant and equipment written off	167	-	-	-	-	167
Waiver of tax penalty expense	(2,302)	-	-	-	-	(2,302)

NOTES TO THE FINANCIAL STATEMENTS

165
Annual Report
2017

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

41. Segmental information (Cont'd.)

b) Geographical segments

Although the Group's four major business segments are managed internationally, its operations are conducted in two principal geographical areas. In Malaysia, the Group's areas of operation are principally property development, property investment, hospitality and health and others. The Group also operates in South Africa, principally in golf estate ownership and operation of a boat club. The following is an analysis of the Group's revenue, segment assets and capital expenditure from continuing operations by geographical segment :-

Group	Total revenue from external customers RM'000	Segment Assets RM'000	Capital expenditure RM'000
2017			
Malaysia	93,096	1,252,787	5,019
South Africa	479	11,178	5
	93,575	1,263,965	5,024
2016			
Malaysia	84,604	1,264,764	2,278
South Africa	2,754	10,559	5
	87,358	1,275,323	2,283

42. Financial instruments

a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows :-

- (a) Loans and receivables ("L&R");
- (b) Financial liabilities measured at amortised cost ("FL").

Group	Carrying amount RM'000	L&R RM'000	FL RM'000
2017			
Financial assets			
Other investments	2,734	2,734	-
Trade receivables - non-current portion	7,427	7,427	-
Trade receivables	30,092	30,092	-
Other receivables	14,434	14,434	-
Deposits with licensed banks	2,650	2,650	-
Cash and bank balances	13,517	13,517	-
	70,854	70,854	-

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

42. Financial instruments (Cont'd.)

a) Categories of financial instruments (Cont'd.)

Group	Carrying amount RM'000	L&R RM'000	FL RM'000
2017			
Financial liabilities			
Trade payables	(34,714)	-	(34,714)
Other payables and accruals	(87,871)	-	(87,871)
Deferred income	(41,793)	-	(41,793)
Bank overdrafts	(29,644)	-	(29,644)
Term loans	(199,208)	-	(199,208)
Finance lease liabilities	(411)	-	(411)
	(393,641)	-	(393,641)
2016			
Financial assets			
Other investments	2,734	2,734	-
Trade receivables - non-current portion	6,473	6,473	-
Trade receivables	16,018	16,018	-
Other receivables	19,098	19,098	-
Deposits with licensed banks	2,834	2,834	-
Cash and bank balances	10,022	10,022	-
	57,179	57,179	-
Financial liabilities			
Financial liabilities			
Trade payables	(37,083)	-	(37,083)
Other payables - non-current portion	(3,399)	-	(3,399)
Other payables and accruals	(78,702)	-	(78,702)
Deferred income	(36,971)	-	(36,971)
Bank overdrafts	(30,939)	-	(30,939)
Term loans	(181,350)	-	(181,350)
Revolving credits	(800)	-	(800)
Finance lease liabilities	(740)	-	(740)
	(369,984)	-	(369,984)

NOTES TO THE FINANCIAL STATEMENTS

167
Annual Report
2017

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

42. Financial instruments (Cont'd.)

a) Categories of financial instruments (Cont'd.)

Company	Carrying amount RM'000	L&R RM'000	FL RM'000
2017			
Financial assets			
Other investments	718	718	-
Other receivables	510	510	-
Amount due from subsidiary companies	80,173	80,173	-
Cash and bank balances	17	17	-
	81,418	81,418	-
Financial liabilities			
Other payables and accruals	(12,315)	-	(12,315)
Amount due to subsidiary companies	(135,715)	-	(135,715)
Bank overdraft	(18,494)	-	(18,494)
Term loans	(111,137)	-	(111,137)
	(277,661)	-	(277,661)
2016			
Financial assets			
Other investments	718	718	-
Other receivable	1,509	1,509	-
Amount due from subsidiary companies	79,236	79,236	-
Cash and bank balances	24	24	-
	81,487	81,487	-
Financial liabilities			
Other payables and accruals	(15,042)	-	(15,042)
Amount due to subsidiary companies	(154,497)	-	(154,497)
Bank overdraft	(18,744)	-	(18,744)
Term loans	(88,618)	-	(88,618)
	(276,901)	-	(276,901)

b) Financial risk management

The Group and the company have exposure to the following risks from its use of financial instruments as follows : -

- Credit risk
- Liquidity and cash flow risk
- Market risk
- Operational risk

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

42. Financial instruments (Cont'd.)**b) Financial risk management (Cont'd.)****i) Credit risk**

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high credit worthiness. The Group also has an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Trade receivables consist of a large number of customers, spread across diverse industries. The Group and the Company do not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk, are monitored individually.

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was : -

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
2017				
Not past due	-	-	-	-
Past due 1-30 days	-	-	-	-
Past due over 30 days	52,188	-	(22,096)	30,092
	52,188	-	(22,096)	30,092
2016				
Not past due	-	-	-	-
Past due 1-30 days	-	-	-	-
Past due over 30 days	41,403	-	(25,385)	16,018
	41,403	-	(25,385)	16,018

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

42. Financial instruments (Cont'd.)

b) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

ii) Liquidity and cash flow risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments : -

Group	Carrying amount RM'000	Effective interest rate %	Contractual				
			cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2017							
Non-derivative financial liabilities							
Trade payables	34,714	-	34,714	34,714	-	-	-
Other payables and accruals	87,871	-	87,871	87,871	-	-	-
Bank overdrafts	29,644	7.10-8.60	29,644	29,644	-	-	-
Term loans	199,208	4.60-8.25	198,778	13,042	130,954	489	54,293
Finance lease liabilities	411	2.38-7.18	435	307	74	54	-
	351,848		351,442	165,578	131,028	543	54,293

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

42. Financial instruments (Cont'd.)

b) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risks (Cont'd.)

Maturity analysis (Cont'd.)

Group	Carrying amount RM'000	Effective interest rate %	Contractual				
			cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2016							
Non-derivative financial liabilities							
Trade payables	37,083	-	37,083	37,083	-	-	-
Other payables and accruals	78,702	-	78,702	78,702	-	-	-
Other payables - Non-current	3,399	-	3,399	3,399	-	-	-
Bank overdrafts	30,939	7.30	33,198	33,198	-	-	-
Term loans	181,350	5.50	187,176	13,434	173,742	-	-
Revolving credits	800	6.60	853	853	-	-	-
Finance lease liabilities	740	3.45 - 4.95	804	525	279	-	-
	333,013		341,215	167,194	174,021	-	-

Company	Carrying amount RM'000	Effective interest rate %	Contractual		
			cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000
2017					
Non-derivative financial liabilities					
Other payables and accruals	12,315	-	12,315	12,315	-
Amount due to subsidiary companies	135,715	-	135,715	135,715	-
Bank overdraft	18,494	8.60	18,494	18,494	-
Term loan	111,137	8.25	111,137	-	111,137
	277,661		277,661	166,524	111,137
2016					
Non-derivative financial liabilities					
Other payables and accruals	15,042	-	15,042	15,042	-
Amount due to subsidiary companies	154,497	-	154,497	154,497	-
Bank overdraft	18,744	8.60	20,356	20,356	-
Term loans	88,618	8.25	89,660	7,388	82,272
	276,901		279,555	197,283	82,272

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

42. Financial instruments (Cont'd.)

b) Financial risk management (Cont'd.)

iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

Currency risk

The Group is exposed to foreign currency risk on sales that are denominated in a currency other than the respective functional currency of Group entities. The currency giving rise to this risk was primarily South African Rand ("ZAR").

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was : -

	Group	
	2017	2016
	RM'000	RM'000
Denominated in ZAR		
Balance recognised in the statement of financial position		
Trade receivables	1,233	249
Other receivables	31	51
Term loans	(1,508)	(3,398)
Trade payables	(1,691)	(1,970)
Other payables and accruals	(590)	(772)
Cash and bank balances	43	72
	(2,482)	(5,768)

Currency risk sensitivity analysis

A 5% strengthening of RM against the following currency at the end of the reporting period would have increased /(decrease) equity and profit or loss before tax by the amount shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonable possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant.

	2017		2016	
	Equity	Profit	Equity	Loss
	RM'000	before tax	RM'000	before tax
	RM'000	RM'000	RM'000	RM'000
Increase	124	124	(288)	(288)

A 5% of weakened of RM against the above foreign currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amount shown above, on the basis that all other variables remained constant.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

42. Financial instruments (Cont'd.)**b) Financial risk management (Cont'd.)****iii) Market risk (Cont'd.)**Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes interest rates. Short term investment such as deposits with licensed bank are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was : -

Group	2017	Effective	2016	Effective
	RM'000	interest	RM'000	interest
		rate		rate
		%		%
<u>Floating rate instruments</u>				
Bank overdrafts	(29,644)	7.10 - 8.60	(30,939)	7.30
Term loans	(199,208)	4.60 - 8.25	(181,350)	5.50
Revolving credits	-	-	(800)	6.60
Finance lease liabilities	(411)	2.38 - 7.18	(740)	3.45 - 4.95
Company				
<u>Floating rate instruments</u>				
Bank overdraft	(18,494)	8.60	(18,744)	8.60
Term loans	-	-	(6,595)	8.25

Interest rate risk sensitivity analysis : -

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change on interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had been 100 basis points lower /higher, with all other variables held constant, the Group's loss net of tax would have been RM2,300 higher /lower, arising mainly as a result of lower /higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

42. Financial instruments (Cont'd.)

b) Financial risk management (Cont'd.)

iv) Operational risk

The operational risk arises from the daily activities of the Group which includes legal, credit reputation and financing risk and other risks associated to daily running of its business operations.

Such risks are mitigated through proper authority levels of approval limits, clear reporting structure, segregation of duties, policies and procedures implemented and periodic management meetings.

In dealing with its stewardship, the directors recognise that effective risk management is an integral part of good business practice.

The directors will pursue an ongoing process of identifying, assessing and managing key business areas, overall operational and financial risks faced by the business units as well as regularly reviewing and enhancing risk mitigating strategies with its appointed and key management personnel.

c) Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair value due to the relatively short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near to the reporting date.

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2017				
Financial assets				
Other investment				
Unquoted shares	2,000	2,000 [#]	-	-
Memberships	734	734 [#]	718	718 [#]
Trade receivables				
- non-current	7,427	7,427 [^]	-	-
Financial liabilities				
Bank overdraft	(29,644)	(29,644)*	(18,494)	(18,494)*
Term loans	(199,208)	(232,743)*	(111,137)	(111,137)*
Finance lease liabilities	(411)	(435)*	-	-
2016				
Financial assets				
Other investment				
Unquoted shares	2,000	2,000 [#]	-	-
Memberships	734	734 [#]	718	718 [#]
Trade receivables				
- non-current	6,473	6,473 [^]	-	-
Financial liabilities				
Bank overdraft	(30,939)	(30,939)*	(18,744)	(18,744)*
Term loans	(181,350)	(228,956)*	(88,618)	(88,618)*
Revolving credits	(800)	(800)*	-	-
Finance lease liabilities	(740)	(740)*	-	-
Other payables				
- non-current	(3,399)	(3,399) [^]	-	-

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

42. Financial instruments (Cont'd.)

c) Fair value information (Cont'd.)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Total Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2017								
Financial assets								
Other investment	-	-	-	-	-	2,000 [#]	2,000	2,000
Unquoted shares	-	-	-	-	-	734 [#]	734	734
Memberships	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-
- non-current	-	-	-	-	-	7,427 [^]	7,427	7,427
	-	-	-	-	-	10,161	10,161	10,161
Financial liabilities								
Bank overdraft	-	-	-	-	-	29,644 [*]	29,644	29,644
Term loans	-	-	-	-	-	232,743 [*]	232,743	199,208
Finance lease liabilities	-	-	-	-	-	435 [*]	435	411
	-	-	-	-	-	262,822	262,822	229,263

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

42. Financial instruments (Cont'd.)

c) Fair value information (Cont'd.)

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2016								
Financial assets								
Other investment	-	-	-	-	-	2,000 [#]	2,000	2,000
Unquoted shares	-	-	-	-	-	734 [#]	734	734
Memberships	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-
- non-current	-	-	-	-	-	6,473 [^]	6,473	6,473
	-	-	-	-	-	9,207	9,207	9,207
Financial liabilities								
Other payables	-	-	-	-	-	3,399 [^]	3,399	3,399
- non-current	-	-	-	-	-	30,939 [*]	30,939	30,939
Bank overdrafts	-	-	-	-	-	228,956 [*]	228,956	181,350
Term loans	-	-	-	-	-	800 [*]	800	800
Revolving credits	-	-	-	-	-	740 [*]	740	740
Finance lease liabilities	-	-	-	-	-	264,834	264,834	217,228

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

42. Financial instruments (Cont'd.)

d) Fair value information (Cont'd.)

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2017								
Financial asset								
Other investment :								
Memberships	-	-	-	-	-	718#	718	718
Financial liabilities								
Bank overdrafts	-	-	-	-	-	18,494*	18,494	18,494
Term loans	-	-	-	-	-	111,137*	111,137	111,137
	-	-	-	-	-	129,631	129,631	129,631
2016								
Financial asset								
Other investment :								
Memberships	-	-	-	-	-	718#	718	718
Financial liabilities								
Bank overdrafts	-	-	-	-	-	18,744*	18,744	18,744
Term loans	-	-	-	-	-	88,618*	88,618	88,618
	-	-	-	-	-	107,362	107,362	107,362

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

42. Financial instruments (Cont'd.)**e) Fair value information (Cont'd.)**

- # It is not practical to determine the fair value of these quoted shares and memberships due to the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.
- * The fair value of these financial instruments are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements.
- ^ The fair value of these financial instruments are estimated using discounted cash flow analysis based on average cost of funds of the Group.

43. Capital management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going-concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and bank balances as detailed in Notes 20 and 39, respectively) and equity of the Group (comprising issued share capital, other reserves, retained earnings and non-controlling interests as details in Notes 18 and 19).

44. Material litigation

By Summons dated 17th August 2015 ("Suit 1"), the Government of Malaysia ("Plaintiff") filed a claim against a subsidiary of the Company, Country Heights Sdn. Bhd. ("CHSB") for Income Tax for the Years of Assessment 1997 and 1998 amounting to the sum of RM23,476,000 together with interest at rate of 5% thereon. In addition, by Summons dated 17th August 2015 ("Suit 2"), the Government of Malaysia ("Plaintiff") filed a claim against CHSB for Income Tax for the Year of Assessment 2008 amounting to the sum of RM4,616,000 together with interest at a rate of 5% thereon. Suit 1 was fixed for case management on 23rd February 2016 whereas Suit 2 was fixed for case management on 16th March 2016. Following the case management for Suit 1, the Plaintiff sought to make an application to consolidate Suit 1 and Suit 2 but had withdrawn the said application as the High Court was of the view that the suits should proceed separately. The High Court fixed 29th March 2016 for case management for the Plaintiff to file its application for summary judgement, if any. The High Court fixed 29th March 2016 for case management for the Plaintiff to file its application for summary judgement, if any. The High Court then fixed 25th May 2016 for case management following the Plaintiff's filing of its application for summary judgement.

The Plaintiff had on 1st June 2016 withdrawn Suit 1 with liberty to file afresh and followed on to withdrawn Suit 2 on 15th June 2016 with liberty to file afresh.

On 30th August 2016, the Plaintiff filed a new claim in the High Court under Suit 1 amounting to the sum RM22,489,000. CHSB was to file its defense by 27th September 2016. Subsequent to this, the next case management was fixed on 11th November 2016 and the High Court had directed that CHSB file its affidavit in reply for summary judgement and the hearing of this application was fixed on 8th December 2016. Both parties were also to file all documents for trial by the next case management date fixed on 8th December 2016. The high Court had allowed the Plaintiff's application for summary judgement on 28th December 2016.

On 7th October 2016, the Plaintiff filed a new claim in the High Court under Suit 2 amounting to the sum of RM4,610,000. The High Court fixed 6th March 2017 as the date for trial, but had reserved its decision to 15th March 2017 pending settlement. CHSB settled the sum of RM4,610,000 on 13th March 2017. The Suit 2 had then been withdrawn on 15th March 2017.

The settlement is made by Tan Sri Lee Kim Tiong @ Lee Kim Yew as the major shareholder of the Company and not his personal liability. He paid RM22,706,738 to settle the tax liabilities including penalties claimed by the Inland Revenue Board.

On 16th August 2017, in the Shah Alam High Court, the IRB has withdrawn its winding-up petition against Country Heights Sdn. Bhd. which was accordingly struck out by the Court.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

45. Significant eventCompanies Act, 2016

The Companies Act, 2016 ("New Act") was enacted to replace the Companies Act, 1965 and was passed by Parliament on 4th April 2016. The New Act was subsequently gazetted on 15th September 2016. On 26th January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the effective date of the New Act, except for section 241 and Division 8 of Part III of the New Act, to be 31st January 2017.

Amongst the key changes introduced in the New Act, which will affect the financial statements of the Company would include the removal of the authorised share capital, replacement of no par value shares in place of par or nominal value shares, and the treatment of share premium and capital redemption reserves.

The adoption of the New Act does not have any other financial impact on the Group and the Company for the financial year ended 31st December 2017.

46. Contingent liabilities

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<u>Secured</u>				
Corporate guarantees and letters of undertaking given to financial institutions in respect of borrowing facilities granted to subsidiaries, the amount of which is utilised by the subsidiary companies	-	-	116,595	134,830
<u>Unsecured</u>				
Corporate guarantees and letters of undertaking given to financial institutions in respect of borrowing facilities granted to subsidiaries, the amount of which is utilised by the subsidiaries	-	-	-	800
Lawsuit by Government of Malaysia in relation to real property gains tax for the year of assessment 1993, 1998 and 1999 *	11,403	11,403	11,403	11,403
Bank guarantees given to suppliers for the purpose of hotel utilities	850	952	-	-
Bank guarantees given to related parties for the purpose of utilities	400	620	-	-
	12,653	12,975	11,403	12,203
	12,653	12,975	127,998	147,033

* The contingent liability arises from the following lawsuit against the Company : -

- i) On 20th January 2010, the Government of Malaysia ("Plaintiff") filed a claim against the Company for real property gains tax for the Year of Assessment 1993, 1998 and 1999 amounting to the sum of RM22,617,000 together with interest at 8% thereon. The Plaintiff filed a Summary Judgement towards the main suit and on 12th December 2012, the Plaintiff's application for Summary Judgement was allowed with cost. The Company appealed against the decision and on 5th December 2013, the Federal Court dismissed the Plaintiff's appeal with costs of RM10,000 and the matter was reverted back to High Court for full trial. Meanwhile, a reference was made to the Special Commission of income tax against the raising of the said taxes for the Years of Assessment 1993, 1998 and 1999, including penalties. On 21st August 2013, the Special Commissioners : -
 - Dismissed the Company's appeal on the assessments for the Years of Assessment 1993 and 1998, including penalties, for the sum of RM19,239,000; and
 - Allowed the Company's appeal on the assessment for the Year of Assessment 1999, including penalties, for the sum of RM3,378,000.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

46. Contingent liabilities (Cont'd.)

Both parties on 9th October 2013 have filed their Appeal to the High Court in relation to the decision rendered by the Special Commissioners. The Appeal was heard on 24th March 2015 and the Court has fixed to deliver its decision on 11th June 2015. The High Court has however reserved its decision to 10th July 2015 and subsequently to 7th August 2015. The Court allowed the appeal by the Defendant with costs and dismissed the cross appeal by the Plaintiffs. The Plaintiffs have on 7th September 2015 filed their Notice of Appeal at the Court of Appeal against the decision of the High Court. The High Court did not process the Notice of Appeal filed by the Plaintiff on 7th September 2015. The Plaintiff therefore applied to the High Court to obtain the permission of the High Court to re-filed its Notice of Appeal.

On 18th January 2018, the Court of Appeal allowed IRB's Notice of Motion to be heard but dismissed appeal with costs. The real property gains tax assessments, including penalties, raised on the Company are discharged fully.

47. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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 the senior management of the Group.

The Group has related party relationship with its subsidiaries, Directors and key management personnel.

Significant related party transactions

Related party transactions have been entered into the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are show below. The related party balances are shown in Note 16 and 22.

a) Related party /companies transactions

- i) Transactions with companies in which a director of the Company, Tan Sri Lee Kim Tiong @ Lee Kim Yew, has interests:-

	Group	
	2017	2016
	RM'000	RM'000
Rental income received / receivable		
- Golden Touch Asset Management Sdn. Bhd.	97	117
Consultation fees paid / payable		
- Mines Wonderland Sdn. Bhd.	-	(715)
Rental expenses paid /payable		
- Heritage Lakeside Sdn. Bhd.	-	(730)
- Salient Range Sdn. Bhd.	-	(50)

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

47. Related parties (Cont'd.)**a) Related party /companies transactions (Cont'd.)**

ii) Significant related company transactions in the financial statements are as follows:-

	Company	
	2017 RM'000	2016 RM'000
Service charged/lease rental received from subsidiary companies		
- Country Heights Health Tourism Sdn. Bhd.	92	123
- Mines Waterfront Business Park Sdn. Bhd.	50	-
- Golden Horse Palace Berhad	50	236
- Mines Wellness Hotel Berhad	49	-

b) Compensation of key management personnel

The remuneration paid by the Group and the Company to key management personnel during the year are as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short-term employee benefits :				
- Fees	82	121	41	121
- Remuneration	1,406	1,894	41	-
Post-employment benefits :				
- Defined contribution plan				
- EPF	32	226	-	-
Estimated value of benefits-in-kind	31	-	-	-
	1,551	2,241	82	121

48. Comparative figures

a) The following comparative figure have been reclassified to conform with the current year's presentation : -

	As reclassified RM'000	As previously report RM'000
Group		
Statement of Financial Position		
- Trade and other receivables	-	42,569
- Trade receivables	16,018	-
- Other receivables, deposits and prepayments	26,551	-
- Cash and cash equivalents	-	12,856
- Deposits with licensed banks	2,834	-
- Cash and bank balances	10,022	-
- Trade and other payables	-	115,785
- Trade payables	37,083	-
- Other payables and accruals	78,702	-
Company		
Statement of Financial Position		
- Trade and other receivables	-	80,890
- Other receivables, deposits and prepayments	1,611	-
- Amount due from subsidiary companies	79,279	-
- Trade and other payables	-	(169,539)
- Other payables and accruals	(15,042)	-
- Amount due to subsidiary companies	(154,497)	-

STATEMENT BY DIRECTORS

181

Annual Report
2017

Pursuant to Section 251(2) of the Companies Act, 2016

We, Lee Cheng Wen and Lee Thai Young Matahari, being two of the directors of **Country Heights Holdings Berhad**, do hereby state that, in the opinion of the directors, the financial statements set out on pages 93 to 180 are drawn up in accordance with Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the requirements of the Companies Act, 2016 so as to give a true and fair view of the state of affairs of the Group and of the Company at 31st December 2017 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors

Lee Cheng Wen

Lee Thai Young Matahari

Selangor,
Date : 24 April 2018

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, **Jarrold Chua Kim Leong**, NRIC : 730407-10-5117, being the director primarily responsible for the financial management of **Country Heights Holdings Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 93 to 180, to the best of my knowledge and belief, are correct.

And, I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at Kuala Lumpur on 24 April 2018

Jarrold Chua Kim Leong

Before me,

W668 LAI DIN
COMMISSIONER FOR OATH
Kuala Lumpur

**ANALYSIS
OF SHAREHOLDINGS**

AS AT 2 APRIL 2018

Total number of Issued Shares : 273,557,403 Ordinary Shares (excluding 2,150,000 Treasury Shares)

Class of Share : Ordinary Share

Voting Rights : One Vote per Ordinary Share

Distribution of Shareholders

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	115	2.61	1,750	0.00
100 - 1,000	1,469	33.38	1,319,192	0.48
1,001 - 10,000	2,483	56.42	8,522,787	3.12
10,001 - 100,000	287	6.52	7,821,370	2.86
100,001 to less than 5% of issued shares	40	0.91	50,615,404	18.50
5% and above of issued shares	7	0.16	205,276,900	75.04
Total	4,401	100.00	273,557,403	100.00

Statement of Directors' Shareholdings

No.	Name of Directors	No. of Shares			
		Direct	%	Indirect	%
1	Tan Sri Lee Kim Tiong @ Lee Kim Yew	89,600,000	32.75	84,697,641 ⁽¹⁾	30.96
2	Lee Cheng Wen	13,989,831	5.11	-	-
3	Nik Hassan Bin Nik Mohd Amin	-	-	-	-
4	Chew Chong Eu	-	-	-	-
5	Ong Tee Chin	-	-	-	-
6	Lee Sow Lin	10,000	0.00	-	-
7	Lee Thai Young Matahari	-	-	-	-
8	Yip Chun Mun	11,000	0.00	-	-
9	Har Soon Thim	-	-	-	-

Substantial Shareholders

No.	Name of Shareholders	No. of Shares			
		Direct	%	Indirect	%
1	Tan Sri Lee Kim Tiong @ Lee Kim Yew	89,600,000	32.75	69,804,810 ⁽²⁾	25.52
2	Country Heights Venture Sdn Bhd	39,425,000	14.41	-	-
3	Country Heights International Sdn Bhd	30,379,810	11.11	-	-
4	Joint Win Investments Limited	16,939,300	6.19	-	-
5	Lim Wee Hang	15,521,790	5.67	-	-
6	Lee Cheng Wen	13,989,831	5.11	-	-

Notes :

⁽¹⁾ Deemed interested by virtue of his substantial interests in Country Heights Venture Sdn Bhd and Country Heights International Sdn Bhd pursuant to Section 8 of the Companies Act, 2016, and his spouse's and child's interests in Country Heights Holdings Berhad pursuant to Section 59(1)(c) of the Companies Act, 2016

⁽²⁾ Deemed interested by virtue of his substantial interests in Country Heights Venture Sdn Bhd and Country Heights International Sdn Bhd pursuant to Section 8 of the Companies Act, 2016

LIST OF THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

183
Annual Report
2017

AS AT 2 APRIL 2018

Name of Shareholders	No. of Shares	Percentage*
1. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Lim & Tan Securities Pte Ltd for Lee Kim Tiong @ Lee Kim Yew</i>	89,021,169	32.54
2. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>HDM Capital Sdn Bhd for Country Heights International Sdn Bhd</i>	30,379,810	11.11
3. UOBM Nominees (Tempatan) Sdn Bhd <i>Golden Touch Asset Management Sdn Bhd for Country Heights Venture Sdn Bhd</i>	23,675,000	8.66
4. Joint Win Investments Limited	16,939,300	6.19
5. Country Heights Venture Sdn Bhd	15,750,000	5.76
6. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lim Wee Hang</i>	15,521,790	5.67
7. Lee Cheng Wen	13,989,831	5.11
8. Kensington Group Management Limited	13,624,000	4.98
9. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Siva Kumar a/l M Jeyapalan</i>	8,000,000	2.93
10. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Sarojini a/p Kandiah</i>	8,000,000	2.93
11. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Siva Kumar a/l M Jeyapalan</i>	5,613,000	2.05
12. Sim Teck Seng	2,550,000	0.93
13. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Muthukumar a/l Jeyapalan</i>	2,500,000	0.91
14. MayBank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Kian Aik</i>	1,000,000	0.37
15. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Bee Garden Holdings Sdn. Bhd.</i>	900,000	0.33
16. AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Kian Chuan</i>	855,300	0.31
17. Mohamed Hashim Bin Mohd Ali (Gen Rtd Tan Sri)	669,642	0.25
18. UOBM Nominees (Tempatan) Sdn Bhd <i>Golden Touch Asset Management Sdn Bhd for Lee Kim Tiong @ Lee Kim Yew</i>	555,461	0.20
19. Anchor Point Sdn Bhd	480,000	0.18
20. Malpac Capital Sdn Bhd	468,500	0.17
21. Mohamed Hashim Bin Mohd Ali (Gen Rtd Tan Sri)	449,200	0.17
22. Tan Eng Hock	446,400	0.16
23. Liew Sui Kum	414,700	0.15
24. AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Wong Hai Ong</i>	385,000	0.14
25. Lim Hong Liang	312,200	0.12
26. Teo Kwee Hock	284,800	0.10
27. AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Kian Aik</i>	283,900	0.10
28. Public Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Ng Faai @ Ng Yoke Pei</i>	248,400	0.09
29. Wong Kheng Cheong	220,000	0.08
30. Lee Ching Chik @ Lee See Kew	200,000	0.07
Total	253,737,403	92.76

* The total number of issued shares of CHHB: 273,557,403 Ordinary Shares (excluding 2,150,000 Treasury Shares).

LIST OF LANDED PROPERTIES HELD BY THE GROUP

AS AT 31 DECEMBER 2017

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	Net Book Value (RM'000)	Revaluation*/ Acquisition Date
Mukim of Kajang District of Ulu Langat Selangor	Pioneer Project Country Heights 43000 Kajang Selangor Darul Ehsan	25	Freehold	Residential - bungalow land	11.27		2,056	13/07/87
HSD 20047 P.T. No. 12956 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	1 & half storey detached Kindergarten Commercial Land & Building Within development known as Country Heights Kajang	1.33	29	1,700	31/12/15
HSD 20055 P.T. No. 12964 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Institutional Land Within development known as Country Heights Kajang		2,900	31/12/15	
HSD 20283 P.T. No. 13194 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Kindergarten Commercial Land Within development known as Country Heights Kajang		1,600	31/12/15	
HSD 24917 P.T. No. 20431 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Kindergarten Commercial Land Within development known as Country Heights Kajang	0.22		1,100	31/12/15
Lot 37653 HM 122934 Bandar Country Heights District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Convenience Centre, Banking Hall & Clubhouse	6.41	29	33,937	01/12/10
Pajakan Negeri 7212 No. Lot 24732 HSD 22919 P.T.No. 14194 Mukim of Kajang District of Ulu Langat Selangor	W.T.C. Country Villas Country Heights 43000 Kajang Selangor Darul Ehsan	12	Leasehold (expiring 12.11.2088)	Villas	0.40	21	2,179	24/08/88
Pajakan Negeri 7211 No. Lot 24731 HSD 22918 P.T.No. 14193 Mukim of Kajang District of Ulu Langat Selangor	W.T.C. Country Villas Country Heights 43000 Kajang Selangor Darul Ehsan	1	Leasehold (expiring 12.11.2088)	Clubhouse & Tennis Courts	12.26	23	11,008	24/08/88
HSD 232191 P.T. No. 852 Mukim of Petaling District of Petaling Selangor	The Mines Resort City	1	Leasehold (expiring 4.6.2105)	Residential land - Proposed Condo	1.69		467	15/06/93

LIST OF LANDED PROPERTIES HELD BY THE GROUP

185

Annual Report
2017

AS AT 31 DECEMBER 2017

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	Net Book Value (RM'000)	Revaluation*/ Acquisition Date
PN 11297 Lot 1591 Mukim of Petaling District of Petaling Selangor	The Mines Resort City	22	Leasehold (expiring 1.12.2107)	Residential - bungalow land Mines Bungalow Lots	5.53		2,386	15/06/93
Mukim of Setul District of Seremban	College Valley Industrial Park	60	Freehold	Industrial land	3.67		2,255	31/03/95
Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Industrial land	0.93		340	31/03/95
Mukim of Setul District of Seremban	College Heights Garden Resort	29	Freehold	Bungalow Houses	5.49	21	13,859	01/06/94
Mukim of Setul District of Seremban	College Heights Garden Resort	290	Freehold	Bungalow Land	57.02		19,746	01/06/94
Mukim of Setul District of Seremban	College Heights Garden Resort	34	Freehold	2-storey shop-office and 3-storey shop-office	1.59	16	9,671	01/06/94
Mukim of Setul District of Seremban	Pangsa Rakyat, Pajam	214	Freehold	Low cost flat/shop	3.02	14	7,708	01/06/94
Mukim of Setul District of Seremban	College Heights Garden Resort	7	Freehold	Institution land	79.43		10,415	01/06/94
Mukim of Setul District of Seremban	College Heights Garden Resort	2	Freehold	EQ/Clubhouse land	14.56		1,909	01/06/94
Mukim of Setul District of Seremban	College Heights Garden Resort	3	Leasehold (Expiring 08/12/2093)	Agriculture land	5.37		3,001	06/08/01
Mukim of Setul District of Seremban	College Heights Garden Resort	6	Freehold	Residential and commercial land Residential, hotel, stall, petrol station	9.71		319	01/06/94
Mukim of Setul District of Seremban	College Heights Garden Resort	154	Freehold	Commercial land Shophouse, CC Plaza, Business	12.87		2,630	01/06/94
PT12881 HSD 105003 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	CHGR Bungalow Lot 534	0.17		148	01/06/94
PN 17796 (formerly HSD 10483) Lot 1284 (formerly Lot 1115) Pekan Teluk Kemang District of Port Dickson Negeri Sembilan	Ocean Wave Theme Park	1	Leasehold (expiring 18.12.2089)	Partially constructed Theme Park & service apartments	3.83	12	8,353	27/02/90
Lot 7938 HM 37650 PT No. 2712 Mukim of Setul District of Seremban Negeri Sembilan	Lot 162, Staffield Golf & Country Resort	1	Freehold	Residential - bungalow land	0.21		350	31/12/15

LIST OF LANDED PROPERTIES
HELD BY THE GROUP

AS AT 31 DECEMBER 2017

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	Net Book Value (RM'000)	Revaluation*/ Acquisition Date
Lot No.15 section 11	Borneo Heights	24	Leasehold	Bungalow land Phase 1~3	7.52		4,176	20/09/94
Gunung Penrisen Padawan	Borneo Heights	38	198 years	Bungalow land Phase 4	20.39		15,336	20/09/94
Kuching, Pangkalan Ampat Land District of Sarawak	Borneo Heights	1		Buildings	-	17	504	20/09/94
	Borneo Heights	1	Leasehold 198 years	Residential land Future Development	1,103.95		29,119	20/09/94
	The Hornbill Golf & Jungle Club	1	Leasehold 198 years	Golf Course & Golf Hotel	162.60	17	29,645	27/06/00
Lot 4 (Lot 4756) Geran No. 44342	Jenan Estate, Kubang Pasu, Kedah	68	Freehold	KHU Bungalow Lot only (Precinct 3)	10.61		4,061	08/11/95
Lot 7 Geran No. 7062	Jenan Estate, Kubang Pasu, Kedah	11	Freehold	KHU Bungalow Lot & Houses (Precinct 1)	1.95		3,404	08/11/95
Lot 6534 Geran No. 25870	Jenan Estate, Kubang Pasu, Kedah	4	Freehold	Future Development KHU Parcel B - Agricultural Land KHU Parcel C - Agricultural Land KHU COMMERCIAL LOT (NORTHEN)	199.36		17,021	08/11/95
Lot 1962 HM 1819	Jenan Estate, Kubang Pasu, Kedah	180	Freehold	Future Development KHU Precinct 4 Bungalow Lot	42.60		9,996	08/11/95
Lot 503 HM 614	Jenan Estate, Kubang Pasu, Kedah	48	Freehold	Future Development KHU Phase 2 SHOP OFFICE 48 Lot	4.51		2,795	08/11/95
Lot 11 HM 1672 Jenan, Kedah	Jenan Estate, Kubang Pasu, Kedah	73	Freehold	Future Development Belleza Ph3	4.14		(54)	08/11/95
Lot 1710 HM 1833	PT 1351 HSD 17179 Bandar Darul Aman Kubang Pasu, Kedah	1	Freehold	Sports Living Clubhouse 2 storey Club House with swimming pool and multi-purpose hall	6.46	13	15,000	31/12/15
HSD 34515 P.T. No. 48505 Mukim Dengkil 01 Daerah Sepang Selangor	Cyber Heights	1	Freehold	Cyber Heights Villas	0.04	13	276	11/02/99
	Cyber Heights	3	Freehold	Cyber Residency	0.11	13	956	11/02/99
Mukim Dengkil 01 Daerah Sepang Selangor	Cyber Heights	21	Freehold	Sawtelle Suites	1.65		10,862	11/02/99
HSD 34517 P.T. No. 48507 Mukim Dengkil 01 Daerah Sepang Selangor	Cyber Heights	72	Freehold	Signature Villa - Mansion Park	7.36		29,249	11/02/99

LIST OF LANDED PROPERTIES HELD BY THE GROUP

187
Annual Report
2017

AS AT 31 DECEMBER 2017

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	Net Book Value (RM'000)	Revaluation*/ Acquisition Date
HSD 34516 P.T. No. 48506 Mukim Dengkil 01 Daerah Sepang Selangor	Cyber Heights	1	Freehold	Proposed Mixed Development Cyberjaya Ph5 (488 Condo + 45 Double Storey)	9.33		13,278	11/02/99
HSD 220869 P.T. No. 27695 Mukim Dengkil 01 Daerah Sepang Selangor	Cyber Heights	1	Freehold	Future Development Cyberjaya Ph3B Commercial Land	3.59		1,827	11/02/99
HSD 220869 P.T. No. 27695	Cyber Heights	1	Freehold	Club House	3.66	13	7,116	11/02/99
Geran No. 37112 Lot 826 Mukim of Batu District of Kuala Lumpur 52000 Kuala Lumpur	CH Damansara	1	Freehold	Bungalow House	0.22	9	6,087	14/11/00
Lot 8242 HM 34157 Mukim of Durian Tunggal District of Alor Gajah Melaka	Melaka Land	1	Leasehold (expiring 21.4.2103)	Future Mixed Development Agricultural land principally approved for residential development	62.02		10,555	14/04/04
Lot 1578 HSD 91910 Pekan Baru Sungai Besi District of Petaling Selangor	Golf View Apartments PT 16714 HSD 59886	2	Leasehold (expiring 20.3.2091)	Recreational & Commercial land PT6 and PT7	11.86		25,999	25/09/98
HSD 59885 P.T. No. 16713 Mukim of Petaling District of Petaling Selangor	Palace of the Golden Horses The Mines Resort City	1	Leasehold (expiring 20.3.2091)	Hotel	13.80	20	201,788	20/05/04
HSD 59892 P.T. No. 16720 Mukim of Petaling District of Petaling Selangor	Mines Wellness Hotel	1	Leasehold (expiring 20.3.2091)	Hotel building	5.75	25	67,559	29/02/08
		1		A parcel of trousdale land reserved for property development	3.50		1,423	29/02/08
HSD 59893 P.T. No. 16721 Mukim of Petaling District of Petaling Selangor	Malaysia International Exhibition & Convention Centre (MIECC) PN 30898, Lot 1586	1	Leasehold (expiring 20.3.2091)	Exhibition Centre 3 and half storey exhibition cum convention centre building with 2 basement level carparks	6.74	20	185,349	01/07/03
		1	Leasehold (expiring 20.3.2091)	Venice Walk Two Link Bridges		20	874	01/07/03

LIST OF LANDED PROPERTIES
HELD BY THE GROUP

AS AT 31 DECEMBER 2017

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	Net Book Value (RM'000)	Revaluation*/ Acquisition Date
HSD 59887 Lot 1581 P.T. No. 16715 Mukim of Petaling District of Petaling Selangor	Mines Waterfront Business Park	1	Leasehold (expiring 20.3.2091)	Completed commercial building Phase 1 : Block A,B,C,D,E unsold portion	6.30	20	70,000	31/12/15
		43	Leasehold (expiring 20.3.2091)	Partially completed commercial building Phase 2 : Block 4,5,6,7, Retails	5.75		80,652	31/12/15
HSD 59888 P.T. No. 16716 Mukim of Petaling District of Petaling Selangor	Fisherman's Wharf	1	Leasehold (expiring 20.3.2091)	Recreational & commercial building Single storey builiding as restaurant	1.81		13,634	25/09/98
HSD 59890 Lot 1582 P.T. No. 16718 Mukim of Petaling District of Petaling Selangor	Mines Resort City Lake	1	Leasehold (expiring 20.3.2091)	Tourism & Recreational submerged land forming a lake	153.45		5,000	25/09/98
Pajakan Negeri 7212 No Lot 24732 HSD 22919 P.T.No. 14194 Mukim of Kajang District of Ulu Langat Selangor	Country Villas Country Heights 43000 Kajang Selangor Darul Ehsan	20	Leasehold (expiring 12.11.2088)	Palace Vacation Club	28.66	22	3,414	01/03/10
HSD 2500 P.T. No 2129 Mukim of Ulu Telom District of Cameron Highlands Pahang Darul Makmur	Equatorial Hill Resort Cameron Highland	4	Freehold	Apartments	0.79	20	689	12/11/01
HSD 2500 P.T. No 2129 Mukim of Ulu Telom District of Cameron Highlands Pahang Darul Makmur	Equatorial Hill Resort Cameron Highland	6	Freehold	Apartments	0.86	6	1,085	12/11/01
HSM 9-93 P.T. NO. 249 Mukim of Padang Matairat District of Langkawi Langkawi, Kedah Darul Aman	Perdana Beach Resort Mukim Padang Matairat Langkawi	4	Freehold	Apartments	0.09	18	739	21/05/02
NGL886853 City Road London	Bezier Apartment London	1	Leasehold	Apartments	0.01	5	1,983	28/04/11

LIST OF LANDED PROPERTIES HELD BY THE GROUP

189
Annual Report
2017

AS AT 31 DECEMBER 2017

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	Net Book Value (RM'000)	Revaluation*/ Acquisition Date
Erf 910	Pecanwood Ext 11, Hartbeespoort 482 JQ North West Province South Africa	1	Freehold	Corporate Lodge	0.13	17	317	31/12/99
Erf 470	Extension 13 482 JQ North West Province South Africa	1	Freehold	Boat Clubhouse	8.37	19	234	01/06/03
Portion 124	Extension 13 482 JQ North West Province South Africa	1	Freehold	Boat Club Marina	9.87			01/06/03
Erf 877	Extension 12 482 JQ North West Province South Africa	1	Freehold	Golf course	144.32		9,167	01/06/03
Erf 1083	Extension 10 482 JQ North West Province South Africa	1	Freehold	Clubhouse	3.93	19		01/06/03
Erf 876	Extension 12 482 JQ North West Province South Africa	1	Freehold	Golf course	18.03			01/06/03
Erf 1084	Extension 10 482 JQ North West Province South Africa	1	Freehold	Recreation facilities	5.86	19		01/06/03
Erf 1205	Extension 14 482 JQ North West Province South Africa	1	Freehold	Public Open Space	0.29			01/06/03
Erf 1269	Extension 16 482 JQ North West Province South Africa	1	Freehold	Parking	0.52			01/06/03
Portion 73	Extension 17 482 JQ North West Province South Africa	1	Freehold	None	10.74			01/06/03
Remaining extent of portion 77	Extension 17 482 JQ North West Province South Africa	1	Freehold	None	17.66			01/06/03
					2,361.55		1,063,456	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 34th Annual General Meeting of Country Heights Holdings Berhad will be held at the Unity Room, Lower Ground Level, Palace of the Golden Horses, Jalan Kuda Emas, Mines Wellness City, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 27 June 2018 at 11.00 a.m. to transact the following business:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 and the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2017. *(Resolution 1)*
3. To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM120,000 from 27 June 2018 until the next Annual General Meeting of the Company. *(Resolution 2)*
4. To re-elect Tan Sri Lee Kim Tiong @ Lee Kim Yew, who is retiring pursuant to Article 102 of the Company's Constitution (Articles of Association), as Director of the Company, and being eligible, has offered himself for re-election. *(Resolution 3)*
5. To re-elect Mr. Ong Tee Chin, who is retiring pursuant to Article 106 of the Company's Constitution (Articles of Association), as Director of the Company, and being eligible, has offered himself for re-election. *(Resolution 4)*
6. To appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *(Resolution 5)*

Notice of Nomination, a copy of which is annexed hereto and marked "Annexure A" in the Annual Report 2017, had been received by the Company for the nomination of Messrs. UHY for appointment as Auditors of the Company in place of the retiring Auditors, Messrs. Kreston John & Gan, and of the intention to propose the following ordinary resolution:-

"That subject to their consent to act, Messrs. UHY be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. Kreston John & Gan, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration."

As Special Business

To consider and, if thought fit, with or without any modification, to pass the following Ordinary Resolutions:-

7. **Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016**

"THAT, pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 6)

8. Proposed Renewal of General Mandate for Recurrent Related Party Transactions and Proposed New Mandate for Additional Recurrent Related Party Transaction of a Revenue or Trading Nature

“THAT, subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into and to give effect to the Recurrent Related Party Transactions and additional Recurrent Related Party Transaction of a Revenue or Trading Nature with the Related Parties as specified in Section 3.1 of the Circular to Shareholders dated 30 April 2018, provided always that:-

- i. the transactions are necessary for the day-to-day operations of the Group;
- ii. the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and the transactions are undertaken at arm’s length basis and are not detrimental to the minority shareholders of the Company; and
- iii. disclosure is made in the Annual Report of the breakdown of the aggregate value of transactions conducted pursuant to the Shareholders’ Mandate during the financial year;

AND THAT such approval shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the general meeting at which this resolution was passed at which time such approval shall lapse unless by ordinary resolution passed at a general meeting, the approval is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
 - (c) revoked or varied by ordinary resolution of the Shareholders of the Company at a general meeting;
- whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary in the best interest of the Company to give effect to the transactions contemplated and/or authorised by this resolution.”

(Resolution 7)

9. Proposed Renewal of Authority for the Purchase of its Own Shares by the Company

“THAT, subject always to the Companies Act, 2016 (“the Act”), the provisions of the Constitution (Memorandum and Articles of Association) of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company (“Proposed Share Buy-Back”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- i. the aggregate number of shares purchased does not exceed 10% of the total number of issued shares of the Company for the time being quoted on Bursa Securities;
- ii. the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained profits of the Company at the time of the purchase(s); and
- iii. at the discretion of the Directors of the Company, the shares of the Company to be purchased are proposed to be cancelled and/or retained as treasury shares and may be distributed as dividends or resold on Bursa Securities or subsequently cancelled.

**NOTICE OF ANNUAL
GENERAL MEETING**

AND THAT such authority shall commence immediately upon passing of this ordinary resolution until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which this resolution was passed at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM after that date is required by law to be held; or

(c) revoked or varied by ordinary resolution of the Shareholders of the Company at a general meeting;

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary and/or enter into any and all agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares."

(Resolution 8)

10. Retention of Encik Nik Hassan Bin Nik Mohd Amin as Independent Non-Executive Director

"THAT authority be and is hereby given to Encik Nik Hassan Bin Nik Mohd Amin, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2017."

(Resolution 9)

11. Retention of Mr. Chew Chong Eu as Independent Non-Executive Director

"THAT authority be and is hereby given to Mr. Chew Chong Eu, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2017."

(Resolution 10)

12. To transact any other business of which due notice shall have been given.

By Order of the Board

WONG SOOK PING
(MAICSA 0761491)

Company Secretary

Seri Kembangan, Selangor Darul Ehsan
30 April 2018

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of a proxy.
2. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy shall have the same rights as a member to speak at the Meeting.
3. If no name is inserted in the space for the name of the proxy, the Chairman of the Meeting will act as the proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.

5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Only members registered in the Record of Depositors as at 20 June 2018 shall be eligible to attend the 34th Annual General Meeting or appoint proxies to attend and vote on his or her behalf.
7. The duly completed and signed Proxy Form must be deposited at the Registered Office of the Company at 8th Floor, Block A, Mines Waterfront Business Park, No. 3, Jalan Tasik, Mines Wellness City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof. The lodging of the Proxy Form will not preclude the member from attending and voting in person at the Meeting should the member subsequently wish to do so.

Explanatory Notes:

1. The audited financial statements are for discussion only under Agenda 1, as it does not require shareholders' approval under the provisions of Section 340(1)(a) of the Companies Act, 2016. Hence, it will not be put for voting.
2. The proposed Ordinary Resolution 6 is to renew the authority granted by the Shareholders of the Company at the 33rd Annual General Meeting ("AGM") held on 21 June 2017. The proposed mandate, if passed, will empower the Directors of the Company, from the date of this AGM, the authority to allot and issue shares in the capital of the Company up to an aggregate amount not exceeding 10% of the total number of issued shares of the Company. This is to avoid any delay and cost involved in the convening of further general meetings to obtain shareholders' approval for such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next AGM.

The purpose and utilisation of the proceeds could only be determined if the Board of Directors decides to allot the shares.

The Board of Directors did not issue any shares pursuant to the mandate obtained at the 33rd AGM held on 21 June 2017.

The mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

3. The proposed Ordinary Resolution 7, if passed, will allow the Company and/or its subsidiaries to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature in the ordinary course of its business as set out in the Circular to Shareholders dated 30 April 2018 with the Related Parties mentioned therein which are necessary for the Group's day-to-day operations. The shareholders' mandate is subject to renewal on an annual basis.
4. The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to purchase the Company's shares of up to 10% of the total number of issued shares of the Company for the time being quoted on Bursa Securities by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.
5. The proposed Ordinary Resolution 9, if passed, will allow Encik Nik Hassan Bin Nik Mohd Amin to be retained and to continue to act as Independent Non-Executive Director to fulfill the requirements of Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities. Details of the Board's justification and recommendation for the retention of Encik Nik Hassan Bin Nik Mohd Amin as Independent Non-Executive Director are set out in the Corporate Governance Overview Statement in the Annual Report 2017.
6. The proposed Ordinary Resolution 10, if passed, will allow Mr. Chew Chong Eu to be retained and to continue to act as Independent Non-Executive Director to fulfill the requirements of Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities. Details of the Board's justification and recommendation for the retention of Mr. Chew Chong Eu as Independent Non-Executive Director are set out in the Corporate Governance Overview Statement in the Annual Report 2017.
7. Statements Accompanying the Notice of Annual General Meeting - Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities, the Notice convening an AGM is to be accompanied by a statement furnishing details of individuals who are standing for election as directors (excluding directors standing for a re-election).

No individual is standing for election as a Director of the Company at the 34th AGM.

ANNEXURE A

Tan Sri Lee Kim Tiong @ Lee Kim Yew
1, Lorong Senyum Matahari D
Country Heights, 43000 Kajang
Selangor Darul Ehsan

Date : 30 March 2018

The Board of Directors
COUNTRY HEIGHTS HOLDINGS BERHAD
8th Floor, Block A
MINES Waterfront Business Park
No. 3, Jalan Tasik
MINES Resort City
43300 Seri Kembangan
Selangor Darul Ehsan

Dear Sirs,

NOMINATION OF AUDITORS

Pursuant to Section 280(3) of the Companies Act, 2016, I being a shareholder of Country Heights Holdings Berhad, hereby give notice of nomination of MESSRS. UHY as Auditors of the Company in place of the retiring Auditors, Messrs. Kreston John & Gan, and of my intention to propose the following as an ordinary resolution to be tabled at the Annual General Meeting of the Company:-

"That subject to their consent to act, Messrs. UHY be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. Kreston John & Gan, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration."

Yours faithfully,



TAN SRI LEE KIM TIONG @ LEE KIM YEW
Shareholder



PROXY FORM

No. of ordinary shares held

*I / We _____ NRIC No./Passport No./Company No. _____

of _____

being a member/members of Country Heights Holdings Berhad (119416-K) hereby appoint:-

Proxy	Name and NRIC/Passport No.	Address	Proportion of Shareholdings	
			No. of Shares	%
1.				

and/or

2.				
----	--	--	--	--

or failing him, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the 34th Annual General Meeting of the Company to be held at the Unity Room, Lower Ground Level, Palace of the Golden Horses, Jalan Kuda Emas, Mines Wellness City, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 27 June 2018 at 11.00 a.m., and any adjournment thereof.

Please indicate with an "X" in the spaces provided, how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at *his/her discretion.

Ordinary Resolution	Agenda	For	Against
1.	To approve the payment of Directors' fees		
2.	To approve the payment of Directors' remuneration		
3.	To re-elect Tan Sri Lee Kim Tiong @ Lee Kim Yew as Director		
4.	To re-elect Mr. Ong Tee Chin as Director		
5.	To appoint Messrs. UHY as Auditors and to authorise the Directors to fix their remuneration		
6.	To authorise the issue of shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
7.	To approve the Proposed Renewal of General Mandate for Recurrent Related Party Transactions and Proposed New Mandate for Additional Recurrent Related Party Transaction of a Revenue or Trading Nature		
8.	To approve the Proposed Renewal of Authority for the Purchase of its Own Shares by the Company		
9.	To authorise Encik Nik Hassan Bin Nik Mohd Amin to continue in office as Independent Non-Executive Director		
10.	To authorise Mr. Chew Chong Eu to continue in office as Independent Non-Executive Director		

* Strike out whichever not applicable

Signed this _____ day of _____, 2018.

Signature/Common Seal of Shareholder _____

Notes:

- A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of a proxy.
- Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy shall have the same rights as a member to speak at the Meeting.
- If no name is inserted in the space for the name of the proxy, the Chairman of the Meeting will act as the proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Only members registered in the Record of Depositors as at 20 June 2018 shall be eligible to attend the 34th Annual General Meeting or appoint proxies to attend and vote on his or her behalf.
- The duly completed and signed Proxy Form must be deposited at the Registered Office of the Company at 8th Floor, Block A, Mines Waterfront Business Park, No. 3, Jalan Tasik, Mines Wellness City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof. The lodging of the Proxy Form will not preclude the member from attending and voting in person at the Meeting should the member subsequently wish to do so.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
Country Heights Holdings Berhad
8th Floor, Block A
Mines Waterfront Business Park
No. 3, Jalan Tasik, Mines Wellness City
43300 Seri Kembangan, Selangor Darul Ehsan

First fold here

Ever-Searching for Better Living



绿野集团



MINES WATERFRONT SUITES

MINES WATERFRONT BUSINESS PARK

MIECC mines exhibition centre



GRAND SALON Lobby Lounge

Country Heights Kajang Country living at its best

COUNTRY VILLAS The Ultimate Haven For Country Living

THE MINES BUNGALOW LOTS Fine Living At The Mines

Belleza GARDEN HOMES

RESIDENCY the epitome of privacy at Cyberjaya



COUNTRY HEIGHTS DAMANSARA A little Forest in Kuala Lumpur



MINES



LAKEVIEW RESIDENCY @ Cyber Heights Villa

KOLEJ HEIGHTS UTARA KUBANG PASU A Paradise For Country-Style Living

CYBER HEIGHTS VILLA IN AN INTELLIGENT CITY, CYBERJAYA

SAWTELLE SUITES CYBERJAYA



MINES WELLNESS HOTEL

www.countryheights.com

Country Heights Holdings Berhad (119416-K)
8th Floor, Block A,
Mines Waterfront Business Park,
No. 3, Jalan Tasik, Mines Wellness City,
43300 Seri Kembangan, Selangor Darul Ehsan.

Tel : 603-8943 8811
Fax : 603-8941 1470