

## COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

The Board of Directors of Country Heights Holdings Berhad is pleased to announce the following unaudited results of the Group for the 4th Quarter ended 31 December 2008

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For the Twelve-Months Period Ended 31 December 2008

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31-Dec-08 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-07 RM'000 Restated	CURRENT YEAR TO DATE 31-Dec-08 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-07 RM'000 Restated
<b>Continuing Operations</b>					
Revenue	4	44,884	59,227	240,967	219,780
Cost of sales		<u>(19,186)</u>	<u>(24,271)</u>	<u>(102,651)</u>	<u>(101,332)</u>
Gross profit		25,698	34,956	138,316	118,448
Other operating income		5,359	5,840	15,275	21,492
Selling and marketing expenses		(2,055)	(2,098)	(7,226)	(7,953)
Administrative expenses		(6,191)	(5,540)	(20,836)	(22,556)
Other operating expenses		<u>(24,026)</u>	<u>(24,166)</u>	<u>(80,053)</u>	<u>(76,331)</u>
Profit / (loss) from operations	4	(1,215)	8,992	45,476	33,100
Finance costs		(6,264)	(18,966)	(26,807)	(45,590)
Share of results of associates		<u>(110)</u>	<u>(93)</u>	<u>241</u>	<u>(158)</u>
Profit / (loss) before tax		(7,589)	(10,067)	18,910	(12,648)
Income tax expenses	20	<u>(192)</u>	<u>(11,743)</u>	<u>(9,741)</u>	<u>(12,460)</u>
Profit / (loss) for the period / year from continuing operations		(7,781)	(21,810)	9,169	(25,108)
<b>Discontinued Operation</b>					
Profit for the period / year from discontinued operation		<u>-</u>	<u>119,581</u>	<u>-</u>	<u>124,916</u>
Profit for the period / year		<u>(7,781)</u>	<u>97,771</u>	<u>9,169</u>	<u>99,808</u>
<b>Attributable to:</b>					
Equity holders of the Company		(5,732)	98,103	13,598	100,481
Minority interests		<u>(2,049)</u>	<u>(332)</u>	<u>(4,429)</u>	<u>(673)</u>
		<u>(7,781)</u>	<u>97,771</u>	<u>9,169</u>	<u>99,808</u>
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	28 (a)	(2.08)	35.58	4.93	36.45
- Diluted	28 (b)	NA	NA	NA	NA

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements)

**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET as at 31 December 2008**

	Note	31-Dec-08 (Unaudited) RM'000	31-Dec-07 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Hotel properties and exhibition centre & showroom	9	344,676	348,675
Other property, plant and equipment	9	116,555	112,676
Property, plant and equipment		461,231	461,351
Investment properties	9	94,165	91,367
Prepaid land lease payments		352,637	356,943
Land held for property development		242,042	176,638
Investment in associates		3,536	3,295
Other investments	22	874	3,496
Long-term trade receivables		11,649	17,349
Fund held in trust		4,321	3,998
Deferred tax assets		12,220	13,486
		<u>1,182,675</u>	<u>1,127,923</u>
<b>Current assets</b>			
Property development costs		96,053	104,619
Inventories		139,818	159,141
Trade and other receivables		91,983	108,480
Tax recoverable		2,730	2,915
Cash and bank balances		12,366	49,110
		<u>342,950</u>	<u>424,265</u>
Non-current asset classified as held for sale		873	873
		<u>343,823</u>	<u>425,138</u>
<b>TOTAL ASSETS</b>		<b><u>1,526,498</u></b>	<b><u>1,553,061</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		275,707	275,707
Share premium		57,251	57,251
Revaluation reserves		145,160	145,204
Foreign exchange reserves		(10,749)	(5,244)
Capital redemption reserves		19,048	19,048
Retained earnings		199,372	177,420
Shareholders' equity		<u>685,789</u>	<u>669,386</u>
<b>Minority interests</b>		32,015	43,785
<b>Total equity</b>		<b><u>717,804</u></b>	<b><u>713,171</u></b>
<b>Non-current liabilities</b>			
Borrowings	24	320,497	376,292
Long-term liabilities		3,860	5,073
Deferred Income		31,856	27,734
Deferred tax liabilities		91,478	92,702
		<u>447,691</u>	<u>501,801</u>
<b>Current liabilities</b>			
Borrowings	24	27,215	27,952
Trade and other payables		280,346	262,521
Tax payable		53,442	47,616
		<u>361,003</u>	<u>338,089</u>
<b>Total Liabilities</b>		<b><u>808,694</u></b>	<b><u>839,890</u></b>
<b>Total equity and liabilities</b>		<b><u>1,526,498</u></b>	<b><u>1,553,061</u></b>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.49	2.43

(The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements)

**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the Twelve-Months Period Ended 31 December 2008**

	Attributable to Equity Holders of the Company						Minority Interests	Total Equity	
	Non-distributable			Distributable					
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Foreign Exchange Reserve RM'000	Capital Redemption Reserve RM'000	Retained Earnings RM'000			Total RM'000
<b>At 1 January 2007</b>	275,707	57,251	144,888	(4,593)	19,048	75,779	568,080	44,458	612,538
Depreciation transfer on revalued hotel properties and exhibition centre & showroom and prepaid land lease payments	-	-	(1,863)	-	-	1,863	-	-	-
Transfer from deferred tax	-	-	2,179	-	-	(703)	1,476	-	1,476
Foreign exchange differences, representing net expense recognised in equity	-	-	-	(651)	-	-	(651)	-	(651)
Net transfers and profit recognised directly in equity	-	-	316	(651)	-	1,160	825	-	825
Net profit for the year	-	-	-	-	-	100,481	100,481	(673)	99,808
Total recognised income and expense for the year	-	-	316	(651)	-	101,641	101,306	(673)	100,633
<b>At 31 December 2007</b>	275,707	57,251	145,204	(5,244)	19,048	177,420	669,386	43,785	713,171
<b>At 1 January 2008</b>	275,707	57,251	145,204	(5,244)	19,048	177,420	669,386	43,785	713,171
Depreciation transfer on revalued hotel properties and exhibition centre & showroom and prepaid land lease payments	-	-	(7,498)	-	-	7,498	-	-	-
Transfer from deferred tax	-	-	-	-	-	969	969	-	969
Foreign exchange differences, representing net expense recognised in equity	-	-	-	(5,505)	-	-	(5,505)	-	(5,505)
Net transfers and profit recognised directly in equity	-	-	(7,498)	(5,505)	-	8,467	(4,536)	-	(4,536)
Adjustment	-	-	7,454	-	-	(113)	7,341	(7,341)	-
Net profit for the year	-	-	-	-	-	13,598	13,598	(4,429)	9,169
Total recognised income and expense for the year	-	-	(44)	(5,505)	-	21,952	16,403	(11,770)	4,633
<b>At 31 December 2008</b>	275,707	57,251	145,160	(10,749)	19,048	199,372	685,789	32,015	717,804

(The Unaudited Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements)

**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

**For the Twelve-Months Period Ended 31 December 2008**

	<b>CURRENT YEAR TO DATE 31-Dec-08 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-07 RM'000 Restated</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation		
Continuing operations	18,909	(12,648)
Discontinued operation	-	91,263
	<hr/>	<hr/>
	18,909	78,615
Adjustments for:		
Allowance for doubtful debts - others	10,325	6,733
Allowance for doubtful debts written back	(2,568)	(3,497)
Amortisation of deferrred income	3,772	(659)
Amortisation of prepaid land lease payment	4,306	4,488
Bad debts written off	5,314	5,407
Depreciation of hotel properties and exhibition centre & showroom	4,196	4,198
Depreciation of other property, plant and equipment	8,127	14,449
Dividend income	(23)	(56)
Fair value adjustment to investment properties	-	(694)
Gain on disposal of investment properties	(3,301)	(84,201)
Impairment losses in value of other investments	160	124
Interest expense - Continuing operations	26,807	45,590
- Discontinued operation	-	15,288
Interest income	(943)	(2,354)
Inventory written off	1	95
Investment properties written off	-	105
Loss on disposal of investment in associates	-	15
Loss / (gain) on disposal of other investments	390	(2,055)
Gain on disposal of other property, plant and equipment	(76)	(469)
Net foreign exchange loss / (gain)	1	(295)
Other property, plant & equipment written off	4	5
Reversal of deferred income	(30)	(273)
Reversal of impairment losses in value of other investments	(123)	(341)
Share of results of associates	(241)	158
	<hr/>	<hr/>
<b>Operating profit before working capital changes</b>	<b>75,007</b>	<b>80,376</b>
Changes in working capital:		
Inventories	18,975	274
Property development costs	(58,740)	755
Receivables	2,084	(63,716)
Deferred income	1,210	3,087
Payables	15,030	45,722
	<hr/>	<hr/>
<b>Cash generated from operations</b>	<b>53,566</b>	<b>66,498</b>
Tax paid	(3,019)	(1,566)
Interest paid	(10,342)	(38,143)
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<b>Net cash generated from operating activities</b>	<b>40,205</b>	<b>26,789</b>

**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**For the Twelve-Months Period Ended 31 December 2008**

	<b>CURRENT YEAR TO DATE 31-Dec-08 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-07 RM'000 Restated</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of other property, plant and equipment	(6,923)	(6,767)
Expenditure incurred on hotel properties and exhibition centre & showroom	(197)	(1,206)
Expenditure on investment properties	(4,871)	(944)
Investment in associates	-	(3,110)
Additional investment in other investments	(1,204)	(9,587)
Proceeds from disposal of other investments	3,399	15,662
Proceeds from disposal of other property, plant & equipment	232	1,998
Proceeds from disposal of investment properties	-	421,421
Proceeds from disposal of associates	-	252
Proceeds from disposal of subsidiaries	-	3,740
Interest received	943	2,196
Net dividend received	19	46
Net cash (used in) / generated from investing activities	<b>(8,602)</b>	<b>423,701</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bond interest expenses paid	(9,025)	(9,000)
Drawdown of Bank Guaranteed Commercial Paper / Medium Term Notes	7,000	3,000
Drawdown of golf membership loans	30	294
Hire purchase and lease creditors	(727)	(515)
Repayment of Bank Guaranteed Commercial Paper / Medium Term Notes	(55,000)	(4,357)
Repayment of RCCLS Series A	-	(420,000)
Repayment of revolving credits	(9,066)	(6,900)
Repayment of term loans	(288)	(288)
Repayment of working capital loan	-	(2,740)
<b>Net cash use in financing activities</b>	<b>(67,076)</b>	<b>(440,506)</b>
Effects of exchange rate changes	(498)	(23)
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	(35,971)	9,961
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	45,115	35,154
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>9,144</b>	<b>45,115</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
<b>Cash and bank balances</b>	12,366	49,110
<b>Bank Overdrafts</b>	(3,222)	(3,995)
	<b>9,144</b>	<b>45,115</b>

(The Unaudited Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements)

**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**  
**PART A – Explanatory Notes Pursuant to FRS 134**

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**1. Basis of Preparation**

The interim financial statements is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134: “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2007. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2007.

**2. Changes in Accounting Policies**

The significant accounting policies adopted by the Group in this interim financial statements are consistent with those of the audited financial statements of the Group for the financial year ended 31 December 2007 except for the adoption of the following revised FRSs that are effective for the financial period beginning 1 July 2007:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 8	Scope of FRS 2

The adoption of these revised FRSs did not have any significant financial impact on the Group.

**3. Audit Opinion on 2007 Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2007 was not subject to any qualification.

**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**  
**PART A – Explanatory Notes Pursuant to FRS 134**

**4. Segment Reporting**

	<b>Property Development RM'000</b>	<b>Property Investment RM'000</b>	<b>Hospitality, Leisure &amp; Health RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>31 December 2008</b>						
<b>Revenue</b>						
External sales	139,680	11,899	89,365	23		240,967
Inter-segment sales	7,910	3,139	13,830	4,369	(29,248)	-
Total revenue	147,590	15,038	103,195	4,392	(29,248)	240,967
<b>Results</b>						
Segment results	49,615	399	(4,086)	(5,074)	4,622	45,476
Finance costs						(26,807)
Share of results of associates	405	-	-	(164)	-	241
Profit before taxation						18,910
Income tax expense						(9,741)
Profit after taxation						9,169
Minority interests						4,429
Net profit for the year						13,598

**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**  
**PART A – Explanatory Notes Pursuant to FRS 134**

**4. Segment Reporting (Contd.)**

	<b>Property Development RM'000</b>	<b>Property Investment RM'000</b>	<b>Hospitality, Leisure &amp; Health RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>	<b>Discontinued Operation RM'000</b>	<b>Total Operations RM'000</b>
<b>31 December 2007</b>								
<b>Revenue</b>								
External sales	107,359	8,290	104,074	57		219,780	38,755	258,535
Inter-segment sales	5,994	4,762	10,477	17,746	(38,979)	-	-	-
<b>Total revenue</b>	<b>113,353</b>	<b>13,052</b>	<b>114,551</b>	<b>17,803</b>	<b>(38,979)</b>	<b>219,780</b>	<b>38,755</b>	<b>258,535</b>
<b>Results</b>								
	35,310	28,134	404	27,433	(58,181)	33,100	106,551	139,651
<b>Segment results</b>	<b>35,310</b>	<b>28,134</b>	<b>404</b>	<b>27,433</b>	<b>(58,181)</b>	<b>33,100</b>	<b>106,551</b>	<b>139,651</b>
Finance costs						(45,590)	(15,288)	(60,878)
Share of results of associates	(192)	-	-	34	-	(158)	-	(158)
(Loss) / profit before taxation						(12,648)	91,263	78,615
Income tax expense						(12,460)	33,653	21,193
(Loss) / profit after taxation						(25,108)	124,916	99,808
Minority interests						673	-	673
<b>Net (Loss) / profit for the year</b>						<b>(24,435)</b>	<b>124,916</b>	<b>100,481</b>

**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**  
**PART A – Explanatory Notes Pursuant to FRS 134**

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**5. Unusual Items Due to Their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period under review.

**6. Change in Estimate**

There were no changes in method of estimates that have a material effect in the current financial period under review.

**7. Seasonal or Cyclical Factors**

The operations of the Group were not materially affected by any seasonal or cyclical factors.

**8. Dividends Paid**

There were no dividends paid during the current financial period under review.

**9. Carrying Amount of Revalued Assets**

The valuation of property, plant and equipment and investment properties have been brought forward without amendment from the audited financial statements for the financial year ended 31 December 2007.

**10. Issuance or Repayment of Debt and Equity Securities**

There were no issuance, repurchases, cancellations, resale and repayment of debt and equity securities during the current financial period under review.

**11. Changes in the Composition of the Group**

There were no material changes in the composition of the Group during the current financial period under review.

**12. Capital Commitments**

There were no material changes in capital commitments since the last audited balance sheet as at 31 December 2007 except for the followings:

- On 7 May 2008, PRS Homes Sdn Bhd, a wholly-owned subsidiary of Country Heights Holdings Berhad ("CHHB"), had fully settled the balance purchase consideration of RM50.4 million for the acquisition of approximately 2,073 acres of freehold land located at Mukim of Rasa and Mukim of Batang Kali for a development to be known as Mines Golf City.

**13. Contingent Liabilities / Assets**

There are no material contingent liabilities since the last audited balance sheet as at 31 December 2007 except as disclosed in Note 26 (a) to (b). No material contingent assets except as disclosed in Note 26 (c) to (e) as at the date of this report.

**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**  
**PART A – Explanatory Notes Pursuant to FRS 134**

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**14. Subsequent event**

There was no material event subsequent to the end of the current financial period that have not been reflected in the financial statements for the 4<sup>th</sup> quarter ended 31 December 2008.

**15. Comparatives**

Certain expenses for the previous financial period ended 31 December 2007 have been reclassified to conform with current financial period's presentation.

**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**

**PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

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**16. Review of To Date Performance (against previous year)**

The Group recorded lower revenue for the 4<sup>th</sup> quarter ended 31 December 2008 of RM45 million as compared to RM59 million in the previous corresponding quarter ended 31 December 2007. This is mainly resulted from lower sale of properties and timeshares membership due to global economic downturn.

The Group reported a loss before tax for the 4<sup>th</sup> quarter ended 31 December 2008 of RM7.6 million against loss before tax from continuing operation of RM10.1 million in the previous corresponding quarter ended 31 December 2007. The lower loss from continuing operation is mainly contributed from savings of finance cost as a result of early settlement of Redeemable Convertible Secured Loan Stock 2004 / 2011 (“RCSL Series A”) in December 2007.

Nevertheless, the Group recorded higher current year to date revenue of RM241 million and profit before tax of RM18.9 million when compared to the previous year to date revenue of RM219.8 million and loss before tax from continuing operations of RM12.6 million. This is mainly due to better sales performance in the property development segment.

**17. Material Changes in the Quarterly Results as Compared with the Immediate Preceding Quarter**

The Group’s revenue for the 4<sup>th</sup> quarter ended 31 December 2008 improved by approximately RM1 million to RM45 million as compared to the last quarter ended 30 September 2008 of RM44 million. This was mainly due to higher properties sales in College Heights Utara and Country Heights Damansara Project.

The Group recorded a loss before tax of RM7.6 million for the 4<sup>th</sup> quarter ended 31 December 2008 against profit before tax of RM200 thousand for the last quarter ended 30 September 2008. This was mainly due to higher allowance for doubtful debts at Hospitality, Leisure and Health division and change of accounting estimates of Country Heights Lifestyle Berhad during the quarter.

**18. Commentary on Prospects**

The financial crisis which occurred in United States since September 2008 has spread the recession from US to Europe to Asia. Recent market dips around the globe have increase the worries of investors and consumers which resulted in reduce in demand on properties, leisure activities etc.

**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**

**PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

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**18. Commentary on Prospects (Contd.)**

Despite the above mentioned challenging economic and market environment, the Group will remain focused on its core activities which are Property Development, Property Investment and Hospitality, Leisure and Health as well as emphasize on its competitive strength to gain confidence of the investors and consumers.

In view of the current slowdown and uncertain economy, the Group has recently implemented a special instalment scheme to spur sales of its unencumbered stock of completed homes and bungalow lots. Purchaser will only have to pay 3% of the 10% downpayment upon booking and settle the remaining 7% over nine months, after which the buyer can occupy the property. The buyer can choose to settle the entire purchase price over maximum of 30 years.

The Group has also diversified into the field of preventive healthcare services. TCM Wellness Center, an exclusive one-stop Traditional Chinese & Complementary Wellness Center which commenced operation at the end of year 2007 is currently enjoying good market response.

The Group would continue to aggressively improve efficiency and increase shareholders' value by continuously seeking future potential opportunities.

**19. Variance on Profit Forecast / Profit Guarantee**

There were no profit forecast / profit guarantee issued by the Group.

**20. Income Tax Expenses**

	12 months ended	
	31-Dec-08	31-Dec-07
	RM'000	RM'000
Income tax:		
- current period	10,431	3,652
- over provision	(1,418)	(716)
- deferred tax	728	9,524
	<u>9,741</u>	<u>12,460</u>

**21. Sale of Unquoted Investments/ Properties**

There was no sale of unquoted investments/ properties during the quarter under review.

**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**  
**PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

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**22. Purchase and Sale of Quoted Securities**

(a) Details of purchase and disposal of marketable securities are as follows:

	<b>12 months ended</b>	
	<b>31-Dec-08</b>	<b>31-Dec-07</b>
	<b>RM'000</b>	<b>RM'000</b>
i) Purchase considerations for new marketable securities	1,204	9,587
ii) Sales proceed for existing marketable securities	3,399	15,662

(b) Investments in quoted securities as at 31 December 2008 are as follows:

	<b>As at</b>
	<b>31-Dec-08</b>
	<b>RM'000</b>
Total investments at cost	239
Total investments at carrying value/ book value (after provision for diminution in value)	75
Total investment at market value at end of reporting period	75

**23. Corporate Proposals**

**(a) Status of Corporate Proposals**

The status of corporate proposals announced by the Group but not completed as at 23 February 2009 are as follows:-

On 2 December 2008, the Group announced that College Heights Utara Sdn Bhd (“CHU”), the holding company of Mines Golf City Sdn Bhd (“MGC”) (formerly known as PRS Homes Sdn Bhd), which in turn is a wholly-owned subsidiary of Country Heights Holdings Berhad (“CHHB”), MGC and Bee Garden Holdings Sdn Bhd (“Bee Garden”) have entered into a Shares Subscription Agreement for the subscription by Bee Garden or its nominees of 7,000,000 ordinary shares of RM1.00 each amounting to RM7,000,000 as part settlement of the advance of RM44,800,000 granted by Bee Garden to MGC.

**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**

**PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

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**(a) Status of Corporate Proposals (Contd.)**

CHHB had advanced a sum of RM19,740,000 towards the acquisition of the land and under the Shares Subscription Agreement, CHU shall subscribe for 400,000 new ordinary shares of RM1.00 each amounting to RM400,000 as part settlement of the advance granted by CHHB to MGC. All shares subscription shall be collectively referred to as Proposed Shares Subscription.

Upon completion of the Proposed Shares Subscription, MGC will cease to be a subsidiary and sub-subsidiary of CHU and CHHB respectively and will be rendered a 30%-owned associate of CHHB group.

Consequent to the Shares Subscription Agreement, Bee Garden and CHU will enter into a Shareholders Agreement to regularize their rights and obligations as shareholders and the mutual cooperation in the development of the Project, which is a mix development known as Mines Golf City.

It is a term of the Shareholders Agreement that CHU shall participate in the management, sales and marketing of the Project while Bee Garden or its nominee (s) shall be responsible for the overall planning and development as well as procuring financing for the Project.

The Proposed Shares Subscription shall be deemed to be completed on the date when all the conditions precedents in the Shares Subscription Agreement are fulfilled including necessary approvals being obtained.

The Shareholders Agreement shall take effect upon the completion of the Proposed Shares Subscription.

The Proposed Shares Subscription is conditional upon the approvals being obtained from the following:-

- i. the shareholders of CHHB at an extraordinary general meeting to be convened;  
and
- ii. the Foreign Investment Committee.

**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)****PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****(a) Status of Corporate Proposals (Contd.)**

The Extraordinary General Meeting in relation to the above will be convened on 25 February 2009 at 3.00 p.m. at Malaysia International Exhibition & Convention Centre.

**(b) Status of Utilisation of Proceeds from Corporate Proposal**

There was no utilisation of proceeds derived from the Company's corporate proposal.

**24. Borrowings**

The Group bank borrowings, equity and debt securities as at end of the current financial period are:

	Short-term RM'000	Long-term RM'000	Total RM'000
<b>Secured</b>			
Bank overdrafts	2,569	-	2,569
Revolving credits	3,600	1,824	5,424
Term loan	-	3,002	3,002
Bonds	-	150,000	150,000
Redeemable Secured Loan Stock (‘RSL Series B’)	-	68,822	68,822
Bank Guaranteed Commercial Paper and Medium Term Notes	-	81,962	81,962
<b>Total secured borrowings</b>	<b>6,169</b>	<b>305,610</b>	<b>311,779</b>
<b>Unsecured</b>			
Bank overdrafts	653	-	653
Revolving credits	19,600	12,800	32,400
Hire purchase & lease creditors	793	2,087	2,880
<b>Total unsecured borrowings</b>	<b>21,046</b>	<b>14,887</b>	<b>35,933</b>
Comprising:			
Local borrowings	27,215	320,497	347,712
Foreign borrowings	-	-	-
<b>Total borrowings</b>	<b>27,215</b>	<b>320,497</b>	<b>347,712</b>

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.

**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**

**PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

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**25. Off Balance Sheet Financial Instruments**

There are no financial instruments with off balance sheet risk as at the date of current financial period under review.

**26. Material Litigation**

The material litigations are:

(a) On 5 May 2005, Azizan Bin Ismail and Razali Bin Zaihidin (“Plaintiff”) filed a claim against Mines Engineering & Technical Services Sdn Bhd, a wholly-owned subsidiary of CHHB (“Defendant”) for alleged unfair termination of their employment. Azizan Bin Ismail and Razali Bin Zaihidin are both claiming RM342,924 and RM593,844 respectively. The Defendant’s solicitor attended court on 15 August 2008 for continued hearing and the court has directed that the Plaintiff to file in their written submission by 15 October 2008 and the Defendant to file in their Submission in Reply by 15 December 2008. The Claimants have filed their Submission in Reply to our Submission on 2 January 2009. The Defendant are to file Submission in Reply by 2 March 2009.

(b) Bungalow land (Lot 428 Country Heights Damansara) was purchased by Loh Kum Seng and 2 others (“**the Plaintiffs**”) from Country Heights Properties Sdn Bhd (“**the 1<sup>st</sup> Defendant**”) and Mega Palm Sdn Bhd (“**the 2<sup>nd</sup> Defendant**”) (collectively referred to as “**the Defendants**”) vide a Sale and Purchase Agreement dated 15 December 2001 (“**the SPA**”). The Plaintiff was to build a bungalow on the said land. Prior to the building of the bungalow, the Plaintiff was required to obtain approval of the building plan from the relevant authorities. The Plaintiff was subsequently informed by the authorities that the issuance of the approval of the building plan required the submission of the individual title to the said land. At that time, the master titles to the land at Country Heights Damansara had yet to be subdivided and individual titles had yet to be issued by the relevant authority. Pursuant to the SPA, the Defendants’ obligation was to deliver vacant possession within 24 months from date of the SPA. The Defendants delivered the same within the time stipulated. The Plaintiff filed the following claims against the following parties on 20 June 2007.

(i) The 1<sup>st</sup> Defendant

- RM361,522.78 being late interest of 10% on the purchase price calculated from the due date of delivery of vacant possession (15 December 2003) to the date of receipt of approval to the building plan (23 June 2006) and RM6,458.00 being the refund of service charges paid by the Plaintiff to the 1st Defendant;

**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**

**PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

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**26. Material Litigation (Contd.)**

- (ii) The 2<sup>nd</sup> Defendant
  - RM1,189.00 being the refund of service charges paid by the Plaintiff to the 2<sup>nd</sup> Defendant.

The Defendants filed their Statement of Defence on 23 July 2007 and are currently awaiting the Plaintiff's reply to their Statement of Defence. The next case management has been fixed on 23 April 2009.

- (c) On 7 April 2003, Nasmaya Juara Sdn Bhd ("NJSB"), a wholly owned subsidiary of CHHB filed a claim against CH Builder Sdn Bhd (1<sup>st</sup> Defendant) and Soon Cheng Ooi (2<sup>nd</sup> Defendant) for the sum of RM1,497,314 together with interest of 8% thereon and to restrain the Defendants either directly or through their agents from disposing of materials purchased by NJSB and to compel the Defendants to deliver the materials to NJSB. The 1<sup>st</sup> Defendant was wound up on 25 November 2003 at the High Court of Penang vide Petition No. 2-28-22-2003 by NYC Engineering Sdn Bhd. In these circumstances, and upon solicitor's advice the NJSB filed proof of debt against the first Defendant.

Solicitors for the NJSB has prepared draft amendments to the writ and the amended Statement of Claim and the Senior Assistance Registrar ("SAR") has yet to fix hearing for application to amend the statement of claim.

- (d) Mines Exhibition Management Sdn Bhd ("MEM"), a subsidiary of CHHB, has on 28 January 2005 commenced action against Chua Lee Seng and Cha Hoo Peng ("Defendants") for the breach of Joint Venture Agreement dated 3 September 2001 and the recovery of outstanding debt amounting to RM770,000 due to MEM. The Judge has fixed for case management on 24 February 2006. The judge was of the view that it was not appropriate to grant injunctions and directed the parties to proceed for full trial. The Court fixed 29 October 2007 for case management.

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**PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

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**26. Material Litigation (Contd.)**

On the last case management date 29 October 2007, the court directed (under order from the Chief Justice of Malaysia) that the above matter be heard in the Intellectual Property Court. On 30 November 2007, the matter was fixed for Mention before the new Judge (IP Court) and the Judge thereafter fixed the matter for trial on 12<sup>th</sup>, 13<sup>th</sup>, 14<sup>th</sup> and 15<sup>th</sup> of May 2008. On 12 May 2008, the trial commenced with MEM's 1<sup>st</sup> Witness. After conclusion of the 1<sup>st</sup> Witness's testimony, the Defendants' lawyer sought an adjournment of the trial on the basis that they needed time to peruse the additional bundle of documents filed by the MEM's Solicitors on 9 May 2008. The judge allowed the adjournment and has fixed the matter for continued trial on 25 and 26 May 2009.

- (e) On 11 November 2005, Country Heights Holdings Berhad ("CHHB") filed a claim against Rating Agency Malaysia Berhad ("RAM") in the High Court of Kuala Lumpur for amongst others, negligent, untrue and defamatory reports in its rating reviews in respect of the Redeemable Bonds issued by CHHB. RAM applied to strike out CHHB action in the High Court and on 16 January 2007, the Senior Assistant allowed RAM's application to strike out CHHB statement of claim. On 14 November 2007, the Judge dismissed CHHB's appeal with costs. Notice of Appeal to the Court of Appeal was filed on 11 December 2007. The Record of Appeal was filed on 7 April 2008. The Court of Appeal has yet to fix hearing date for the appeal.

**27. Dividend Payable**

No interim dividend has been declared for the current financial period under review (31 December 2007: Nil).

**28. Profit Per Share**

**(a) Basic**

Basic profit per share is calculated by dividing profit for the period attributable to equity holders to the parent of RM13.6 million (31 December 2007: profit of RM100.5 million) over the number of 275,707,403 (31 December 2007: 275,707,403) ordinary shares issue during the current financial period under review.

**(b) Diluted**

Not applicable.

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**PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa  
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**29. Authorization for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 February 2009.

By Order of the Board

**Mark Victor Rozario**

Group Managing Director