



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 31-Dec-16 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-15 RM'000	CURRENT YEAR TO DATE 31-Dec-16 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-15 RM'000
Revenue	4	24,749	30,438	90,908	126,017
Cost of sales		<u>(14,504)</u>	<u>(9,618)</u>	<u>(34,095)</u>	<u>(47,326)</u>
Gross profit		10,245	20,820	56,813	78,691
Interest income		56	165	225	583
Other operating income		3,587	32,312	8,911	35,107
Selling and marketing expenses		(1,897)	(5,458)	(7,057)	(15,798)
Administrative expenses		(10,569)	(5,500)	(25,320)	(24,817)
Other operating expenses		(35,438)	(25,467)	(77,907)	(71,767)
Finance costs		(3,040)	(3,053)	(11,755)	(11,185)
Share of results of associate		<u>-</u>	<u>14</u>	<u>-</u>	<u>(186)</u>
Loss before tax		(37,056)	13,833	(56,090)	(9,372)
Income tax credit / (expense)	19	<u>(1,073)</u>	<u>788</u>	<u>(238)</u>	<u>141</u>
Profit / (loss) for the period / year		<u>(38,129)</u>	<u>14,621</u>	<u>(56,328)</u>	<u>(9,231)</u>
<b>Other comprehensive income/(loss), net of tax</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations		<u>(121)</u>	<u>(129)</u>	<u>(121)</u>	<u>11</u>
Total comprehensive loss / income for the period / year		<u>(38,250)</u>	<u>14,492</u>	<u>(56,449)</u>	<u>(9,220)</u>



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31-Dec-16 RM'000	31-Dec-15 RM'000	31-Dec-16 RM'000	31-Dec-15 RM'000
<b>Profit/(loss) attributable to :</b>					
Equity holders of the Company		(36,024)	12,607	(52,657)	(8,612)
Non-controlling interests		<u>(2,105)</u>	<u>2,014</u>	<u>(3,671)</u>	<u>(619)</u>
<b>Profit / (loss) for the period / year</b>		<u><b>(38,129)</b></u>	<u><b>14,621</b></u>	<u><b>(56,328)</b></u>	<u><b>(9,231)</b></u>
<b>Total comprehensive income/(loss) attributable to :</b>					
Equity holders of the Company		(36,145)	12,478	(52,778)	(8,601)
Non-controlling interests		<u>(2,105)</u>	<u>2,014</u>	<u>(3,671)</u>	<u>(619)</u>
<b>Total comprehensive Loss for the period</b>		<u><b>(38,250)</b></u>	<u><b>14,492</b></u>	<u><b>(56,449)</b></u>	<u><b>(9,220)</b></u>
<b>Earnings per share attributable to ordinary equity holders of the Company (sen):</b>					
- Basic	30 (a)	(13.17)	4.61	(19.25)	(3.15)
- Diluted	30 (b)	NA	NA	NA	NA

(The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016**

	Note	31-Dec-16 (Unaudited) RM'000	31-Dec-15 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		324,435	330,634
Investment properties	9	151,595	151,595
Prepaid land lease payments		303,988	308,119
Land held for property development		193,905	178,556
Investment in associate		-	-
Available-for-sale financial assets		2,815	2,816
Trade receivables-non-current portion		13,342	8,030
Deferred tax assets		4,570	4,633
		<u>994,650</u>	<u>984,383</u>
<b>Current assets</b>			
Property development costs		140,636	143,280
Inventories		86,553	85,760
Trade and other receivables		40,768	105,836
Tax recoverable		3,904	3,888
Cash and bank balances		12,869	20,806
		<u>284,730</u>	<u>359,570</u>
<b>TOTAL ASSETS</b>		<u><b>1,279,380</b></u>	<u><b>1,343,953</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital		275,707	275,707
Treasury shares		(2,914)	(2,914)
Share premium		57,251	57,251
Other reserves		154,254	156,039
Retained earnings		288,547	339,540
Equity attributable to equity holders of the Company		<u>772,845</u>	<u>825,623</u>
Non-controlling interests		22,496	25,857
<b>Total equity</b>		<u><b>795,341</b></u>	<u><b>851,480</b></u>
<b>Non-current liabilities</b>			
Borrowings	25	90,698	101,735
Other payables		3,399	2,973
Deferred Income - non-current portion		35,626	33,905
Deferred tax liabilities		78,321	79,685
		<u>208,044</u>	<u>218,298</u>
<b>Current liabilities</b>			
Borrowings	25	122,931	92,948
Trade and other payables		122,339	132,924
Tax payables		29,270	46,850
Deferred Income		1,455	1,453
		<u>275,995</u>	<u>274,175</u>
<b>Total Liabilities</b>		<u><b>484,039</b></u>	<u><b>492,473</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,279,380</b></u>	<u><b>1,343,953</b></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.83	3.02

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Attributable to Equity Holders of the Company					Non-Controlling Interests	Total Equity	
	Non-distributable		Distributable					
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000	Total RM'000	RM'000	
<b>At 1 January 2016</b>	275,707	(2,914)	57,251	156,039	339,540	825,623	25,857	851,480
Loss for the year	-	-	-	-	(52,657)	(52,657)	(3,671)	(56,328)
Other comprehensive loss	-	-	-	(121)	-	(121)	-	(121)
Total comprehensive loss	-	-	-	(121)	(52,657)	(52,778)	(3,671)	(56,449)
Realisation of revaluation reserves	-	-	-	(1,664)	1,664	-	-	-
Effect from acquisition of subsidiary	-	-	-	-	-	-	310	310
<b>At 31 December 2016</b>	275,707	(2,914)	57,251	154,254	288,547	772,845	22,496	795,341
<b>At 1 January 2015</b>	275,707	(146)	57,251	146,455	347,707	826,974	26,476	853,450
Loss for the year	-	-	-	-	(8,612)	(8,612)	(619)	(9,231)
Other comprehensive income	-	-	-	11	-	11	-	11
Total comprehensive income/( loss)	-	-	-	11	(8,612)	(8,601)	(619)	(9,220)
Share bought-back held as treasury shares	-	(2,768)	-	-	-	(2,768)	-	(2,768)
Revaluation Surplus	-	-	-	10,018	-	10,018	-	10,018
Transfer to retained earnings	-	-	-	(445)	445	-	-	-
<b>At 31 December 2015</b>	275,707	(2,914)	57,251	156,039	339,540	825,623	25,857	851,480

(The Unaudited Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	CURRENT YEAR TO DATE 31-Dec-16 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-15 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(56,090)	(9,372)
Adjustments for:		
Allowance for doubtful debts	14,549	2,515
Allowance for doubtful debts written back	(959)	(113)
Amortisation of deferred income	(1,474)	(3,475)
Amortisation of prepaid land lease payment	4,100	4,123
Bad debts written off	2,243	-
Depreciation of property, plant and equipment	9,101	10,297
Waiver of debts owing to other payables	-	(12,450)
Fair value adjustment to investment properties	-	(16,056)
Imputed interest (income) / expense on receivables	-	(41)
Net gain on disposal of subsidiary	(53)	-
Impairment gain in value of other investments	1	147
Interest expense	11,755	11,185
Interest income	(225)	(583)
Goodwill on consolidation written off	-	758
Amortisation of debt issuance cost	-	473
Gain on disposal of other property, plant and equipment	(11)	(8)
Net unrealised gain on foreign exchange	(128)	(169)
Other property, plant & equipment written off	167	39
Inventories written down	641	256
Share of results of associate	-	186
<b>Operating (loss) / profit before working capital changes</b>	<b>(16,383)</b>	<b>(12,288)</b>
Changes in working capital:		
Inventories	(1,316)	645
Property development costs	(12,674)	(18,309)
Receivables	44,127	11,021
Deferred income	3,197	(1,173)
Payables	(29,065)	30,326
<b>Cash generated from / (used in) operations</b>	<b>(12,114)</b>	<b>10,222</b>
Tax refund	120	-
Tax paid	(1,991)	(5,937)
Interest paid	(11,650)	(11,185)
<b>Net cash generated from / (used in) operating activities</b>	<b>(25,635)</b>	<b>(6,900)</b>



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	CURRENT YEAR TO DATE 31-Dec-16 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-15 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of other property, plant and equipment	(2,262)	(4,189)
Proceeds from disposal of other property, plant & equipment	340	16
Sale of subsidiaries, net of cash disposed	10	-
Interest received	225	583
<b>Net cash used in investing activities</b>	<b>(1,685)</b>	<b>(3,590)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Bank Overdrafts	27	-
Drawdown of term loan	42,103	45,265
Hire purchase and lease creditors	216	(242)
Repayment of revolving credits	(2,400)	(2,400)
Repayment of term loans	(20,497)	(55,996)
Purchase of treasury shares	-	(2,768)
<b>Net cash used in financing activities</b>	<b>19,449</b>	<b>(16,141)</b>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<b>(7,871)</b>	<b>(26,631)</b>
Effects of foreign exchange rate changes	(66)	(110)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>20,806</b>	<b>47,547</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>12,869</b>	<b>20,806</b>

(The Unaudited Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 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 are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134: “Interim Financial Reporting” and paragraph 9.22 of the Main Market 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 2015. 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 2015.

**2. Significant Accounting Policies**

The significant accounting policies adopted by the Group in these interim financial statements are consistent with those of the audited financial statements of the Group for the financial year ended 31 December 2015, except for adoption of the following new/revised FRSs, Amendments to FRSs and IC Interpretations which are effective for financial periods beginning on or after:

**1 January 2016**

Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRSs	Annual Improvement to FRSs 2012 – 2014 cycle



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

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**2. Significant Accounting Policies (Cont'd.)**

On 19 November, 2012, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS”) Framework, a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception for 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 venturers were given a transitional period of two years, which allow these entities an option to continue with the FRS Framework. Following the announcement by the MASB on 7 August, 2013, the transitional period for TEs has been extended for an additional year.

Further on 2 September 2014, MASB announced that TEs shall be required to apply the MFRS Framework for annual periods beginning or after 1<sup>st</sup> January 2017. MASB has also issued on the same day MFRS 15 *Revenue from Contract with Customers and Agriculture: Bear Plants (Amendments to MFRS 116 and MFRS 114)*. MFRS 115 is effective for effective for annual periods beginning or after 1 January 2017 while the Bearer Plants amendments is effective for annual periods beginning on or after 1 January 2016. With the issuance of MFRS 15 and the Bearer Plants amendment, all TEs would be required to adopt the MFRSs Framework latest by 1 January 2017.

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

Accordingly, the Group and the Company, being TEs, have availed themselves of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group and the Company including certain subsidiary companies will be required to prepare its first set of MFRS financial statements latest by 1 January 2018.

**3. Audit Opinion on 2015 Financial Statements**

The auditors' report on the financial statements of the Group for the financial year ended 31 December 2015 was not subject to any qualification.





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

**4. Segment Reporting**

Quarter Ended 31 Dec 2016	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
<b>Revenue</b>					
External sales	6,009	9,682	8,717	341	24,749
<b>Results</b>					
Segment results	(11,692)	4,985	(22,591)	(4,718)	(34,016)
Finance costs					(3,040)
Share of results of associate					-
Loss before tax					(37,056)
Income tax expense					(1,073)
Loss after tax					(38,129)
Non-controlling interests					2,105
Loss for the period					(36,024)
<b>Quarter Ended 31 Dec 2015</b>					
	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
<b>Revenue</b>					
External sales	2,120	6,984	20,795	539	30,438
<b>Results</b>					
Segment results	(2,795)	11,316	12,275	(3,924)	16,872
Finance costs					(3,053)
Share of results of associate					14
Profit before tax					13,833
Income tax expense					788
Profit after tax					14,621
Non-controlling interests					(2,014)
Profit for the period					12,607



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

Year Ended 31 Dec 2016	Property Development RM'000	Property Investment RM'000	Hospitality, Health & Tourism RM'000	Others RM'000	Consolidated RM'000
<b>Revenue</b>					
External sales	19,964	22,032	47,312	1,600	90,908
<b>Results</b>					
Segment results	(12,644)	8,373	(28,096)	(11,968)	(44,335)
Finance costs					(11,755)
Share of results of associate					-
Loss before tax					(56,090)
Income tax credit					(238)
Loss after tax					(56,328)
Non-controlling interests					3,671
Loss for the year					(52,657)
<b>Year Ended 31 Dec 2015</b>					
<b>Revenue</b>					
External sales	41,727	21,841	60,430	2,019	126,017
<b>Results</b>					
Segment results	3,129	14,147	(1,351)	(13,926)	1,999
Finance costs					(11,185)
Share of results of associate					(186)
Loss before tax					(9,372)
Income tax expense					141
Loss after tax					(9,231)
Non-controlling interests					619
Loss for the year					(8,612)



**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. Changes in Estimates**

There were no changes in estimates that have a material effect in the financial year-to-date results.

**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 2015.

**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 financial year-to-date.

**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 Statement of Financial Position as at 31 December 2015.

**13. Contingent Liabilities / Assets**

There are no material contingent liabilities since the last audited Statement of Financial Position as at 31 December 2015 except as disclosed in Note 28 (a). There are no material contingent assets 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 year that has not been reflected in these financial statements.



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

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**15. Operating Segment Review**

**(a) 4th Quarter 2016 vs 4th Quarter 2015**

The Group recorded total revenue of RM24.7 million for the fourth quarter ended 31 December 2016 compared to RM30.4 million in the previous year corresponding quarter ended 31 December 2015.

The Group recorded loss before tax of RM37.1 million for the current quarter compared to profit of RM13.8 million in previous year corresponding quarter mainly due to recognition of 16.1 million fair value gain of investment properties and RM12.4 million waiver of debts written back in the fourth quarter of 2015. There were change in the method of revenue recognition for membership rejoining fee and annual maintenance fee of which only recognize upon collection. This have resulted lower revenue by RM6.4 million in 2016.

Property Development Division

Revenue for the fourth quarter of 2016 for the division was RM6.0 million as compared to RM2.1 million in the same quarter of 2015. The higher revenue in 2016 was mainly contributed by the sale and progress recognition of Sawtelle Suites at Cyberjaya and Mines Waterfront Suites in Mines Wellness City. The division recorded segment loss of RM11.7 million for the current quarter under review in comparison with segment loss of RM2.8 million for the fourth quarter of 2015 mainly due to management decided to seek mutual agreement from the Mansion Park buyers to terminate all sales done previously so that to convert the development into brand new Cyber Bougainvilla. This has resulted in loss on termination of RM6.9 million.

Property Investment Division

The revenue for the Property Investment Division was RM9.7 million in the current quarter compared to RM7.0 million for the fourth quarter of 2015. Segment profits was RM4.9 million for the fourth quarter of 2016 as compared to segment profit of RM11.3 million for the same quarter of 2015 mainly due to recognition of RM7.8 million fair value gain of investment properties in 2015 the fourth quarter of 2015.



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

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**15. Operating Segment Review (Cont'd)**

**(a) 4th Quarter 2016 vs 4th Quarter 2015**

Hospitality & Health Division

Hospitality & Health Division contributed RM8.7 million of revenue as compared to RM20.8 million in the fourth quarter of 2015. This was mainly due to lower contribution from the hotel and health screening membership revenue in the fourth quarter. There were change in the method of revenue recognition for membership rejoining fee and annual maintenance fee of which only recognize upon collection. This have resulted lower revenue by RM6.4 million in 2016. The hotel industry was generally facing stiff competition, rate war amongst hotels and the softer tourism markets. Segment loss of RM22.6 million was recorded compared to segment loss of RM12.3 million in the same quarter of 2015 mainly due to RM12.4 million debts waiver written back in the fourth quarter of 2015.

Others

This mainly comprised of Country Heights Holdings Berhad and the Education subsidiary, Country Heights Education Sdn Bhd. Total revenue of RM0.3 million was contributed by this subsidiary in the fourth quarter of 2016 as compared to RM0.5 million for the fourth quarter of 2015. The segment loss for the fourth quarter 2016 was RM4.7 million versus RM3.9 million segment loss for the same quarter of 2015.

**15. Review of To Date Performance**

**(b) YTD December 2016 vs YTD December 2015**

Total Group revenue for the year ended 31 December 2016 decreased to RM90.9 million from RM126.0 million for the year in 2015. The difference was mainly due to lower sales of completed inventories and lower progressive recognition of on going developments from Property Development Division and lower contribution from the Hospitality, Health & Tourism Division as compared to 2015 as explained above.

The Group recorded loss before tax of RM56.1 million for the current year to date as compared to loss before tax of RM9.4 million in the preceding year. Loss before tax in year 2015 has included the recognition of RM16.1 million fair value gain of investment properties and RM12.4 million debts waiver written back.



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

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**15. Review of To Date Performance (Cont'd)**

**(b) YTD December 2016 vs YTD December 2015**

Property Development Division

Total revenue contributed by the Property Development Division for the year ended 31 December 2016 was RM19.9 million as compared to RM41.7 million for the preceding year. The higher revenue in 2015 was mainly contributed by the sale of completed Cyber Heights Villa at Cyberjaya and progressive revenue recognition of on-going development on Mansion Park and Sawtelle projects units recognized in the year. The division recorded segment loss of RM12.6 million in the year ended 31 December 2016 as compared to segment profit of RM3.1 million for the preceding year mainly due to termination of Mansion Park sales.

Property Investment Division

Total revenue for the Property Investment Division was RM22.0 million as compared to RM21.8 million in the preceding year. Segment profits in the current year period was RM8.4 million as compared to RM14.1 million for the preceding year mainly due to recognition of RM3.9 million fair value gain of investment properties in 2015.

Hospitality, Health & Tourism Division

Hospitality, Health & Tourism Division contributed RM47.3 million of revenue in the current year as compared to RM60.4 million in the preceding year. The hotel industry was generally facing stiff competition, rate war amongst hotels and the softer tourism market. There were change in the method of revenue recognition for membership rejoining fee and annual maintenance fee of which only recognize upon collection. This have resulted lower revenue by RM6.4 million in 2016. Segment loss of RM28.1 million was recorded for the current year as compared to segment loss of RM1.4 million in the preceding year mainly due to mainly the RM12.4 million of debt waiver written back in year 2015.

Others

This mainly comprised of Country Heights Holdings Berhad and the Education division. Total RM1.6 million of revenue was recorded in the current year as compared to RM2.0 million in the preceding year. Segment loss was RM11.9 million for the current year as compared to segment loss of RM13.9 million in the preceding year.



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

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

The Group's revenue for the fourth quarter of 2016 was higher at RM24.7 million as compared to the preceding third quarter ended 30 September 2016 of RM19.7 million, mainly due to higher revenue recorded for the Property Development Division and Property Investment Division in the fourth quarter of 2016.

**17. Commentary on Prospects**

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 2016. Bank Negara reported that the Malaysian economy registered a growth of 4.5% in the fourth quarter of 2016 (3Q 2016: 4.3%), underpinned mainly by continued expansion in private sector spending and additional support from net exports. On the supply side, growth continued to be driven by the major economic sectors.

The global economic uncertainties, slower domestic economic growth, increasing cost of living in the country couple with the high lending and difficulty in obtaining end financing are causes for concern as these could dampen sentiments and affect demand in certain sectors.

The Property Development Division has a series of exciting projects in the pipeline for launching in 2016 & 2017, especially within the Mines Wellness City, which is poised to transform into Malaysia's premier Wellness City under the government's Economic Transformation Program (ETP). Amongst projects scheduled for launching in 2016 & 2017 are:-

- College Heights Garden Resort – 28 units of 2-storey shop-office
- College Valley Industrial Park – 60 units of single-storey terrace industrial lot
- Country Heights Damansara – Subdividing Bungalow Land
- Country Heights Kajang – Kajang Commercial Centre
- Mines Waterfront Suites – Block 6 & 7
- College Heights Utara – 200 units of PPAIM scheme on 200 acres land
- Belleza Garden Homes Phase 3 at Jitra, Kedah





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On the hospitality division, despite a drastic drop in the numbers of tourist to Malaysia, focus is given to refurbish the Palace of the Golden Horses, introduction of a new management team, joint-ventures and measures have been put into place to counter room occupancy rates with more international and local corporate events and promotions to help stimulate the business.

The health division, GHHS Healthcare, which have a combined western and eastern practices continues to be the key opinion leader in the preventive healthcare industry. GHHS Healthcare will focus on raising its platform to be perceived as a centre for medical tourism with increased international health tourists especially from middle-east market and a new focus on the Indonesian market.

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

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

**19. Income Tax Expense**

	Year ended	
	31-Dec-16	31-Dec-15
	RM'000	RM'000
Income tax:		
- current year	-	(169)
- Over / (under) provision	(1,540)	(292)
Deferred tax	1,302	602
	<u>(238)</u>	<u>141</u>

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

There was no sale of unquoted investments/ properties during the financial year-to-date.

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

There were no sales or purchase of quoted securities during the financial year-to-date.



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**22. Profit before Tax**

Profit before tax has been arrived at after charging / (crediting):

	Year ended	
	31-Dec-16	31-Dec-15
	RM'000	RM'000
Depreciation and amortisation	13,201	14,420
Allowance for and write off of receivables	6,607	2,402
Net unrealised foreign exchange gain	(128)	(169)

There were no gain or loss on derivatives, exceptional items and allowance for and write off of inventories.

**23. Corporate Proposals**

**(a) Status of Corporate Proposals**

There were no corporate proposals previously announced but not completed.

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

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

**24. Details of Treasury Shares**

As at the end of the reporting period, the status of share buy-back is as follows:

Description of shares purchased	Quarter ended	As at
	31-Dec-16	31-Dec-16
	RM'000	RM'000
	Ordinary Shares	Ordinary Shares
Number of shares purchased	-	2,150,000
Number of shares cancelled	-	-
Number of shares held as treasury shares	2,150,000	2,150,000
Number of treasury share resold	-	-



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**25. Borrowings**

The Group bank borrowings 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	30,938	-	30,938
Term loan	15,770	90,152	105,922
<b>Total secured borrowings</b>	<b>46,708</b>	<b>90,152</b>	<b>136,860</b>
<b>Unsecured</b>			
Term loan	75,428	-	75,428
Revolving credits	600	-	600
Hire purchase & lease creditors	195	546	741
<b>Total unsecured borrowings</b>	<b>76,223</b>	<b>546</b>	<b>76,769</b>
Comprising:			
Local borrowings	122,931	90,698	213,629
Foreign borrowings	-	-	-
<b>Total borrowings</b>	<b>122,931</b>	<b>90,698</b>	<b>213,629</b>

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.

**26. Disclosure requirements pursuant to implementation of FRS 139**

**(a) Disclosure of Derivatives**

There are no outstanding derivatives as at 31 December 2016 and there have been no changes in derivatives since the last financial year.

**(b) Disclosure of gain/losses arising from fair value changes of financial liabilities**

The Group did not have any gain/losses arising from fair value changes of its financial liabilities.



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**27. Retained earnings**

The breakdown of the retained earnings of the Group is prepared in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with guidance on special matter No. 1, Determination of Realised and Unrealised Profit or Losses in the context of disclosure pursuant to Bursa Malaysia Securities Berhad listing requirement as issued by the Malaysian Institute of Accountants.

	As at Dec - 16 RM'000	31- 31-Dec -15 RM'000
<b>Total retained earnings / (accumulated losses) of the Company and its subsidiaries:</b>		
- Realised	487,916	538,457
- Unrealised	<u>(80,073)</u>	<u>(80,386)</u>
	407,843	458,071
<b>Total share of retained earnings from associate:</b>		
- Realised	<u>-</u>	<u>-</u>
	407,843	458,071
Less: Consolidated adjustments	(119,296)	(118,531)
	<u>288,547</u>	<u>339,540</u>
<b>Total group retained earnings as per consolidated accounts</b>	<u>288,547</u>	<u>339,540</u>



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**28. Material Litigation**

Save for the following, neither the Company nor its subsidiaries are engaged in any material litigation, either as plaintiff or defendant, and the Directors of the Company do not have any knowledge of any proceedings, pending or threatened against the Group or of any facts likely to give rise to any proceedings which might adversely and materially affect the position or business of the Group, as at 20 February 2017, a date not earlier than 7 days from the date of issuance of this report. The material litigations are:

- (a) By a summons dated 20 January 2010, the Government of Malaysia ("Plaintiff") filed a claim against Country Heights Holdings Berhad ("CHHB") for Real Property Gains Tax for the Year of Assessment 1993, 1998 and 1999 amounting to the sum of RM22,617,311.49 together with interest at 8% thereon.

The Plaintiff filed a Summary Judgment application in court and the same was fixed for hearing on 12 December 2012. On 21 December 2012, the Court allowed the Plaintiff's application for Summary Judgment with cost. On 24 December 2012, CHHB filed a Notice of Appeal against the High Court's decision which was allowed by the Court of Appeal with costs in the cause. Being dissatisfied with the decision of the Court of Appeal above, the Plaintiff filed an application for leave to appeal to the Federal Court. On 19 June 2014, the Federal Court dismissed the Plaintiff's appeal with costs and the matter has been reverted back to High Court for full trial. The matter which was fixed for trial on and 19 January 2015 to 21 January 2015 has been rescheduled to 29 December 2014 to 31 December 2014 respectively. However, the main suit at the High Court has been disposed of on 18 December 2014 by parties recording a consent judgement wherein both parties have agreed to be bound by the decision of the Special Commission of Income Tax ("Special Commissioners").

Previously, an appeal was also lodged against the raising of the said taxes for the Years of Assessment 1993, 1998 and 1999, including penalties, by way of Form Q before the Special Commissioners. The appeal proceeded for hearing on 16 and 17 October 2012. On 21 August 2013, the Special Commissioners:



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**28. Material Litigation (Cont'd)**

- (1) Dismissed CHHB's appeal on the assessments for the Years of Assessment 1993 and 1998, including penalties, for the sum of RM19,239,055; and
- (2) Allowed CHHB's appeal on the assessments for the Year of Assessment 1999, including penalties, for the sum of RM3,378,256.

Both parties on 9 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 24 March 2015 and the Court has fixed to deliver its decision on 11 June 2015. The High Court has however reserved its decision to 10 July 2015 and subsequently to 7 August 2015. The Court allowed the appeal by the Defendant with costs and dismissed the cross appeal by the Plaintiffs. The Plaintiffs have on 7 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 7 September, 2015. The Plaintiff therefore applied to the High Court to obtain the permission of the High Court to refile its Notice of Appeal. Parties are awaiting the date for the said appeal.

- (b) By a summons dated 17 August 2015 ("Suit 1"), the Government of Malaysia ("Plaintiff") has filed a claim against Country Heights Sdn Bhd ("CHSB") for Income Tax for the Year of Assessment 1997 and 1998 amounting to the sum of RM23,475,686.75 with interest at the rate of 5% thereon. Also, by a summons dated 17 August 2015 ("Suit 2"), the Government of Malaysia ("Plaintiff") has filed a claim against Country Heights Sdn Bhd ("CHSB") for Income Tax for the Year of Assessment 2008 amounting to the sum of RM4,616,051.06 together with interest at 5% thereon. Suit 1 has been fixed for case management on 23 February 2016 whereas Suit 2 is fixed for case management on 16 March 2016.

Following the case management for Suit 1, the Plaintiff sought to make an application to consolidate Suit 1 and Suit 2 but has withdrawn the said application as the Court was of the view to proceed with the suit separately. The High Court has fixed for case management on 29 March 2016 for the Plaintiff to file its application for summary judgement, if any. The High Court has now fixed 25 May 2016 for case management. The Plaintiff on 1 June 2016 has withdrawn Suit 1 with liberty to file afresh and followed on to withdraw Suit 2 on 15 June 2016 with liberty to file afresh.



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On 30 August 2016, the Plaintiff filed a new claim in the High Court under Suit 1 amounting to the sum of RM22,488,593.83. This new suit was fixed for case management on 29 September 2016 and CHSB were to file their defence by 27 September 2016. Subsequent from this, the next case management was fixed on 11 November 2016 and the High Court has directed that CHSB file its affidavit in reply for summary judgment and the hearing of this application is fixed on 8 December 2016. The High Court has allowed IRB's application for summary judgement on 29 December 2016.

**29. Dividend Payable**

No dividend has been proposed for the current financial period under review and the previous corresponding financial year.

**30. Earnings / (Loss) Per Share**

**(a) Basic**

Basic loss per share is calculated by dividing loss for the period attributable to equity holders of RM52.7 million (31 Dec 2015: loss of RM8.6 million) over the number of 273,557,403 (31 Dec 2015: 273,557,403) ordinary shares issued during the current financial period under review.

**(b) Diluted**

Not applicable.

**31. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 February 2017.

By Order of the Board

**Lee Thai Young Matahari**

Executive Director