



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2017

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 31-Mar-17 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-16 RM'000	CURRENT YEAR TO DATE 31-Mar-17 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-16 RM'000
Revenue	4	18,714	22,183	18,714	22,183
Cost of sales		(6,350)	(7,994)	(6,350)	(7,994)
Gross profit		12,364	14,189	12,364	14,189
Interest income		37	68	37	68
Other operating income		1,219	1,438	1,219	1,438
Selling and marketing expenses		(1,345)	(1,564)	(1,345)	(1,564)
Administrative expenses		(5,204)	(6,297)	(5,204)	(6,297)
Other operating expenses		(12,702)	(12,494)	(12,702)	(12,494)
Finance costs		(2,664)	(2,878)	(2,664)	(2,878)
Loss before tax		(8,295)	(7,538)	(8,295)	(7,538)
Income tax credit	19	493	257	493	257
Loss for the period		(7,802)	(7,281)	(7,802)	(7,281)
<b>Other comprehensive loss, net of tax</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations		-	(107)	-	(107)
Total comprehensive loss for the period		(7,802)	(7,388)	(7,802)	(7,388)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2017**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		QUARTER 31-Mar-17 RM'000	CORRESPONDING QUARTER 31-Mar-16 RM'000	TO DATE 31-Mar-17 RM'000	CORRESPONDING PERIOD 31-Mar-16 RM'000
<b>Loss attributable to :</b>					
Equity holders of the Company		(7,854)	(6,516)	(7,854)	(6,516)
Non-controlling interests		52	(765)	52	(765)
<b>Loss for the period</b>		<b>(7,802)</b>	<b>(7,281)</b>	<b>(7,802)</b>	<b>(7,281)</b>
<b>Total comprehensive loss attributable to :</b>					
Equity holders of the Company		(7,854)	(6,623)	(7,854)	(6,623)
Non-controlling interests		52	(765)	52	(765)
<b>Total comprehensive loss for the period</b>		<b>(7,802)</b>	<b>(7,388)</b>	<b>(7,802)</b>	<b>(7,388)</b>
Loss per share attributable to ordinary equity holders of the Company (sen):					
- Basic	30 (a)	(2.87)	(2.38)	(2.87)	(2.38)
- 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 2016 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 MARCH 2017**

	Note	31-Mar-17 (Unaudited) RM'000	31-Dec-16 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		321,427	323,820
Investment properties	9	151,595	151,595
Prepaid land lease payments		302,958	303,988
Land held for property development		194,187	194,189
Investment in associate		-	-
Available-for-sale financial assets		2,734	2,734
Trade receivables-non-current portion		8,035	6,473
Deferred tax assets		5,288	4,947
		<u>986,224</u>	<u>987,746</u>
<b>Current assets</b>			
Property development costs		160,782	139,072
Inventories		87,854	88,776
Trade and other receivables		39,745	42,569
Tax recoverable		4,093	3,904
Cash and bank balances		5,205	12,856
		<u>297,679</u>	<u>287,177</u>
Assets classified as held for sale		585	400
		<u>298,264</u>	<u>287,577</u>
<b>TOTAL ASSETS</b>		<b><u>1,284,488</u></b>	<b><u>1,275,323</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital		352,006	275,707
Treasury shares		(2,914)	(2,914)
Share premium		-	57,251
Other reserves		133,665	152,851
Retained earnings		286,370	294,086
Equity attributable to equity holders of the Company		<u>769,127</u>	<u>776,981</u>
<b>Non-controlling interests</b>		<u>20,166</u>	<u>20,114</u>
<b>Total equity</b>		<b><u>789,293</u></b>	<b><u>797,095</u></b>
<b>Non-current liabilities</b>			
Borrowings	25	165,801	169,162
Other payables		3,399	3,399
Deferred Income - non-current portion		39,541	35,626
Deferred tax liabilities		78,699	78,699
		<u>287,440</u>	<u>286,886</u>
<b>Current liabilities</b>			
Borrowings	25	46,865	44,667
Trade and other payables		129,982	115,785
Tax payables		29,318	29,270
Deferred Income		1,130	1,345
		<u>207,295</u>	<u>191,067</u>
Liabilities classified as held for sale		460	275
<b>Total Liabilities</b>		<u>495,195</u>	<u>478,228</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>1,284,488</u></b>	<b><u>1,275,323</u></b>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.81	2.84

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 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 THREE MONTHS PERIOD ENDED 31 MARCH 2017**

	Attributable to Equity Holders of the Company					Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Share Premium	Other Reserves	Retained Earnings		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2017</b>	275,707	(2,914)	57,251	152,851	294,086	20,114	797,095
Adjustment for effects of Companies Act 2016 ( Note a)	76,299	-	(57,251)	(19,048)	-	-	-
Loss for the period	-	-	-	-	(7,854)	52	(7,802)
Total comprehensive loss	-	-	-	-	(7,854)	52	(7,802)
Transfer to retained earnings	-	-	-	(138)	138	-	-
<b>At 31 March 2017</b>	352,006	(2,914)	-	133,665	286,370	20,166	789,293
<b>At 1 January 2016</b>	275,707	(2,914)	57,251	156,039	339,540	25,857	851,480
Loss for the period	-	-	-	-	(6,516)	(765)	(7,281)
Other comprehensive loss	-	-	-	(107)	-	-	(107)
Total comprehensive loss	-	-	-	(107)	(6,516)	(765)	(7,388)
Realisation of revaluation reserves	-	-	-	(662)	-	-	(662)
Effect from acquisition of subsidiary	-	-	-	-	-	310	310
Transfer to retained earnings	-	-	-	(416)	416	-	-
<b>At 31 March 2016</b>	275,707	(2,914)	57,251	154,854	333,440	25,402	843,740

**Note a**

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium and capital redemption reserve accounts of RM57,251,000 and RM19,048,000 respectively, has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium and capital redemption reserve accounts within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

(The Unaudited Consolidated Statements of Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 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 THREE MONTHS PERIOD ENDED 31 MARCH 2017**

	CURRENT YEAR TO DATE 31-Mar-17 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-16 RM'000
<b>CASH FLOWS FROM /(USED IN) OPERATING ACTIVITIES</b>		
Loss before tax	(8,295)	(7,538)
Adjustments for:		
Allowance for doubtful debts	167	243
Amortisation of deferred income	(282)	(282)
Amortisation of debts issuance costs	40	-
Amortisation of prepaid land lease payment	1,029	995
Bad debts written off	2	-
Depreciation of property, plant and equipment	2,165	2,227
Impairment gain in value of other investments	-	1
Interest expense	2,664	2,878
Interest income	(37)	(68)
Net unrealised gain on foreign exchange	(12)	(42)
Property, plant & equipment written off	636	2
Net gain on disposal of subsidiary	-	(53)
<b>Operating loss before working capital changes</b>	<b>(1,923)</b>	<b>(1,637)</b>
Changes in working capital:		
Inventories	923	248
Property development costs	(21,708)	(7,899)
Receivables	1,094	28,327
Deferred income	3,980	1,081
Payables	14,104	(11,341)
<b>Cash generated from operations</b>	<b>(3,530)</b>	<b>8,779</b>
Tax refund	-	-
Tax paid	12	(810)
Interest paid	(2,559)	(2,772)
<b>Net cash generated (used in)/from operating activities</b>	<b>(6,077)</b>	<b>5,197</b>

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2017**

	CURRENT YEAR TO DATE 31-Mar-17 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-16 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of other property, plant and equipment	(417)	(520)
Proceeds from disposal of other property, plant & equipment	8	119
Proceeds from disposal of subsidiaries	-	10
Interest received	37	68
<b>Net cash generated used in investing activities</b>	<b>(372)</b>	<b>(323)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of bank overdrafts	-	982
Repayment of bank overdrafts	(644)	-
Drawdown of term loan	2,950	2,590
Hire purchase and lease creditors	(77)	(53)
Repayment of revolving credits	-	(600)
Repayment of term loans	(3,431)	(14,735)
<b>Net cash used in financing activities</b>	<b>(1,202)</b>	<b>(11,816)</b>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<b>(7,651)</b>	<b>(6,942)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>12,856</b>	<b>20,806</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>5,205</b>	<b>13,864</b>

(The Unaudited Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 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 2016. 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 2016.

**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 2016, 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 2017**

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRS 12	Disclosure of Interests in Other Entities
Amendments to FRSs	Annual Improvement to FRSs 2014 – 2016 cycle

On 19 November, 2011, 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

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

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

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: Bearer Plants (Amendments to MFRS 116 and MFRS 141)*. MFRS 15 is 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.

On 8 September, 2015, MASB announced that the effective date of MFRS 15 *Revenue from Contracts with Customers* will be deferred to annual periods beginning on or after 1 January, 2018. As a result, the effective date for TEs to apply the MFRS will also be deferred to annual periods beginning on or after 1 January 2018.

As the Group and the Company are TEs within the scope of IC Interpretation 15 *Agreements for the Construction of Real Estate*, the Group and the Company will continue to apply FRSS in their next set of financial statements. The Group and the Company including certain subsidiary companies will prepare its first set of MFRS financial statements from the annual periods beginning on 1 January 2018.

**3. Audit Opinion on 2016 Financial Statements**

The auditors' report on the financial statements of the Group for the financial year ended 31 December 2016 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 Mar 2017	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
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**Revenue**

External sales	4,335	4,362	9,837	180	18,714
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**Results**

Segment results	(953)	760	(5,117)	(321)	(5,631)
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Finance costs					(2,664)
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Share of results of associate					-
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Loss before tax					(8,295)
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Income tax credit					493
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Loss after tax					(7,802)
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Non-controlling interests					52
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Loss for the period					(7,854)
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Quarter Ended 31 Mar 2016	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
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**Revenue**

External sales	7,361	4,121	10,281	420	22,183
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**Results**

Segment results	629	914	(3,154)	(3,049)	(4,660)
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Finance costs					(2,878)
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Share of results of associate					-
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Loss before tax					(7,538)
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Income tax credit					257
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Loss after tax					(7,281)
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Non-controlling interests					765
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Loss for the period					(6,516)
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**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 2016.

**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 2016.

**13. Contingent Liabilities / Assets**

There are no material contingent liabilities since the last audited Statement of Financial Position as at 31 December 2016 except as disclosed in Note 28 (a). There are no material contingent assets as at the date of this report.

**14. Subsequent event**

There was no material event subsequent to the end of the current financial period 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) 1st Quarter 2017 vs 1st Quarter 2016**

The Group recorded total revenue of RM18.7 million for the first quarter ended 31 March 2017 compared to RM22.2 million in the previous year corresponding quarter ended 31 March 2016. The difference was mainly due to lower contribution from Property Development Division.

The Group recorded loss before tax of RM8.3 million for the current quarter compared to loss of RM7.5 million in previous year corresponding quarter.

Property Development Division

Revenue for the first quarter of 2017 for the division was RM4.3 million as compared to RM7.4 million in the same quarter of 2016. The lower revenue was mainly due to the Sawtelle Suites project in Cyberjaya which is nearing completion. The division recorded segment loss of RM0.9 million for the current quarter under review in comparison with segment profit of RM0.6 million for the first quarter of 2016 mainly due to lower revenue contribution.

Property Investment Division

The revenue for the Property Investment Division was RM4.4 million in the current quarter compared to RM4.1 million for the first quarter of 2016. Segment profit was RM0.7 million for the first quarter of 2017 as compared to segment profit of RM0.9 million for the same quarter of 2016 mainly due to lower contribution from office rental income.

Hospitality & Health Division

Hospitality & Health Division contributed RM9.8 million of revenue in the current quarter as compared to RM10.3 million in the first quarter of 2016. The hotel industry was generally facing stiff competition, rate war amongst hotels and the softer tourism markets. Higher segment loss of RM5.1 million was recorded compared to segment loss of RM3.2 million in the same quarter of 2016 mainly due to higher administrative and operating expenses and property plant and equipment written off during the current period.

**15. 1st Quarter 2017 vs 1st Quarter 2016 (Cont'd)**

Others

This mainly comprised of Country Heights Holdings Berhad and the Education subsidiary, Country Heights Education Sdn Bhd. Total revenue of RM0.2 million was contributed by this subsidiary in the first quarter of 2017 as compared to RM0.4 million for the first quarter of 2016. The lower revenue was mainly due to lower contribution from the Education subsidiary. The segment loss for the first quarter 2017 was RM0.3 million versus RM3.0 million segment loss for the same quarter of 2016. The reduction in the segment loss was mainly due to reorganization of the Group's head office administrative expenses from Others segment to Property Development segment.

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

The Group's revenue for the first quarter of 2017 was lower at RM18.7 million as compared with the preceding fourth quarter ended 31 December 2016 of RM22.2 million, mainly due to lower revenue recorded for the Property Development Division in the first quarter of 2017.

**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 2017. According to Bank Negara Malaysia, the Malaysian economy is projected to grow by 4.3% - 4.8% (2016 : 4.2%) 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, slower domestic economic growth, increasing cost of living in the country coupled 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 2017 & 2018, especially within the Mines Wellness City, which is poised to transform into Malaysia's premier Wellness City under the government's Economic

**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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**17. Commentary on Prospects (Cont'd)**

Transformation Program (ETP). Amongst projects scheduled for launching in 2017 & 2018 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
- Kolej Heights Utara – 200 units of PPAIM scheme on 200 acres land
- Kolej Heights Utara – Belleza 3 – 90 units of super-linked house
- Cyber Bougainvilla – 72 units of super-linked house

On the hospitality division, despite a drastic drop in the number of tourists to Malaysia, focus is given to refurbish the Palace of the Golden Horses 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 Credit**

	<b>Quarter ended</b>	
	<b>31-Mar-17</b>	<b>31-Mar-16</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax		
- Overprovision in prior year	153	26
Deferred tax		
- Current year	231	231
- Overprovision in prior year	109	-
	<b>493</b>	<b>257</b>

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

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**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.

**22. Loss before Tax**

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

	Quarter ended	
	31-Mar-17	31-Mar-16
	RM'000	RM'000
Property, plant & equipment written off	636	2
Depreciation and amortisation	3,194	3,222
Allowance for and write off of receivables	167	243
Net unrealised foreign exchange gain	(12)	(42)
Bad debt written off	2	-

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.

**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**

**24. Details of Treasury Shares**

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

	<b>Quarter ended 31-Mar-17 RM'000</b>	<b>As at 31-Mar-16 RM'000</b>
Description of shares purchased	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	-	-

**25. Borrowings**

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

	<b>Short-term RM'000</b>	<b>Long-term RM'000</b>	<b>Total RM'000</b>
<b>Secured</b>			
Bank overdrafts	30,295	-	30,295
Term loan	15,665	86,865	102,530
<b>Total secured borrowings</b>	<b>45,960</b>	<b>86,865</b>	<b>132,825</b>
<b>Unsecured</b>			
Term loan	-	78,378	78,378
Revolving credits	800	-	800
Hire purchase & lease creditors	105	558	663
<b>Total unsecured borrowings</b>	<b>905</b>	<b>78,936</b>	<b>79,841</b>
Comprising:			
Local borrowings	46,865	165,801	212,666
Foreign borrowings	-	-	-
<b>Total borrowings</b>	<b>46,865</b>	<b>165,801</b>	<b>212,666</b>

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.

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

**(a) Disclosure of Derivatives**

There are no outstanding derivatives as at 31 March 2017 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.

**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 31- Mar- 17 RM'000	As at 31-Dec -16 RM'000
<b>Total retained earnings of the Company and its subsidiaries:</b>		
- Realised	474,083	482,445
- Unrealised	<u>(80,656)</u>	<u>(80,073)</u>
	393,427	402,372
<b>Total share of retained earnings from associate:</b>		
- Realised	<u>-</u>	<u>-</u>
	393,427	402,372
Less: Consolidated adjustments	(107,057)	(108,286)
	<u>286,370</u>	<u>294,086</u>
<b>Total group retained earnings as per consolidated accounts</b>	<u>286,370</u>	<u>294,086</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 31 May 2017, a date not earlier than 7 days from the date of issuance of this report. The material litigations are:

- a) By Summons No. S-21-19-2010 dated 20 January 2010 filed at the Kuala Lumpur High Court (main suit), the Government of Malaysia (“the Plaintiff”) filed a claim against CHHB for Real Property Gains Tax for the Years 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 towards the main suit and on 12 December 2012, the Plaintiff’s application for Summary Judgment was allowed with cost. CHHB appealed against the decision and on 5 December 2013, CHHB’s appeal was allowed. The Plaintiff then proceeded to the Federal Court and on 19 June 2014, the Federal Court dismissed the Plaintiff’s appeal with costs of RM10,000.00 and the matter was reverted back to the High Court for full trial.

Meanwhile, a reference was made to the Special Commissioners of income tax against the raising of the said taxes for the Years of Assessment 1993, 1998 and 1999, including penalties. On 21 August 2013, the Special Commissioners:

- i. dismissed CHHB’s appeal on the assessments for the Years of Assessment 1993 and 1998, including penalties, for the sum of RM19,239,055.00; and
- ii. allowed CHHB’s appeal on the assessment for the Year of Assessment 1999, including penalties, for the sum of RM3,378,256.00.

Both parties on 9 October 2013 had filed their appeal to the High Court vide Kuala Lumpur High Court (Appellate & Special Powers Division) Civil Appeal No. R2-14-15-11/2014 in relation to the decision rendered by the Special Commissioners by way of case stated and the matter was fixed for hearing of the appeal on 24 March 2015.

As for the main suit at the High Court, it had been disposed on 18 December 2014 by parties recording a consent judgment, wherein both parties had agreed to be bound by

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

the decision of the appeal filed by way of the case stated in Civil Appeal No. R2-14-15-11/2014. The appeal was heard on 24 March 2015 and the Court fixed to deliver its decision on 11 June 2015. The High Court had 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 Plaintiff. The Plaintiff had on 7 September 2015 filed its 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 re-file its Notice of Appeal. Both parties are awaiting the date of the said appeal.

- (b) By Summons dated 17 August 2015 ("Suit 1"), the Government of Malaysia ("Plaintiff") filed a claim against Country Heights Sdn Bhd ("CHSB") for Income Tax for the Years of Assessment 1997 and 1998 amounting to the sum of RM23,475,686.75 together with interest at a rate of 5% thereon. Also, by Summons dated 17 August 2015 ("Suit 2"), the Government of Malaysia ("Plaintiff") 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 a rate of 5% thereon. Suit 1 was fixed for case management on 23 February 2016 whereas Suit 2 was 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 had withdrawn the said application as the High Court was of the view that the suits should proceed separately. The High Court fixed 29 March 2016 for case management for the Plaintiff to file its application for summary judgment, if any. The High Court then fixed 25 May 2016 for case management following the Plaintiff's filing of its application for summary judgement.

The Plaintiff had, on 1 June 2016, withdrawn Suit 1 with liberty to file afresh and followed on to withdraw Suit 2 on 15 June 2016 with liberty to file afresh.

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 was to file its defence by 27 September 2016. Subsequent to this, the next case management was fixed on 11 November 2016

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

and the High Court had directed that CHSB file its affidavit in reply for summary judgment and the hearing of this application was fixed on 8 December 2016. Both parties were also to file all documents for trial by the next case management date fixed on 8 December 2016. The High Court had allowed the Plaintiff's application for summary judgement on 28 December 2016.

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 was to file its defence by 27 September 2016. Subsequent to this, the next case management was fixed on 11 November 2016 and the High Court had directed that CHSB file its affidavit in reply for summary judgment and the hearing of this application was fixed on 8 December 2016. Both parties were also to file all documents for trial by the next case management date fixed on 8 December 2016. The High Court had allowed the Plaintiff's application for summary judgement on 28 December 2016.

On 7 October 2016, the Plaintiff filed a new claim in the High Court under Suit 2 amounting to the sum of RM4,610,120.59. The High Court fixed 6 March 2017 as the date for trial, but had reserved its decision to 15 March 2017 pending settlement. CHSB settled the sum of RM4,610,120.59 on 13 March 2017. The Suit 2 had then been withdrawn on 15 March 2017.

CHSB was served with a winding up petition ("Petition") for the amount of RM22,706,737.88 on 17 April 2017 from the Plaintiff. The hearing for this Petition is fixed on 16 August 2017.

**29. Dividend Payable**

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

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**30. Loss Per Share**

**(a) Basic**

Basic loss per share is calculated by dividing loss for the period attributable to equity holders of RM7.8 million (31 Mar 2016: loss of RM6.5 million) over the number of 273,557,403 (31 Dec 2016: 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 31 May 2017.

By Order of the Board

**Lee Thai Young Matahari**

Executive Director