



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
		CURRENT YEAR QUARTER 31-Dec-17 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-16 RM'000	Changes %	CURRENT YEAR TO DATE 31-Dec-17 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-16 RM'000	Changes %
Revenue	4	17,436	21,199	-18%	93,074	87,358	7%
Cost of sales		(3,322)	(13,252)		(22,162)	(32,843)	
Gross profit		14,114	7,947	78%	70,912	54,515	30%
Interest income		52	58		214	227	
Other operating income		1,253	4,908		9,755	10,231	
Selling and marketing expenses		(1,994)	(1,963)		(6,299)	(6,816)	
Administrative expenses		(3,515)	(10,505)		(17,937)	(25,255)	
Other operating expenses		(9,578)	(33,617)		(46,824)	(75,012)	
Finance costs		(2,405)	(2,930)	18%	(10,099)	(11,645)	13%
Loss before tax		(2,073)	(36,102)	94%	(278)	(53,755)	99%
Income tax (expense)/credit	19	(554)	(274)		(2,293)	561	
Loss for the period/year from continuing operations		(2,627)	(36,376)	93%	(2,571)	(53,194)	95%
Loss for the period/year from discontinued operations		-	-	-	-	(1,380)	-
Loss for the period/year		(2,627)	(36,376)	93%	(2,571)	(54,574)	95%
Other comprehensive loss, net of tax							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Exchange differences on translating foreign operations		-	(121)		-	(121)	-
Total comprehensive loss for the period /year		(2,627)	(36,497)	93%	(2,571)	(54,695)	95%

(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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
	CURRENT YEAR QUARTER 31-Dec-17 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-16 RM'000	Changes %	CURRENT YEAR TO DATE 31-Dec-17 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-16 RM'000	Changes %
Loss attributable to :						
Equity holders of the Company	(3,429)	(31,890)	89%	(2,836)	(48,521)	94%
Non-controlling interests	802	(4,486)		265	(6,053)	
Loss for the period /year	<u>(2,627)</u>	<u>(36,376)</u>	93%	<u>(2,571)</u>	<u>(54,574)</u>	95%
Total comprehensive loss attributable to :						
Equity holders of the Company	(3,429)	(32,011)	89%	(2,836)	(48,642)	94%
Non-controlling interests	802	(4,486)		265	(6,053)	
Total comprehensive loss for the period /year	<u>(2,627)</u>	<u>(36,497)</u>	93%	<u>(2,571)</u>	<u>(54,695)</u>	95%
Earning Profit/(Loss) per share attributable to ordinary equity holders of the Company						
- Basic	30 (a)	(1.25)	(11.66)	(1.04)	(17.74)	
- Diluted	30 (b)	NA	NA	NA	NA	

(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 FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Note	31-Dec-17 (Unaudited) RM'000	31-Dec-16 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	318,601	323,820
Investment properties	9	151,595	151,595
Prepaid land lease payments		300,226	303,988
Land held for property development		199,892	194,189
Available-for-sale financial assets		2,734	2,734
Goodwill		16	-
Trade receivables-non-current portion		7,542	6,473
Deferred tax assets		6,224	4,947
		<u>986,830</u>	<u>987,746</u>
Current assets			
Property development costs		143,301	139,072
Inventories		71,460	88,776
Trade and other receivables		41,423	42,569
Tax recoverable		4,046	3,904
Cash and bank balances		16,185	12,856
		<u>276,415</u>	<u>287,177</u>
Assets classified as held for sale		-	400
		<u>276,415</u>	<u>287,577</u>
TOTAL ASSETS		<u>1,263,245</u>	<u>1,275,323</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		352,006	275,707
Treasury shares		(2,914)	(2,914)
Share premium		-	57,251
Other reserves		127,647	152,851
Retained earnings		292,913	294,086
Equity attributable to equity holders of the Company		<u>769,652</u>	<u>776,981</u>
Non-controlling interests		<u>20,536</u>	<u>20,114</u>
Total equity		<u>790,188</u>	<u>797,095</u>
Non-current liabilities			
Borrowings	25	190,289	169,162
Other payables		-	3,399
Deferred Income - non-current portion		38,502	35,626
Deferred tax liabilities		77,422	78,699
		<u>306,213</u>	<u>286,886</u>
Current liabilities			
Borrowings	25	38,973	44,667
Trade and other payables		113,627	115,785
Tax payables		9,154	29,270
Deferred Income		5,090	1,345
		<u>166,844</u>	<u>191,067</u>
Liabilities classified as held for sale		-	275
Total Liabilities		<u>473,057</u>	<u>478,228</u>
TOTAL EQUITY AND LIABILITIES		<u>1,263,245</u>	<u>1,275,323</u>
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 YEAR ENDED 31 DECEMBER 2017**

	Attributable to Equity Holders of the Company					Total	Non-Controlling Interests	Equity
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000			
At 1 January 2017	275,707	(2,914)	57,251	152,851	294,086	776,981	20,114	797,095
Adjustment for effects of Companies Act 2016 (Note a)	76,299	-	(57,251)	(19,048)	-	-	-	-
Profit/(Loss) for the year	-	-	-	-	(2,836)	(2,836)	265	(2,571)
Total comprehensive income/(loss)	-	-	-	-	(2,836)	(2,836)	265	(2,571)
Effect from disposal of subsidiary	-	-	-	-	-	-	157	157
Transfer to Inventory	-	-	-	(3,830)	-	(3,830)	-	(3,830)
Transfer to property plant and equipment	-	-	-	(663)	-	(663)	-	(663)
Transfer to retained earnings	-	-	-	(1,663)	1,663	-	-	-
At 31 DECEMBER 2017	352,006	(2,914)	-	127,647	292,913	769,652	20,536	790,188
At 1 January 2016	275,707	(2,914)	57,251	156,039	339,540	825,623	25,857	851,480
Loss for the year	-	-	-	-	(48,521)	(48,521)	(6,053)	(54,574)
Other comprehensive loss	-	-	-	(121)	-	(121)	-	(121)
Total comprehensive loss	-	-	-	(121)	(48,521)	(48,642)	(6,053)	(54,695)
Realisation of revaluation reserves	-	-	-	(3,067)	3,067	-	-	-
Effect from acquisition of subsidiary	-	-	-	-	-	-	310	310
At 31 DECEMBER 2016	275,707	(2,914)	57,251	152,851	294,086	776,981	20,114	797,095

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 Changes in 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 YEAR ENDED 31 DECEMBER 2017**

	CURRENT YEAR TO DATE 31-Dec-17 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-16 RM'000
CASH FLOWS FROM /(USED IN) OPERATING ACTIVITIES		
Loss before tax		
- Continuing operations	(278)	(53,755)
- Discontinued operations	-	(1,380)
Adjustments for:		
Allowance for doubtful debts	696	13,971
Allowance for doubtful debts written back	(400)	(959)
Amortisation of deferred income	(1,136)	(1,474)
Amortisation of debts issuance costs	159	502
Amortisation of prepaid land lease payment	4,003	4,131
Bad debts written off	345	2,243
Depreciation of property, plant and equipment	8,724	9,486
Provision for termination and compensation cost	-	4,750
Waiver of tax penalty expense	-	(2,302)
Fair value adjustment to long term receivables	(148)	-
(Gain)/loss on disposal of subsidiaries	1,137	(53)
Impairment losses of available-for-sale financial assets no longer required	-	(157)
Loss on disposal of available-for-sale financial assets	-	124
Interest expense	10,099	11,645
Interest income	(214)	(227)
Inventories written off	-	683
Gain on disposal of other property, plant and equipment	-	(11)
Net unrealised gain on foreign exchange	(48)	(128)
Property, plant & equipment written off	560	167
Operating profit/(loss) before working capital changes	23,499	(12,744)
Changes in working capital:		
Inventories	9,740	550
Property development costs	(10,172)	(14,690)
Receivables	(415)	49,442
Deferred income	4,359	3,197
Payables	(3,332)	(21,147)
Cash generated from operations	23,679	4,608
Cash received in deferred income	-	-
Tax refund	65	121
Tax paid	(23,892)	(16,156)
Interest paid	-	-
Net cash used in operating activities	(148)	(11,427)



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	CURRENT YEAR TO DATE 31-Dec-17 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-16 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other property, plant and equipment	(2,168)	(2,057)
Expenditure on hotel properties and exhibition centre & showroom	-	-
Purchase of land held for property development	-	(989)
Proceeds from disposal of other property, plant & equipment	-	343
Proceeds from disposal of available-for-sale financial assets	-	115
Proceeds from disposal of subsidiaries	150	30
Interest received	214	227
Non-controlling interests arising from acquisition of a subsidiary	-	310
Net cash generated used in investing activities	(1,804)	(2,021)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank overdrafts	-	27
Interest paid	(9,993)	(11,645)
Repayment of bank overdrafts	(1,589)	-
Drawdown of term loan	36,003	42,417
Hire purchase and lease creditors	(329)	(28)
Repayment of revolving credits	(800)	(2,200)
Repayment of term loans	(18,011)	(21,816)
Net cash from financing activities	5,281	6,755
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	3,329	(6,693)
Effects of foreign exchange rate changes	-	(1,257)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	12,856	20,806
CASH AND CASH EQUIVALENTS AT END OF YEAR	16,185	12,856

(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

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

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 1st 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 Dec 2017	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	(507)	5,048	12,896	(1)	17,436
Results					
Segment results	(1,613)	1,030	912	3	332
Finance costs					(2,405)
Loss before tax					(2,073)
Income tax expense					(554)
Loss after tax					(2,627)
Non-controlling interests					(802)
Loss for the period					(3,429)
Quarter Ended 31 Dec 2016	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	3,997	9,682	8,748	(1,228)	21,199
Results					
Segment results	(12,017)	4,635	(21,066)	(4,724)	(33,172)
Finance costs					(2,930)
Loss before tax					(36,102)
Income tax expense					(274)
Loss after tax					(36,376)
Non-controlling interests					4,486
Loss for the period					(31,890)



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

4. Segment Reporting (Cont'd)

Year Ended
31 Dec 2017

	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	24,954	17,950	49,991	179	93,074
Results					
Segment results	12,130	3,898	(4,712)	(1,495)	9,821
Finance costs					(10,099)
Loss before tax					(278)
Income tax credit					(2,293)
Loss after tax					(2,571)
Non-controlling interests					(265)
Loss for the year					(2,836)

Year Ended
31 Dec 2016

	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	17,952	22,032	47,344	30	87,358
Results					
Segment results	(12,969)	8,023	(26,571)	(10,593)	(42,110)
Finance costs					(11,645)
Loss before tax					(53,755)
Income tax credit					561
Loss for the year from continuing operations					(53,194)
Loss from discontinued operations					(1,380)
Loss for the year, net of tax					(54,574)
Non-controlling interests					6,053
Loss for the year					(48,521)



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

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

15. Operating Segment Review

(a) 4th Quarter 2017 vs 4th Quarter 2016

	Current Year Quarter 31-Dec-17 RM'000	Preceding Year Corresponding Quarter 31-Dec-16 RM'000	Changes (%)
Revenue	17,436	21,199	-18%
Operating Profit/(loss)	332	(33,172)	101%
Profit/(loss) Before Interest and Tax	332	(33,172)	101%
Loss Before Tax	(2,073)	(36,102)	94%
Loss After Tax	(2,627)	(36,376)	93%
Loss Attributable to Ordinary Equity Holders of the Parent	(3,429)	(31,890)	89%

The Group recorded total revenue of RM17.4 million for the fourth quarter ended 31 December 17 compared to RM21.2 million in the previous year corresponding quarter ended 31 December 2016. The difference was mainly due to lower contribution from Property Development Division.

The Group recorded loss before tax of RM2.1 million for the current quarter compared to RM36.1 million in previous year corresponding quarter.

Property Development Division

Revenue for the fourth quarter of 2017 for the division was negative RM0.5 million as compared to RM 4 million in the same quarter of 2016. The lower revenue was mainly due to 2 sales that is 13 units of Country Heights Villa and sale of one lot at the Mines totalling RM 6.8 million can only be captured in January 2018 as collection of payment was delayed due to the year end holidays. Nonetheless, the division recorded segment loss of RM1.6 million as compared to segment loss of RM12 million for the fourth quarter of 2016 mainly due to higher revenue contribution.



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

15. Operating Segment Review (Cont'd)

(a) 4th Quarter 2017 vs 4th Quarter 2016 (Cont'd)

Property Investment Division

The revenue for the Property Investment Division was RM5 million in the current quarter compared to RM9.7 million for the fourth quarter of 2016. Segment profit was RM1 million for the fourth quarter of 2017 as compared to segment profit of RM4.6 million for the same quarter of 2016 mainly due to lower contribution from office rental income. There were 2 new tenants taking up total of 47,853 square feet only commencing in December 2017.

Hospitality & Health Division

Hospitality & Health Division contributed RM12.9 million of revenue in the current quarter as compared to RM8.7 million in the fourth quarter of 2016. Segment profit of RM0.9 million was recorded in the current quarter as compared to segment loss of RM21.1 million in the same quarter of 2016 higher revenue from hotel operations.

Others

This mainly comprised of Country Heights Holdings Berhad and the Education subsidiary. No revenue was contributed by the Education subsidiary in the fourth quarter of 2017 as compared to RM1.2 million for the fourth quarter of 2016, as this education business disposed in the 2nd quarter of 2017. The segment profit for the fourth quarter 2017 was RM3k versus RM4.7 million segment loss for the same quarter of 2016 due to reduction cost from reorganization of the Group's head office operating expenses and staff cost from Others segment to Property Development segment.



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

15. Operating Segment Review (Cont'd)

(b) YTD December 2017 vs YTD December 2016

	Current Year To Date 31-Dec-17 RM'000	Preceding Year Corresponding Period 31-Dec-16 RM'000	Changes (%)
Revenue	93,074	87,358	7%
Operating Profit/(Loss)	9,821	(42,110)	123%
Profit/(Loss) Before Interest and Tax	9,821	(42,110)	123%
Loss Before Tax	(278)	(53,755)	99%
Loss After Tax	(2,571)	(54,574)	95%
Loss Attributable to Ordinary Equity Holders of the Parent	(2,836)	(48,521)	94%

Total Group revenue for the period ended 31 December 2017 increased to RM93.1 million from RM87.3 million for the same period in 2016, mainly due to higher sale of inventories of completed properties and progressive revenue of on-going development.

The Group recorded loss before tax of RM0.3 million for the current year to date as compared to loss before tax of RM53.8 million in the same period of preceding year.

Property Development Division

Total revenue contributed by the Property Development Division for the period ended 31 December 2017 was RM24.9 million as compared to RM17.9 million for the same period in the preceding year. The higher revenue in 2017 was mainly contributed by the sale of inventories of completed properties in Mines Resort City, Cyber Residency and Country Villa.

As such, the division recorded higher segment profits of RM12.1 million in the period ended 31 December 2017 as compared segment loss to RM13 million for the same period in the preceding year due to higher revenue contribution. In year 2016, high segment loss due to termination loss on mansion park project & MWDS block 5 project amounting to RM 7.3 million.



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

(b) YTD December 2017 vs YTD December 2016 (Cont'd)

Property Investment Division

Total revenue for the Property Investment Division was RM17.9 million as compared to RM22 million for the same period in the preceding year. Segment profits for current year period was RM3.9 million as compared to RM8 million for the preceding year mainly due to lower rental revenue.

Hospitality & Health Division

Hospitality & Health Division contributed RM50 million of revenue in the current year period as compared to RM47.3 million in the same period of the preceding year. Segment loss of RM4.7 million was recorded for the current year period as compared to segment loss of RM26.6 million in the preceding year mainly due to change in revenue recognition for Palace Vacation Club.

Others

This mainly comprised of Country Heights Holdings Berhad and Country Heights Education Sdn Bhd. Total RM0.2 million of revenue was recorded in the current year period as compared to RM0.03 million in the same period of the preceding year. Revenue was lower due to Country Heights Education business was disposed on 14 April 2017. Segment loss for the current year period was RM 1.5 million as compared to RM 11 million for the preceding year mainly due to sale of the education business. The reduction in the segment loss was mainly due to reorganization of the Group's head office operating expenses from others segment to Property Development segment and saving finance cost.



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

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

	Current Quarter	Immediate Preceding Quarter	
	31-Dec-17	30-Sep-17	Changes (%)
	RM'000	RM'000	
Revenue	17,436	23,077	24%
Operating Profit/(Loss)	332	2,559	-87%
Profit/(Loss) Before Interest and Tax	332	2,559	-87%
Profit/(Loss) Before Tax	(2,073)	352	-689%
Loss After Tax	(2,627)	(33)	7861%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(3,429)	454	-855%

The Group's revenue for the fourth quarter of 2017 was at RM17.4 million as compared with the preceding third quarter ended 30 September 2017 of RM23.1 million, and the Group's loss before tax for the fourth quarter of 2017 was at (RM3.5 million) as compared with profit before tax in the preceding third quarter ended 30 September 2017 of RM0.4 million, mainly due to sales revenue of RM 6.8 million can only be recognized in year 2018 as purchasers were away during the December holidays and only back in January to complete the payment.

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 5.9% (2016 : 4.5%) in 2017. Positive prospects for the Malaysian economy in 2017 are premised upon expectations of an improving global economy and the continued growth in domestic demand.



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17. Commentary on Prospects (Cont'd)

The global economic uncertainties, slowdown in property development market, increasing cost of living in the country coupled with the high borrowing cost and difficulty in obtaining end financing are causes for concern as these could dampen sentiments and affect demand in certain sectors.

Notwithstanding the above, the Property Development Division will be focusing on disposal of existing inventory which has a total of RM350 million.

On the hospitality division, whilst there are plans to refurbish the Palace of the Golden Horses. Measures have been put in place to increase room occupancy and averages room rates. These include international marketing and branding exercises, service improvement programmes, online marketing and strategic collaborations to help stimulate the business.

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



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18. Variance on Profit Forecast / Profit Guarantee

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

19. Income Tax (Expense)/Credit

	Year ended	
	31-Dec-17	31-Dec-16
	RM'000	RM'000
Income tax		
- Current year	(2,575)	-
- Under provision in prior year	(994)	(741)
Deferred tax		
- Current year	1,276	1,302
	<u>(2,293)</u>	<u>561</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.

22. Loss before Tax

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

	Year ended	
	31-Dec-17	31-Dec-16
	RM'000	RM'000
Property, plant & equipment written off	560	167
Depreciation and amortisation	12,727	13,167
Allowance for write off of receivables	696	13,971
Net unrealised foreign exchange gain	(48)	(128)
Bad debt written off	345	2,243

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



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23. Corporate Proposals

(a) Status of Corporate Proposals

There were no corporate proposals.

(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:

	As at 31-Dec-17 RM'000	As at 31-Dec-16 RM'000
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 shares resold	-	-



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25. Borrowings

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

	As at 4th quarter ended 2017					
	Long-term		Short-term		Total borrowings	
	Foreign RM'000	Local RM'000	Foreign RM'000	Local RM'000	Foreign RM'000	Local RM'000
Secured						
Bank overdrafts	-	-	-	29,644	-	29,644
Term loan	-	78,895	-	9,175	-	88,070
Total secured borrowings	-	78,895	-	38,819	-	117,714
Unsecured						
Term Loan	-	111,137	-	-	-	111,137
Hire purchase & lease creditors	-	258	-	154	-	412
Total unsecured borrowings	-	111,395	-	154	-	111,549
Total borrowings	-	190,290	-	38,973	-	229,263
	As at 4th quarter ended 2016					
	Long-term		Short-term		Total borrowings	
	Foreign RM'000	Local RM'000	Foreign RM'000	Local RM'000	Foreign RM'000	Local RM'000
Secured						
Bank overdrafts	-	-	-	30,939	-	30,939
Term loan	-	93,188	-	12,734	-	105,922
Total secured borrowings		93,188		43,673		136,861
Unsecured						
Term Loan	-	75,428	-	-	-	75,428
Revolving credits	-	-	-	800	-	800
Hire purchase & lease creditors	-	546	-	194	-	740
Total unsecured borrowings	-	75,974	-	994	-	76,968
Total borrowings	-	169,162	-	44,667	-	213,829

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 December 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- Dec- 17 RM'000	As at 31-Dec-16 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	487,724	482,445
- Unrealised	<u>(78,445)</u>	<u>(80,073)</u>
	409,279	402,372
Total share of retained earnings from associate:		
- Realised	<u>-</u>	<u>-</u>
	409,279	402,372
Less: Consolidated adjustments	(116,366)	(108,286)
	<u>292,913</u>	<u>294,086</u>
Total group retained earnings as per consolidated accounts	<u>292,913</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 27 February 2018, 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.



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28. Material Litigation (Cont'd)

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 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. The hearing date for the Plaintiff's Notice of Appeal was vacated and fixed for hearing by the Court of Appeal on 10 November 2017.

The Court of Appeal on 10 November 2017 then directed the Plaintiff to re-file their Notice of Motion on or before the next case management date which has been fixed on 27 November 2017. The Court of Appeal will also on 27 November 2017 hear the Plaintiff's Notice of Motion and appeal.

On 27 November 2017, the Court of Appeal fixed 18 January 2018 for the hearing of the IRB's Notice of Motion and appeal.

The Court of Appeal on the 18 January 2018 allowed the Plaintiff's Notice of Motion but dismissed their appeal with costs. The real property gains tax assessments, including penalties, raised on the company are discharged fully and the plaintiff is not allowed to appeal anymore.

- (b) Notice of Motion dated 29 August 2017 was taken out by Mark Wiltshire Golf (Pty) Ltd ("Applicant") in the High Court of South Africa, Gauteng Division, Pretoria for the winding up of Country Heights Pecanwood Golf & Country Club (Pty) Ltd ("CHPGCC"), a wholly-owned subsidiary of Magnitude Knight (M) Sdn Bhd, which in turn is a wholly-owned subsidiary of CHHB.



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28 Material Litigation (Cont'd)

The Applicant is claiming against CHPGCC for the sum of South African Rand R3,522,783.65 being the amount purportedly due and owing in relation to the provision of management services by the Applicant for CHPGCC in respect of Pecanwood Golf & Country Club and Boat Club pursuant to the terms of an Operational and Management Agreement entered into between the Applicant, CHPGCC and Country Heights Pecanwood Boat Club (Pty) Ltd (“Agreement”).

The Notice of Motion is fixed for hearing on 21 December 2017 and CHPGCC has through its solicitors filed a Notice of Intention to Oppose the winding up on the grounds that there is a dispute between the parties that ought to be arbitrated in accordance with the terms of the Agreement. The Notice of Motion was accordingly withdrawn and the hearing on 21 December 2017 did not proceed as both parties have come to an amicable resolution on this case.

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 year attributable to equity holders of RM2.8 million (31 December 2016: loss of RM48.5 million) over the number of 273,557,403 (31 December 2016: 273,557,403) ordinary shares issued during the current financial period under review.

(b) Diluted

Not applicable.



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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 2018.

By Order of the Board

Lee Sow Lin

Executive Director