



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
		CURRENT YEAR QUARTER 30-Sep-18 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-17 RM'000	Changes %	CURRENT YEAR TO DATE 30-Sep-18 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-17 RM'000	Changes %
Revenue	4	21,166	23,077	-8%	57,834	75,638	-24%
Cost of sales		(6,622)	(5,561)		(18,492)	(18,840)	
Gross profit		14,544	17,516	-17%	39,342	56,798	-31%
Interest income		39	88		124	162	
Other operating income		129,426	2,575		132,266	8,502	
Selling and marketing expenses		(1,778)	(1,520)		(4,486)	(4,305)	
Administrative expenses		(7,415)	(4,515)		(20,301)	(14,422)	
Other operating expenses		(7,817)	(11,585)		(25,995)	(37,246)	
Finance costs		(2,387)	(2,207)	8%	(6,702)	(7,694)	13%
Profit before tax		124,612	352	35301%	114,248	1,795	6265%
Income tax credit/(expense)	19	6,307	(385)		6,762	(1,739)	
Profit/(Loss) for the period		130,919	(33)	396824%	121,010	56	215989%

Other comprehensive income/(loss), net of tax

Items that may be reclassified subsequently to profit or loss:

Exchange differences on translating foreign operations		465	-		465	-	
Total comprehensive income/(loss) for the period		131,384	(33)	398233%	121,475	56	216820%

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018

	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
	CURRENT YEAR QUARTER 30-Sep-18	YEAR CORRESPONDING QUARTER 30-Sep-17	Changes %	CURRENT YEAR TO DATE 30-Sep-18	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-17	Changes %
Note	RM'000	RM'000	%	RM'000	RM'000	%
Profit/(Loss) attributable to :						
Equity holders of the Company	131,171	454	28792%	121,779	593	20436%
Non-controlling interests	(252)	(487)		(769)	(537)	
Profit/(Loss) for the period	<u>130,919</u>	<u>(33)</u>	<u>28792%</u>	<u>121,010</u>	<u>56</u>	<u>20436%</u>
Total comprehensive income/(loss) attributable to :						
Equity holders of the Company	131,636	454	28895%	122,244	593	20515%
Non-controlling interests	(252)	(487)		(769)	(537)	
Total comprehensive income/(loss) for the period	<u>131,384</u>	<u>(33)</u>	<u>398233%</u>	<u>121,475</u>	<u>56</u>	<u>216820%</u>
Earnings / (Loss) per share attributable to ordinary equity holders of the Company						
- Basic	29 (a)	47.95	0.17	44.52	0.22	
- Diluted	29 (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 2017 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 30 SEPTEMBER 2018**

	Note	30-Sep-18 (Unaudited) RM'000	31-Dec-17 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	322,002	320,403
Investment properties	9	272,612	150,721
Prepaid land lease payments		299,926	301,212
Land held for property development		200,469	213,785
Available-for-sale financial assets		2,734	2,734
Goodwill		16	-
Trade receivables-non-current portion		9,941	7,427
Deferred tax assets		6,374	6,090
		<u>1,114,074</u>	<u>1,002,372</u>
Current assets			
Property development costs		134,745	127,325
Inventories		77,807	72,236
Trade and other receivables		74,760	51,955
Tax recoverable		4,421	4,053
Cash and bank balances		10,807	16,167
		<u>302,540</u>	<u>271,736</u>
TOTAL ASSETS		1,416,614	1,274,108
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		352,006	352,006
Treasury shares		(2,914)	(2,914)
Other reserves		131,154	130,689
Retained earnings		414,904	293,125
Equity attributable to equity holders of the Company		895,150	772,906
Non-controlling interests		19,773	20,542
Total equity		914,923	793,448
Non-current liabilities			
Borrowings	25	187,523	190,290
Other payables		1,875	1,548
Deferred Income - non-current portion		39,579	38,553
Deferred tax liabilities		77,798	77,422
		<u>306,775</u>	<u>307,813</u>
Current liabilities			
Borrowings	25	40,973	38,973
Trade and other payables		151,079	122,585
Tax payables		1,702	9,597
Deferred Income		1,162	1,692
		<u>194,916</u>	<u>172,847</u>
Total Liabilities		501,691	480,660
TOTAL EQUITY AND LIABILITIES		1,416,614	1,274,108
Net assets per share attributable to ordinary equity holders of the Company (RM)		3.27	2.83

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018**

	Attributable to Equity Holders of the Company					Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	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		
At 1 January 2018	352,006	(2,914)	-	130,689	293,125	772,906	20,542	793,448
Profit for the period	-	-	-	-	121,779	121,779	(769)	121,010
Other comprehensive income	-	-	-	465	-	465	-	465
Total comprehensive income	-	-	-	465	121,779	122,244	(769)	121,475
Transfer to retained earnings	-	-	-	-	-	-	-	-
At 30 September 2018	352,006	(2,914)	-	131,154	414,904	895,150	19,773	914,923
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 period	-	-	-	-	593	593	(537)	56
Total comprehensive income/(loss)	-	-	-	-	593	593	(537)	56
Effect from disposal of subsidiary	-	-	-	-	-	-	157	157
Transfer to retained earnings	-	-	-	(1,247)	1,247	-	-	-
At 30 September 2017	352,006	(2,914)	-	132,556	295,926	777,574	19,734	797,308

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 2017 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018**

	CURRENT YEAR TO DATE 30-Sep-18 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-17 RM'000
CASH FLOWS FROM /(USED IN) OPERATING ACTIVITIES		
Profit before tax	114,248	1,795
Adjustments for:		
Allowance for doubtful debts	441	403
Allowance for doubtful debts written back	(7)	(248)
Amortisation of deferred income	(885)	(847)
Amortisation of debts issuance costs	60	119
Amortisation of prepaid land lease payment	1,291	3,019
Bad debts written off	1	5
Depreciation of property, plant and equipment	6,459	6,410
Dividend income	(150)	-
Fair value adjustment to investment properties	(127,455)	-
Interest expense	6,702	7,694
Interest income	(124)	(162)
Gain on disposal of other property, plant and equipment	-	(3)
Bad debts recovered	(18)	-
Net unrealised gain on foreign exchange	(48)	(18)
Property, plant & equipment written off	-	567
Net loss on disposal of subsidiary	-	1,137
Operating profit before working capital changes	515	19,871
Changes in working capital:		
Inventories	(5,571)	7,646
Property development costs	5,894	(6,908)
Receivables	(25,736)	(16,589)
Deferred income	1,379	7,003
Payables	29,058	2,176
Cash generated from operations	5,539	13,199
Tax refund	-	53
Tax paid	(1,411)	(22,251)
Interest paid	(6,642)	(7,588)
Net cash generated from operating activities	(2,514)	(16,587)



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018**

	CURRENT YEAR TO DATE 30-Sep-18 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-17 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other property, plant and equipment	(2,299)	(1,564)
Expenditure on hotel properties and exhibition centre & showroom	(1)	-
Proceeds from disposal of other property, plant & equipment	-	3
Proceeds from disposal of subsidiaries	-	150
Interest received	124	162
Net dividend received	150	-
Net cash used in investing activities	(2,026)	(1,249)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank overdrafts	(3,490)	(870)
Drawdown of term loan	10,007	36,003
Hire purchase and lease creditors	(214)	(242)
Repayment of revolving credits	-	(800)
Repayment of term loans	(7,123)	(17,548)
Net cash used in financing activities	(820)	16,543
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(5,360)	(1,293)
Effects of foreign exchange rate changes	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	16,167	12,856
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10,807	11,563

(The Unaudited Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 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 2017. 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 2017.

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 2017, 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 2018

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



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

2. Significant Accounting Policies (Cont'd)

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 ventures were allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On 2nd September 2014, with the issuance of MFRS 15 *Revenue from Contracts with Customers* and Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*, the MASB announced that TEs which have chosen to continue with FRS Framework is now required to adopt the MFRS Framework latest by 1st January 2017.

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

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

3. Audit Opinion on 2017 Financial Statements

The auditors’ report on the financial statements of the Group for the financial year ended 31 December 2017 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 30 Sept 2018	Grand Wellness RM'000	Resorts & Hospitality RM'000	Car City Centre RM'000	Cheng Ho RM'000	Property Development RM'000	Consolidated RM'000
Revenue						
External sales	7,947	9,258	2,265	-	1,696	21,166
Results						
Segment results	60,315	172	(160)	(2)	66,674	126,999
Finance costs						(2,387)
Profit before tax						124,612
Income tax credit						6,307
Profit after tax						130,919
Non-controlling interests						252
Profit for the period						131,171

Quarter Ended 30 Sept 2017	Grand Wellness RM'000	Resorts & Hospitality RM'000	Car City Centre RM'000	Cheng Ho RM'000	Property Development RM'000	Consolidated RM'000
Revenue						
External sales	6,143	9,651	3,269	-	4,014	23,077
Results						
Segment results	1,755	(7)	503	(1)	309	2,559
Finance costs						(2,207)
Profit before tax						352
Income tax expense						(385)
Loss after tax						(33)
Non-controlling interests						487
Profit for the period						454



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

4. Segment Reporting (Cont'd)

Nine Months Ended 30 Sept 2018	Grand Wellness RM'000	Resorts & Hospitality RM'000	Car City Centre RM'000	Cheng Ho RM'000	Property Development RM'000	Consolidated RM'000
Revenue						
External sales	19,139	23,547	5,186	-	9,962	57,834
Results						
Segment results	63,655	(5,435)	(2,064)	(6)	64,800	120,950
Finance costs						(6,702)
Profit before tax						114,248
Income tax credit						6,762
Profit after tax						121,010
Non-controlling interests						769
Profit for the period						121,779

Nine Months Ended 30 Sept 2017	Grand Wellness RM'000	Resorts & Hospitality RM'000	Car City Centre RM'000	Cheng Ho RM'000	Property Development RM'000	Consolidated RM'000
Revenue						
External sales	16,172	25,740	8,185	-	25,541	75,638
Results						
Segment results	3,466	(4,391)	911	(1)	9,504	9,489
Finance costs						(7,694)
Profit before tax						1,795
Income tax expense						(1,739)
Profit after tax						56
Non-controlling interests						537
Profit for the period						593



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 have been brought forward without amendment from the audited financial statements for the financial year ended 31 December 2017. Investment properties have been revalued at fair value as of 30 September 2018.

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 2017.

13. Contingent Liabilities / Assets

There are no material contingent liabilities since the last audited Statement of Financial Position as at 31 December 2017 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) 3rd Quarter 2018 vs 3rd Quarter 2017

	Current Year Quarter 30-Sep-18 RM'000	Preceding Year Corresponding Quarter 30-Sep-17 RM'000	Changes (%)
Revenue	21,166	23,077	-8%
Operating Profit	126,999	2,559	4863%
Profit Before Interest and Tax	126,999	2,559	4863%
Profit Before Tax	124,612	352	35301%
Profit/(Loss) After Tax	130,919	(33)	396824%
Profit Attributable to Ordinary Equity Holders of the Parent	131,171	454	28792%

The Group recorded total revenue of RM21.2 million for the third quarter ended 30 September 2018 compared to RM23.1 million in the previous year corresponding quarter ended 30 September 2017.

The Group recorded a profit before tax of RM124.6 million for the current quarter compared to a RM0.4 million profit before tax in the previous year corresponding quarter. The Group adjusted the investment properties to reflect the fair value of the properties at RM127.4 million.

Grand Wellness Hub Division

Revenue for the third quarter of 2018 for the division was RM7.9 million as compared to RM6.1 million in the same quarter of 2017. Segment profit of RM60.3 million was recorded for the third quarter of 2018 as compared to segment profit of RM1.7 million for third quarter of 2017 was due to the fair value adjustment of RM 56.9 million on the investment properties.



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) 3rd Quarter 2018 vs 3rd Quarter 2017 (Cont'd)

Resorts & Hospitality Division

The revenue for Resorts & Hospitality Division was RM9.3 million in the current quarter compared to RM9.7 million for the third quarter of 2017. Segment profit was RM0.2 million for the third quarter of 2018 as compared to segment loss of RM0.07 million for the same quarter of 2017.

Car City Centre Division

Car City Centre Division contributed RM2.3 million of revenue in the current quarter as compared to RM3.3 million in the third quarter of 2017. Segment loss of RM0.2 million was recorded in the current quarter compared to segment profit of RM0.5 million in the same quarter of 2017.

Cheng Ho Islamic Finance and Trade Centre Division

Segment loss of RM0.02 million was recorded in the current quarter compared to segment loss of RM0.01 million in the same quarter of 2017.

Property Development Division

The revenue for Property Development Division was RM1.7 million in the current quarter compared to RM4.0 million for the third quarter of 2017. Segment profit was RM66.7 million for the third quarter of 2018 as compared to segment profit of RM0.3 million for the same quarter of 2017 was due to the fair value adjustment of RM70.5 million on the investment properties.



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 September 2018 vs YTD September 2017

	Current Year To Date 30-Sep-18 RM'000	Preceding Year Corresponding Period 30-Sep-17 RM'000	Changes (%)
Revenue	57,834	75,638	-24%
Operating Profit	120,950	9,489	1175%
Profit Before Interest and Tax	120,950	9,489	1175%
Profit Before Tax	114,248	1,795	6265%
Profit After Tax	121,010	56	215989%
Profit Attributable to Ordinary Equity Holders of the Parent	121,779	593	20436%

Total Group revenue for the period ended 30 September 2018 dropped from RM75.6 million to RM57.8 million due to lower sales of completed properties from the property development division.

The Group recorded a profit before tax of RM114.2 million for the current year to date as compared to a profit before tax of RM1.8 million in the same period of preceding year. The Group higher profit this year was due to the fair value adjustment of RM127.4 million on the investment properties.

Grand Wellness Hub Division

Total revenue contributed by the Grand Wellness Hub Division for the period ended 30 September 2018 was RM19.1 million as compared to RM16.2 million for the same period in the preceding year.

The division recorded a segment profit of RM63.7 million in the period ended 30 September 2018 as compared to profit of RM3.5 million for the same period in the preceding year was due to the fair value adjustment of RM 56.9 million on the investment properties.



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 Sept 2018 vs YTD Sept 2017 (Cont'd)

Resorts & Hospitality Division

Total revenue for the Resorts & Hospitality Division for the period ended 30 September 2018 was RM23.5 million as compared to RM25.7 million for the same period in the preceding year. Segment loss for second half of the current year period was RM5.4 million as compared to segment loss of RM4.4 million in the preceding year..

Car City Centre Division

Car City Centre Division contributed RM5.2 million of revenue in the second half of the current year period as compared to RM8.2 million in the same period of the preceding year. Segment loss of RM2.1 million was recorded for the current year period as compared to segment profit of RM0.9 million in the preceding year.

Cheng Ho Islamic Finance and Trade Centre Division

Segment loss of RM0.06 million was recorded in the current quarter compared to segment loss of RM0.01 million in the same quarter of 2017.

Property Development Division

Property Development Division contributed RM10.0 million of revenue in the second half of the current year period as compared to RM25.5 million in the same period of the preceding year. Segment profit of RM64.8 million was recorded for the current year period as compared to segment profit of RM9.5 million in the preceding year was due to the fair value adjustment of RM 70.5 million on the investment properties.



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	
	30-Sep-18	30-Jun-18	
	RM'000	RM'000	Changes (%)
Revenue	21,166	16,086	32%
Operating Profit/(Loss)	126,999	(5,323)	2486%
Profit/(Loss) Before Interest and Tax	126,999	(5,323)	2486%
Profit/(Loss) Before Tax	124,612	(7,493)	1763%
Profit/(Loss) After Tax	130,919	(7,266)	1902%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	131,171	(6,988)	1977%

The Group's revenue for the third quarter of 2018 was higher at RM21.2 million as compared with the preceding second quarter ended 30 June 2018 of RM16.1 million, and the Group's profit before tax for the third quarter of 2018 was higher at RM124.6 million as compared with loss before tax in the preceding second quarter ended 30 June 2018 of RM7.5 million. This was mainly due to the fair value adjustment on the investment properties in the third quarter of 2018.

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 2018. According to Bank Negara Malaysia, the Malaysian economy is projected to grow by 4.6% (2017 : 5.2%) in 2018 although the preceding quarter the GDP growth was only 4.5%.



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

17. Commentary on Prospects (Cont'd)

The global economic uncertainties, our country debt of RM1.2 trillion, slowdown in property development market, increasing cost of living in the country coupled with the high borrowing cost and difficulty in obtaining bank loans and end financing are of great concern as these will dampen sentiments and affect demand in certain sectors.

Notwithstanding the above, the Group intends to transform itself and realign the business to focus on four key ventures moving forward. They are:-

- **Grand Wellness Hub**

- A convergence of three different projects including a wellness centre, shopping mall and serviced apartments in Mines Wellness City. With a total of 1 mil sq ft space and a gross development value of RM1.5 billion, this will change the face of medical and wellness tourism as well. The Grand Wellness Hub will also see a joint venture to develop Luxe Retirement Residences service apartments to provide 200 units of comfortable living spaces for retirees.
- With the GHHS Healthcare under the umbrella of the Grand Wellness Hub, new strategies are introduced focusing on the innovative product development on holistic treatments, wellness & rejuvenation. There are some newly joint ventures between GHHS Healthcare and Wellness Practitioners to enhance the varieties of treatments in the centre such as External Counterpulsation (ECP) and BodyReg (CO2). Besides that, some new developments are added into the Chinese Medical Centre (TCM) such as treatments for Paediatric Care, Gynaecology, Fertility Treatment, Post Stroke, Chiropractic Care and Metabolic Syndrome. Furthermore, there are enhancements on the wellness spa with the introduction of Yunohana hot stone bed that is specially imported from Japan to provide natural, antioxidant, slimming and detox treatment. The introduction on the latest flexible program can be customized for members under Health United Plus with Points Value (PV) redemption.



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17. Commentary on Prospects (Cont'd)

- As for Health Screening, introduction of the latest Genetic Screening packages, Food Intolerance, Allergy Screening, Bio-Identical Hormone Replacement Therapy (BHRT), Endoscopy Screening and Calcium Scoring CT will accelerate growth by strengthening the membership market and to venture to new markets such as corporate screening for local corporate sector and preventive healthcare tourism for foreign tourist.

- **Resorts and Hospitality**
 - Targeted at high net worth individuals looking for a combination of resort lifestyle and luxury hospitality. This integrated project will have a proposed total GDV of RM3.7 billion and includes the Golf Villa (serviced apartments and SOHO located next to the Palace of the Golden Horses Hotel, Kuala Lumpur) as well as new developments in Port Dickson.

 - With plans to refurbish the Palace of the Golden Horses, measures have been put in place to increase M.I.C.E marketing namely meetings, incentives, conferencing and exhibitions with more local corporate events and promotions. These include international marketing and branding exercises, service improvement programs, online marketing and strategic collaborations to help stimulate the business.

- **Car City Centre**
 - A 1.5 mil sq ft transformative project combining the real estate, exhibition and the automotive industry, MC3 is ASEAN'S pioneer automotive themed lifestyle center with a projected gross development value of RM1.2 to 1.5 billion. The project will rejuvenate the MINES International Exhibition and Convention Centre into Asean's largest automotive expo centre showcasing the latest automotive technology and trends.

 - The project also includes The Auto Collective (TAC) which will be Malaysia's Largest Indoor Bonded Warehouse and a co-working space called the Mines Workpool.



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17. Commentary on Prospects (Cont'd)

• **Cheng Ho Islamic Finance and Trade Centre**

- A total of 62 acres of land in Alor Gajah, Malacca, to be transformed to an exhibition centre, a business hotel, retail outlets, business suites and warehouses. With strategic partnership with China's 'One Belt One Road' initiative, this future epicenter of Islamic trade and finance projects a gross development value of RM1.3 billion.

- Positioned as the world's 1st Shariah-attested blockchain development strategically poised to tap into the RM5.8 trillion Islamic economy by year 2022.

• **Property Development**

Property Development Division has a few projects in the pipeline for launching in 2018 & 2019. Amongst projects scheduled for launching in 2018 & 2019 are:-

- College Heights Garden Resort – 28 units of 2-storey shop-office
- College Valley Industrial Park – 60 units of 1 ½ storey Industrial Terrace
- College Heights Utara – Belleza 3 Homes 3 at Jitra, Kedah
- College Heights Utara – 200 units of PPAIM scheme on 200 acres land

18. Variance on Profit Forecast / Profit Guarantee

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



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19. Income Tax Credit/(Expense)

	Nine Months ended	
	30-Sep-18	30-Sep-17
	RM'000	RM'000
Income tax		
- Current year	(8)	(2,544)
- Under provision in prior year	(322)	(994)
- Over provision in prior year	7,182	-
- Group relief	-	754
Deferred tax		
- Current year	-	1,045
- Under provision in prior year	(90)	-
	6,762	(1,739)

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. Profit before Tax

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

	30-Sep-18	30-Sep-17
	RM'000	RM'000
Property, plant & equipment written off	-	567
Depreciation and amortisation	7,750	9,429
Allowance on receivables for write - off	441	403
Allowance on receivables no longer required	(7)	(248)
Net unrealised foreign exchange gain	(48)	(18)
Bad debt written off	1	5
Bad debt recovered	(18)	-
Fair value adjustment	(127,455)	-

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 30-Sep-18 RM'000	As at 30-Sep-17 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 3rd quarter ended 2018					
	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	-	-	-	26,486	-	26,486
Term loan	-	76,563	-	14,450	-	91,013
Total secured borrowings	-	76,563	-	40,936	-	117,499
Unsecured						
Term Loan	-	110,800	-	-	-	110,800
Hire purchase & lease creditors	-	160	-	37	-	197
Total unsecured borrowings	-	110,960	-	37	-	110,997
Total borrowings	-	187,523	-	40,973	-	228,496
	As at 3rd 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	-	-	-	30,069	-	30,069
Term loan	-	80,154	-	8,339	-	88,493
Total secured borrowings	-	80,154	-	38,408	-	118,562
Unsecured						
Term Loan	-	-	-	111,431	-	111,431
Hire purchase & lease creditors	-	439	-	59	-	498
Total unsecured borrowings	-	439	-	111,490	-	111,929
Total borrowings	-	80,593	-	149,898	-	230,491

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.



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26. Disclosure requirements pursuant to implementation of MFRS 139

(a) Disclosure of Derivatives

There are no outstanding derivatives as at 30 Sept 2018 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 30- Sept- 18 RM'000	As at 31-Dec-17 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	608,003	488,076
- Unrealised	<u>(79,593)</u>	<u>(78,579)</u>
	528,410	409,497
Less: Consolidated adjustments	(113,506)	(116,372)
	<u>414,904</u>	<u>293,125</u>
Total group retained earnings as per consolidated accounts	<u>414,904</u>	<u>293,125</u>



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28. Dividend Payable

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

29. Earnings/(Loss) Per Share

(a) Basic

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of RM121.8 million (30 September 2017: profit of RM0.6 million) over the number of 273,557,403 (30 September 2017: 273,557,403) ordinary shares issued during the current financial period under review.

(b) Diluted

Not applicable.

30. 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 27 November 2018.

By Order of the Board

Lee Thai Young Matahari

Executive Director