



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
		CURRENT YEAR QUARTER 30-Jun-19 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-18 RM'000	Changes %	CURRENT YEAR TO DATE 30-Jun-19 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-18 RM'000	Changes %
Revenue	4	19,686	16,086	22%	41,189	36,668	12%
Cost of sales		(6,239)	(5,197)		(13,289)	(11,870)	
Gross profit		13,447	10,889	23%	27,900	24,798	13%
Interest income		29	55		49	85	
Other operating income		1,172	1,280		1,911	2,840	
Selling and marketing expenses		(2,140)	(1,467)		(4,185)	(2,708)	
Administrative expenses		(6,475)	(6,947)		(13,293)	(12,886)	
Other operating expenses		(8,564)	(9,133)		(17,100)	(18,178)	
Finance costs		(2,584)	(2,170)	-19%	(5,680)	(4,315)	-32%
Loss before tax		(5,115)	(7,493)	32%	(10,398)	(10,364)	0%
Income tax (expense)/credit	19	(294)	227		3,985	455	
Loss for the period		(5,409)	(7,266)	26%	(6,413)	(9,909)	35%
Other comprehensive income/(loss), net of tax							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Exchange differences on translating foreign operations		40	35		40	35	
Total comprehensive loss for the period		(5,369)	(7,231)	26%	(6,373)	(9,874)	35%

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 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 SIX MONTHS PERIOD ENDED 30 JUNE 2019

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
		CURRENT YEAR QUARTER 30-Jun-19 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-18 RM'000	Changes %	CURRENT YEAR TO DATE 30-Jun-19 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-18 RM'000	Changes %
Profit/(Loss) attributable to :							
Equity holders of the Company		(5,382)	(6,988)	23%	(6,254)	(9,392)	33%
Non-controlling interests		(27)	(278)		(159)	(517)	
Loss for the period		<u>(5,409)</u>	<u>(7,266)</u>	26%	<u>(6,413)</u>	<u>(9,909)</u>	35%
Total comprehensive income/(loss) attributable to :							
Equity holders of the Company		(5,342)	(6,953)	23%	(6,214)	(9,357)	34%
Non-controlling interests		(27)	(278)		(159)	(517)	
Total comprehensive loss for the period		<u>(5,369)</u>	<u>(7,231)</u>	26%	<u>(6,373)</u>	<u>(9,874)</u>	35%
Earnings / (Loss) per share attributable to ordinary equity holders of the Company							
- Basic	30 (a)	(1.97)	(2.55)		(2.29)	(3.43)	
- Diluted	30 (b)	(1.31)	NA		(1.52)	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 2018 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 JUNE 2019**

	Note	30-Jun-19 (Unaudited) RM'000	31-Dec-18 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	310,011	312,710
Investment properties	9	271,661	271,640
Prepaid land lease payments		294,989	295,826
Inventories	24	205,189	201,672
Investment in associate		200	-
Other investments		2,734	2,734
Trade receivables-non-current portion		5,559	6,912
Deferred tax assets		26,127	26,166
		<u>1,116,470</u>	<u>1,117,660</u>
Current assets			
Inventories	24	217,415	215,583
Trade and other receivables		53,717	43,188
Tax recoverable		3,964	4,039
Cash and bank balances		14,520	11,766
		<u>289,616</u>	<u>274,576</u>
TOTAL ASSETS		<u>1,406,086</u>	<u>1,392,236</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		352,006	352,006
Treasury shares		(2,914)	(2,914)
Warrant reserves		62,645	62,645
Other reserves		66,984	67,776
Retained earnings		371,605	376,852
Equity attributable to equity holders of the Company		850,326	856,365
Non-controlling interests		18,497	18,832
Total equity		<u>868,823</u>	<u>875,197</u>
Non-current liabilities			
Loans and borrowings	26	178,820	183,052
Other payables		1,855	1,736
Contract liabilities		40,601	39,317
Deferred tax liabilities		125,058	125,059
		<u>346,334</u>	<u>349,164</u>
Current liabilities			
Loans and borrowings	26	52,569	41,879
Trade and other payables		135,371	117,198
Tax payables		1,347	1,685
Contract liabilities		1,642	7,113
		<u>190,929</u>	<u>167,875</u>
Total Liabilities		<u>537,263</u>	<u>517,039</u>
TOTAL EQUITY AND LIABILITIES		<u>1,406,086</u>	<u>1,392,236</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		3.11	3.13

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 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 SIX MONTHS PERIOD ENDED 30 JUNE 2019**

	Attributable to Equity Holders of the Company					Non-Controlling Interests	Total Equity	
	Share Capital	Treasury Shares	Warrant Reserves	Other Reserves	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2019	352,006	(2,914)	62,645	67,776	376,852	856,365	18,832	875,197
Loss for the period	-	-	-	-	(6,254)	(6,254)	(159)	(6,413)
Other comprehensive income	-	-	-	40	-	40	-	40
Total comprehensive income	-	-	-	40	(6,254)	(6,214)	(159)	(6,373)
Transfer to retained earnings	-	-	-	(832)	832	-	-	-
Changes in ownership interest in a subsidiary company	-	-	-	-	175	175	(176)	(1)
At 30 June 2019	352,006	(2,914)	62,645	66,984	371,605	850,326	18,497	868,823
At 1 January 2018	352,006	(2,914)	-	130,689	293,125	772,906	20,542	793,448
Loss for the period	-	-	-	-	(9,392)	(9,392)	(517)	(9,909)
Other comprehensive income	-	-	-	35	-	35	-	35
Total comprehensive income/(loss)	-	-	-	35	(9,392)	(9,357)	(517)	(9,874)
Transfer to retained earnings	-	-	-	(832)	832	-	-	-
At 30 June 2018	352,006	(2,914)	-	129,892	284,565	763,549	20,025	783,574

(The Unaudited Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 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 SIX MONTHS PERIOD ENDED 30 JUNE 2019**

	CURRENT YEAR TO DATE 30-Jun-19 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-18 RM'000
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss before tax	(10,398)	(10,364)
Adjustments for:		
Impairment losses on trade and other receivables	265	269
Reversal of impairment losses on trade and other receivables	-	(3)
Amortisation of deferred income	(590)	(582)
Amortisation of debts issuance costs	40	40
Amortisation of prepaid land lease payment	837	1,984
Bad debts written off	4	-
Depreciation of property, plant and equipment	4,003	4,522
Interest expense	5,680	4,315
Interest income	(49)	(85)
Bad debts recovered	(4)	(12)
Net unrealised gain on foreign exchange	(12)	(27)
Operating loss before working capital changes	(224)	57
Changes in working capital:		
Inventories	(5,348)	5,053
Receivables	(9,440)	7,802
Contract liabilities	(581)	537
Payables	15,143	(5,870)
Cash generated (used in)/from operations	(450)	7,579
Tax refund	3,681	-
Tax paid	80	(1,032)
Interest paid	(5,640)	(4,275)
Net cash generated (used in)/from operating activities	(2,329)	2,272



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019**

	CURRENT YEAR TO DATE 30-Jun-19 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-18 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other property, plant and equipment	(1,260)	(2,816)
Expenditure on hotel properties and exhibition centre & showroom	-	(1)
Expenditure on investment properties	(22)	-
Net of cash and cash equivalent acquired investment in associate	(100)	-
Interest received	49	85
Net cash used in investing activities	<u>(1,333)</u>	<u>(2,732)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank overdrafts	(349)	(2,795)
Drawdown of term loan	11,736	7
Hire purchase and lease creditors	(30)	(140)
Repayment of term loans	(4,941)	(4,365)
Net cash from/(used in) financing activities	<u>6,416</u>	<u>(7,293)</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	2,754	(7,753)
Effects of foreign exchange rate changes	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>11,766</u>	<u>16,167</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>14,520</u>	<u>8,414</u>

(The Unaudited Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 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 2018. 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 2018.

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 2018, 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 2019

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 9, Prepayment Features with Negative Compensation
- Amendments to MFRS 119, Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 128, Long – term interests in Associates and Joint Ventures
- Annual Improvements to MFRSs 2015 – 2017 Cycle :
 - Amendments to MFRS 3
 - Amendments to MFRS 11
 - Amendments to MFRS 112
 - Amendments to MFRS 123



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

2. Significant Accounting Policies (Cont'd)

1 January 2020

- Amendments to MFRS Standards, References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3, Definition of a Business
- Amendments to MFRS 101, Definition of Material

1 January 2021

- MFRS 17, Insurance Contracts
- Amendments to MFRS 10 and MFRS 128, Sales or Contributions of Assets between an Investor and its Associate or Joint Venture

The Group and the Company intend to adopt the above MFRSs when they become effective.

The Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

3. Audit Opinion on 2018 Financial Statements

The auditors’ report on the financial statements of the Group for the financial year ended 31 December 2018 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 June 2019	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	8,273	8,201	1,944	-	1,268	19,686
Results						
Segment results	2,998	(2,297)	(669)	-	(2,563)	(2,531)
Finance costs						(2,584)
Loss before tax						(5,115)
Income tax expense						(294)
Loss after tax						(5,409)
Non-controlling interests						27
Loss for the period						(5,382)

Quarter Ended 30 June 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	5,997	7,880	1,326	-	883	16,086
Results						
Segment results	1,812	(3,361)	(958)	(3)	(2,813)	(5,323)
Finance costs						(2,170)
Loss before tax						(7,493)
Income tax credit						227
Loss after tax						(7,266)
Non-controlling interests						278
Loss for the period						(6,988)



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

4. Segment Reporting (Cont'd)

Year Ended 30 June 2019	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	15,824	17,240	4,262	-	3,863	41,189
Results						
Segment results	5,189	(3,407)	(1,463)	(1)	(5,036)	(4,718)
Finance costs						(5,680)
Loss before tax						(10,398)
Income tax credit						3,985
Loss after tax						(6,413)
Non-controlling interests						159
Loss for the period						(6,254)

Year Ended 30 June 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	11,192	14,289	2,920	-	8,267	36,668
Results						
Segment results	3,340	(5,608)	(1,904)	(5)	(1,872)	(6,049)
Finance costs						(4,315)
Loss before tax						(10,364)
Income tax credit						455
Loss after tax						(9,909)
Non-controlling interests						517
Loss for the period						(9,392)



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 2018. Investment properties have been revalued at fair value as of 31 December 2018.

10. Issuance or Repayment of Debt and Equity Securities

The Company issued a two for one bonus warrants, total warrants 136,778,702 during the financial year ended 31 December 2018.

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 2018.

13. Contingent Liabilities / Assets

There are no material contingent liabilities since the last audited Statement of Financial Position as at 31 December 2018. 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) 2nd Quarter 2019 vs 2nd Quarter 2018

	Current Year Quarter 30-Jun-19 RM'000	Preceding Year Corresponding Quarter 30-Jun-18 RM'000	Charges (%)
Revenue	19,686	16,086	22%
Operating Loss	(2,531)	(5,323)	52%
Loss Before Interest and Tax	(2,531)	(5,323)	52%
Loss Before Tax	(5,115)	(7,493)	32%
Loss After Tax	(5,409)	(7,266)	26%
Loss Attributable to Ordinary Equity Holders of the Parent	(5,382)	(6,988)	23%

The Group recorded a total revenue of RM19.7 million for the second quarter ended 30 June 2019 compared to RM16.1 million in the previous corresponding quarter ended 30 June 2018.

The Group recorded a loss before tax of RM5.1 million for the current quarter compared to a RM7.5 million loss before tax in the previous corresponding quarter due to higher sales of Health Sanctuary Membership and Hotel Operation.

Grand Wellness Hub Division

The revenue for the second quarter of 2019 for the division was RM8.3 million as compared to RM6.0 million in the same quarter of 2018. The segment profit of RM3.0 million was recorded for the second quarter of 2019 as compared to a segment profit of RM1.8 million for the same quarter of 2018.



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) 2nd Quarter 2019 vs 2nd Quarter 2018 (Cont'd)

Resorts & Hospitality Division

The revenue for Resorts & Hospitality Division was RM8.2 million in the current quarter of 2019 as compared to RM7.9 million in the second quarter of 2018. The segment loss was recorded at RM2.3 million for the second quarter of 2019 as compared to the segment loss of RM3.4 million for the same quarter of 2018.

Car City Centre Division

Car City Centre Division contributed RM1.9 million of revenue in the current quarter of 2019 as compared to RM1.3 million in the second quarter of 2018. The segment loss of RM0.7 million was recorded in the current quarter of 2019 as compared to the segment loss of RM0.9 million in the same quarter of 2018.

Cheng Ho Islamic Finance and Trade Centre Division

There is no segment result recorded in the current quarter of 2019 as compared to the segment loss of RM0.003 million in the second quarter of 2018.

Property Development Division

The revenue for Property Development Division was RM1.3 million in the current quarter of 2019 compared to RM0.9 million in the second quarter of 2018. A segment loss of RM2.6 million was recorded for the second quarter of 2019 as compared to the segment loss of RM2.8 million for the same quarter of 2018.



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 June 2019 vs YTD June 2018

	Current Year To Date 30-Jun-19 RM'000	Preceding Year Corresponding Period 30-Jun-18 RM'000	Changes (%)
Revenue	41,189	36,668	12%
Operating Loss	(4,718)	(6,049)	22%
Loss Before Interest and Tax	(4,718)	(6,049)	22%
Loss Before Tax	(10,398)	(10,364)	0%
Loss After Tax	(6,413)	(9,909)	35%
Loss Attributable to Ordinary Equity Holders of the Parent	(6,254)	(9,392)	33%

The total revenue of the Group for the period ended 30 June 2019 was increased to RM41.2 million from RM36.7 million for the period ended 30 June 2018 due to higher sales from Health Sanctuary Membership and Hotel Operation.

The Group recorded a loss before tax of RM10.4 million for the current period and the period of the preceding year.

Grand Wellness Hub Division

The revenue contributed by Grand Wellness Hub Division for the period ended 30 June 2019 was RM15.8 million as compared to RM11.2 million for the period ended 30 June 2018.

The division recorded a segment profit of RM5.2 million for the period ended 30 June 2019 as compared to RM3.3 million for the period ended 30 June 2018.



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 June 2019 vs YTD June 2018 (Cont'd)

Resorts & Hospitality Division

The revenue for the Resorts & Hospitality Division for the period ended 30 June 2019 was recorded at RM17.2 million as compared to RM14.3 million for the period ended 30 June 2018. The segment loss was recorded for the current period was RM3.4 million as compared to RM5.6 million for the period ended 30 June 2018 due to higher sales of Hotel Operation.

Car City Centre Division

Car City Centre Division contributed RM4.3 million of revenue for the period ended 30 June 2019 as compared to RM2.9 million for the period ended 30 June 2018. The segment loss of RM1.5 million was recorded for the current period ended 30 June 2019 as compared to the segment loss of RM1.9 million for the period ended 30 June 2018.

Cheng Ho Islamic Finance and Trade Centre Division

The segment loss of RM0.001 million was recorded for the period ended 30 June 2019 as compared to RM0.005 million for the period ended 30 June 2018.

Property Development Division

Property Development Division contributed RM3.9 million of revenue for the period ended 30 June 2019 as compared to RM8.3 million for the period ended 30 June 2018. The segment loss of RM5.0 million was recorded for the the period ended 30 June 2019 as compared to the segment loss of RM1.9 million for the period ended 30 June 2018 due to lower completed sales of property development.



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-Jun-19	31-Mar-19	Changes (%)
	RM'000	RM'000	
Revenue	19,686	21,503	-8%
Operating Loss	(2,531)	(2,187)	-16%
Loss Before Interest and Tax	(2,531)	(2,187)	-16%
Loss Before Tax	(5,115)	(5,283)	3%
Loss After Tax	(5,409)	(1,004)	-439%
Loss Attributable to Ordinary Equity Holders of the Parent	(5,382)	(872)	-517%

The Group's revenue for the second quarter ended 30 June 2019 was RM19.7 million compared to the preceding first quarter ended 31 March 2019 of RM21.5 million and the Group's loss before tax for the second quarter ended 30 June 2019 was RM5.1 million as compared to a loss before tax in the preceding first quarter ended 31 March 2019 of RM5.3 million.

17. Commentary on Prospects

The international economic and financial landscape is to remain challenging and will be key factor that influence the prospects of Malaysian economy in 2019. According to Bank Negara Malaysia, the Malaysian economy is projected to grow by 4.9% (2018 : 5.4%) in 2019 although the preceding quarter the GDP growth was only 4.5%. 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 bank loans and end financing are of great concern as these will dampen sentiments and affect demand in certain sectors.



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)

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

- **Grand Wellness Hub**

A medically and holistically integrated health and wellness solution which represents the future system of continuum care, with a total of over 2 million sqft space and a gross development value of RM2 billion.

New Strategies and Innovative project development in pipeline:

A. WELLNESS 4 & WELLNESS 5 Block – (A total of 245,000 sft gross build up)

With the GHHS Healthcare's Integrative preventive health solutions and the strategic partnerships, new strategies are introduced for Total Wellness Concept with Medical and Wellness operations such as:

1. Comprehensive and one stop Confinement Centre
2. European Wellness and Yunohana Beauty Centre
3. GHHS Healthcare & Specialist clinic & Medical Suite
4. Physiotherapy Centre & Turtle Gym
5. Elderly Living Care Centre

The total GDV of RM80.0 million (including the building cost) with projected of RM14.0 million net profit based on the above operations.

B. AQUALIS – 4 block services apartment with a total 933,500 sft gross built up

A new phase of life, Anti-Aging Living at The Mines with the aim providing retirees with a retirement village environment to live longer, healthier lives by introducing the 4 steps Integrated Total Wellness Concept:

1. **Diagnosis:** Health screening & Checkup, Chinese Medical Diagnosis, Heavy Metal Screening, DNA Test, Food intolerance, Cancer life span profiling
2. **Detox:** Plaqx Therapy, colon therapy, liver detox, TCM Detox therapy etc
3. **Repair:** Hormonal imbalances therapy, Hyperthermia, Hyperbaric, Traditional Chinese Medicine
4. **Rejuvenation:** Bio molecular / cellular therapy, Stem Cell, Beauty & Aesthetic, Yunohana Hokutolite negative ion, Anti-oxidant, Supplement, NK Cells

With the total GDC of RM294 million, the total 650 units of Aqualis apartment is cater for Independent Living, short term and respite care, Assisted living as Personal Care 24/7 and Memory Care, equip with Health & Medical Community Services and Wellness activities. The projected net profit is about RM292 million over 12 years' operations.



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17. Commentary on Prospects (Cont'd)

- **Resorts and 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. The projects are focusing on high net worth individuals looking for a combination of resort lifestyle and luxury hospitality.

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, and working very closely with Tourism Malaysia in marketing and promoting the brand and participated in MAHA, PATA Exhibition, MATTA Fairs in key states and international exhibition WTM in London.

The emphasized are given to:

- a) Service improvement programs – art and culture activities; new improved gastronomic experience (new menus, engagement with International Chefs and new F&B line-up); monthly carnival program; inter connected water taxi services, orchid garden, men grooming product & services; and customers loyalty program.
- b) Online marketing and new strategy to encourage booking via internet booking engine
- c) Strategic collaborations to help stimulate the business.

- **Car City Centre**

MINES International Exhibition and Convention Centre is currently undergoing infrastructure upgrades to further develop the Mines Car City Centre Concept. A total of approximately 155,000sqft will be converted into a holistic one stop automotive sales centre, together with an automotive themed lifestyle cafe and a centre of excellence for long term product display.

This project will rejuvenate 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.

With the successful inaugural event, the Asia GT festival heads into 2020 with bigger plans collaborating with the Ministry of Tourism to hold the first international motorsport race event at the Sepang International Circuit in March 2020.



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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 mixed development of SOHO, business hotel, open street trading mall & retail outlets, exhibition centre, business suites and centralized 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, creating job opportunities and attract Islamic financial technology companies, Insuretech, Halal Logistics, Haji & Umrah, Islamic Tourism, pharmaceuticals and related industries.

It is positioned to be the world's 1st Shariah-attested blockchain development strategically poised to tap into the RM5.8 trillion economies by year 2022.

• **Property Development**

The Group still has plenty of land banks for future property development purpose but the Group has the intention to source for more land banks in the market.

Property Development Division is currently sourcing for strategic partners on any potential of joint venture development.

The division will rebrand its name and to rebuild the 'Sport Living' concept for its future property development projects.

Property Development Division has a few projects in the pipeline for launching in 2019. Amongst projects scheduled for launching in 2019 (barring any unforeseen circumstances) are:-

- a) Country Heights Damansara : Subdiving Bungalow Land
- b) Mines Waterfront Designer Designer Suites : Block 6 & 7
- c) Belleza Garden Homes Phase 3 at Jitra, Kedah

The progress and development are subject to obtaining all regulatory approval, completion of the feasibility study, and financial close.

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

	Six Months Ended	
	30-Jun-19	30-Jun-18
	RM'000	RM'000
Income tax		
- Current year	(610)	(7)
- Over provision in prior year	4,634	-
Deferred tax		
- Current year	(40)	462
	<u>3,984</u>	<u>455</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):

	Six Months ended	
	30-Jun-19	30-Jun-18
	RM'000	RM'000
Depreciation and amortisation	4,840	6,586
Impairment losses on trade and other receivables	265	269
Reversal of impairment losses on trade and other receivables	-	(3)
Net unrealised foreign exchange gain	(12)	(27)
Bad debt written off	4	-
Bad debt recovered	(4)	(12)
	-	-

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.

(b) Status of Utilisation of Proceeds from Corporate Proposal

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



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24. Inventories

	As at 30-Jun-19 RM'000	As at 30-Jun-18 RM'000
Land held for property development	205,189	197,626
Property development cost	133,813	132,716
Others	83,602	77,949
	<u>217,415</u>	<u>210,665</u>

25. Details of Treasury Shares

As at the end of the reporting period, all the shares purchased by the company were retained as treasury shares as at 30 June 2019 as follows :

	As at 30-Jun-19 RM'000	As at 30-Jun-18 RM'000
Description of shares purchased	Ordinary Shares	Ordinary Shares
Number of shares purchased	-	-
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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26. Borrowings

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

	As at 2nd quarter ended June 2019					
	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	-	-	-	20,449	-	20,449
Term loan	-	78,829	-	30,383	-	109,212
Total secured borrowings	-	78,829	-	50,832	-	129,661
Unsecured						
Term Loan	-	99,887	-	1,737	-	101,624
Hire purchase & lease creditors	-	104	-	-	-	104
Total unsecured borrowings	-	99,991	-	1,737	-	101,728
Total loans and borrowings	-	178,820	-	52,569	-	231,389
	As at 2nd quarter ended June 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	-	-	-	27,049	-	27,049
Term loan	-	77,552	-	6,200	-	83,752
Total secured borrowings		77,552		33,249		110,801
Unsecured						
Term Loan	-	110,937	-	-	-	110,937
Hire purchase & lease creditors	-	203	-	67	-	270
Total unsecured borrowings	-	111,140	-	67	-	111,207
Total loans and borrowings	-	188,692	-	33,316	-	222,008

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.



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27. Disclosure requirements pursuant to implementation of MFRS 139

(a) Disclosure of Derivatives

There are no outstanding derivatives as at 30 June 2019 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.

28. 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.

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 earnings per share is calculated by dividing loss for the current period attributable to equity holders of RM6.3 million (30 June 2018: loss of RM9.4 million) over the number of 273,557,403 (30 June 2018: 273,557,403) ordinary shares issued during the current financial period under review.

(b) Diluted

Diluted earnings per share is calculated by dividing loss for the current period attributable to equity holders of RM6.3 million (30 June 2018: loss of RM9.4 million) over the number of 273,557,403 (30 June 2018: 273,557,403) ordinary shares issued and 136,778,702 (30 June 2018: Nil) warrants issued and listed in December 2018.



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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 30 August 2019.

By Order of the Board

Dato' Low Kok Thai

Group Chief Executive Officer